

Viet Nam

Improving Market Participation for the Poor in Ha Tinh and Tra Vinh Provinces

Project Completion Report Digest

Viet Nam - Improving Market Participation for the Poor in Ha Tinh and Tra Vinh Provinces

Item	Assessment Remarks	Rating
Country & Project Name	Viet Nam - Improving Market Participation for the Poor in Ha Tinh and Tra Vinh Provinces	
Loan No.:	701-VN	
Project Id.	1374	
Board Date	14 September 2006	
Effectiveness Date	18 April 2007	
Original Closing Date	31 December 2012	
Final Closing Date	31 December 2012	
Total Project Cost USD(M)	37 300	
IFAD financing US\$(M)	Loan US\$25 988; Loan Sup. US\$ 23 000; Grant US\$ 400	
Cofinanciers (if any)	GTZ US\$2612; Government US\$4130; beneficiaries US\$1080; TBD US\$1300; Domestic financial institutions US\$1200	
Implementing Agency	Ha Tinh and Tra Vinh Provincial people Committees	
Principal Components	Commune Market Opportunities Support: this component seeks to enhance the livelihoods of the poor by ensuring more effective interaction and participation of the poor in markets. It is the pivotal component for the programme and acts as an anchor for the other programme interventions.	
Project Performance		
Relevance	With the purpose of facilitating the rural poor's access to land and participation in markets in Tra Vinh and Ha Tinh, the IMPP was highly relevant and consistent with IFAD's country strategy as well as with the Government of Viet Nam's (GoV's) policies and strategies on poverty reduction and growth at both the design stage and during its implementation. All project strategy, approaches and activities designed were relevant to local social, economic and political conditions. Results from a survey in 2012 also indicated that up to 99% of the interviews considered that the project activities were relevant to the beneficiaries. At the 2010 MTR, the proposed pace of implementation of programme activities was deemed to be overly optimistic, and the capacity of commune management to assume responsibility of the commune market opportunities planning (CMOP) was overestimated. Moreover, a number of design features were identified which proved to be not extremely relevant, such as: i) provisions on saving collateral of 2:1 for saving and credit funds for women; ii) enterprise financing; iii) pilot venture capital fund; iv) literacy training for Khmer. Taking into account feedbacks from the beneficiaries during project implementation, some adjustments were made, e.g. budget allocation was made based on implementation capacity, saving collateral was adjusted from 2:1 to 1:1. These strengthened the project's relevance, and contributed to enhanced effectiveness and efficiency.	6
Effectiveness	IMPP has demonstrated a considerable effectiveness. In both the project provinces, the main interventions concerned: building market-related infrastructures (rural roads, markets and bridges); offering technical training/guidance for selected businesses/value chains; providing inputs support for production (new seeds/breeds, equipment, agricultural materials); enabling the agriculture production more effectively (through irrigational schemes, reclamation schemes, power grid and pumping stations); assisting farmers with a long term supports in labeling, logo, packaging, trademark registration and consumption market linkages. Finally, by giving guidance for group formulation, the promotion of collective models has been considered as a suitable economy development model, which facilitated better-off hhs to become collaborative and supportive for poor and near poor hhs in business and production. As a result of these interventions, IMPP was generally able to achieve its main thrusts, by meeting demands of local people and improving their lack of market knowledge, advancing production skills, enhancing access to inputs for production and business, increasing employment rate and adding values among key farm produce chains. On the less positive side, the two PCRs highlighted some shortcomings: 1) Many enterprises supported by IMPP in Tra Vinh are still at the household level, without proper quality control, basic accounting or formal business connections. Moreover, a particular challenge has been to develop enterprises in ethnic minority areas. 2) The enterprise financing component did not fully meet its objectives as this component was not able to create the linkage necessary to facilitate effective provision of credit to enterprises (including farmers' groups, cooperatives and SMEs), as 100% of the loans were directed to individuals business households. 3) Under IMPP, IFAD's credit line added a very marginal amount to the VBARD's portfolio and there was little or no training and awareness-building for VBARD staff. Therefore, by continuing operating as a commercial bank, VBARD has not been prepared for lending to smallholders or rural microenterprises.	5
Efficiency	IMPP effectiveness lag stood at 7.2 months, as having been approved in Sept. 2006 and coming into force in early 2007, although programme activities commenced only in early 2008. The implementation of the line of credit started only in August 2008 for about 15 months and then faced a gap again until it retook activity in November 2009. One of the main factors for this slow start-up is linked to the learning period for all project's parties involved in implementation due to the innovative nature of the programme and the time required for the PPCU, commune management and each of the implementing bodies to understand the programme and learn how to operate within the context of a market-driven approach. At project's completion, IFAD's loan disbursement rates were 99.5% and 103.3% in terms of SRD and USD, respectively. In Tra Vinh, the project	5

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	was efficient with regard to the support for agriculture production, infrastructure development, vocational training activities, women's credit and saving activities. In this province, the EIRR for the overall project was 29.94% with a NPV of VND 105 billion (US\$5 million) at the discount rate of 12%. For the Ha Tinh province, the statistics showed that the EIRR for rural infrastructure investment under the IMPP doubled the ADB and WB benchmark (12% which is considered as the minimum level applicable to all other project civil construction investment categories). The investments in irrigation canal and water dam revealed their outstanding economic benefits as they reached an EIRR of 46% and 41% respectively. In this province, after the MTR, higher efficiency was also achieved by reducing district and commune staff, as project staff was lessened from 107 to 50 people after review. On the less positive side, the PCR mentioned that the model of savings and credit facility showed low efficiency, as it was unable to take full advantages of scale. Other reasons were linked to its high rate of management costs and low working efficiency.	
Project Performance		5
Partner Performance		
IFAD	Both the PCRs mentioned that IFAD's support has been quite effective, flexible, relevant and timely. Through the support of the withdrawal procedure and the capacity building activities (such as training, study visits and annual supervision missions), IFAD has helped the Provincial Steering Committee (PSC) and PCU to improve their operating capacity. IFAD recommendations made at MTR were also deemed to be very useful as, by adjusting project's design, they helped to improve project's effectiveness and efficiency. Moreover, thanks to IFAD's timely findings and recommendations, remarkable changes and improvements were made in terms of management issues. Coordination between IFAD and GTZ has been good and the supervision missions have been carried out as joint operations. In hindsight, IFAD could have provided a higher orientable role and more effective coordination in dealing and trying to find solutions for some challenging issues like the Pilot Venture Capital Fund, KMO and lending to production groups by VBARD.	5
Cooperating Institution	This project was directly supervised by IFAD.	n.a.
Government	In terms of counterpart fund, besides from the initial low disbursement rate due, inter alia, to complicated financial procedures, the Vietnamese Government fulfilled its financial contribution in accordance with the schedule for smooth project implementation. The 2010 MTR highlighted that while the programme was complex and demanding in management terms, the PPCU has been able to execute the programme activities as designed. The PPCU conducted the project's financial management, disbursement, procurement, audit and project assets management competently. Similarly, the project complied with all the loan covenants of the financing agreement. The PPCU was also instrumental in providing adequate support to local authorities, line agencies and grassroots authorities.	5
NGO/Other	In Ha Tinh, besides supervising IMPP activities in accordance to State management functions, DOLISA and DPI provided support and consultation for IMPP and collaborated with the project in implementing activities, as well as in the project annual implementation and budget plans.	5
Cofinancier(s)	Contribution of GIZ reached 100%. The technical cooperation with GIZ through the PARA (Poverty Alleviation in Rural Areas) project was considered timely, appropriate, highly positive, and contributed to the overall implementation success of IMPP. It focused on various fields of activities, such as: i) strengthening of sustainable agricultural development; ii) promotion of collective economy; iii) strengthening market linkages; iv) strengthening of collective groups and cooperatives.	5
Combined Partner Performance	<i>The combined partner performance was smooth and constructive.</i>	
Rural Poverty Impact		
Household Income and Net Assets	The project achieved its major objective of eradicating hunger and reducing poverty alleviation in both Ha Tinh and Tra Vinh provinces. In Ha Tinh, the average poverty incidence of 50 project communes has decreased from 46.15% at the starting point of the project in 2006 to 17.33% in 2011 (despite the fact that the poverty line was doubled in 2011). In Tra Vinh, the programme contributed to socio-economic development and reduced poverty rate from 40% in 2006 to 28% in 2011 in the 30 programme communes. In both provinces, there has been evidence showing the impact of infrastructure works on improving the living and production conditions, thus reducing the production and transaction costs and increasing the people income. Moreover, the diversification and development of other livelihoods apart from livestock and cultivation not only contributed to improve incomes, but also to diversify risks and mitigate natural disaster and climate risks. The RIMS survey in 2012 revealed that housing conditions of project beneficiaries have remarkably improved, together with higher ownership of valuable assets such as TV, refrigerators and motorbike. In both provinces, positive changes were also achieved in providing access to financial assets, as well as improving the capacity for family savings. As a result of the intensive job generation training process, more than 80% of trainees found stable jobs over 6 months after the training, thus being able to earn regular incomes for the first time.	5

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Food Security	The project had a notable impact on improving household food security. In Tra Vinh province, between 2009-2011, the proportion of hhs facing food shortages at first and second time decreased significantly (from 44.6% to 13.8%; from 12.9% to 1.2% respectively) and the length of the starvation period was also shortened. Such results are attributable to the poor's participation in production and sales of agricultural products, and to the income gained from the job linkage and skills improvement activities. In the case of Ha Tinh, the comparison between RIMS 2008 and RIMS 2011 showed that duration of food shortage decreased considerably (from 30% to 14% for the first food shortage time and from 3% to 1% for the second food shortage time). However, although no specific data surveyed among project beneficiaries affirmed that the drop from 30% to 14% in the group of hhs experiencing the first food shortage was a direct project achievement, it would be absolutely proper to conclude that the project has made remarkable contributions to improving local food security.	5
Ag. Productivity	The project, by providing new technologies and production methods to increase production and productivity of local agriculture activities, as well as granting information and market access, contributed to improve performance of crop and livestock production for hhs in the project. The PCR for Tra Vinh province mentions that since the IMPP was implemented, agricultural activities including animal husbandry and crop cultivation by hhs have had remarkable changes. The provincial average rice productivity increased from 4.79 tonnes/ha in 2008 to 5.18 tonnes/ha in 2012. The proportion of high quality rice in total rice production increased from 20% in 2009 to 27% in 2011 and 36% in 2012. The post-productivity also increased. As a result of the FFS technique for farmers, the productivity increased from 5-35% and the rice price increased from 2-10%. As reported in the PCR for Ha Tinh, beside advantages on decreased input costs and improved negotiation status when selling products, the models of CIG/CG/Coop and application of technology into large-scaled production revealed notable benefits in terms of productivity. The project also introduced new livelihoods in order to raise incomes in production areas. As an example, the shift from food crops (peanut, mungbean) to vegetables (green squash, water melon) could help farmers double their earnings.	5
Agricultural Productivity and Food Security		5
Natural Resources and Environment	As reported in the PCR for Tra Vinh, positive impact was achieved on this domain through project provision of training and support for people to apply measures to minimize the impact on the environment such as FFS approach (which helped reduce the amount of pesticides and chemical fertilizers, and increase the use of bio-fertilizers for crops) and installation of biogas plants in animal rearing. The adoption of SRI in rice has helped to reduce application of pesticide and chemical fertilisers, as well as production cost, without damaging water resource and agricultural eco-system. In addition, the use of straw from rice production to feed for cattle and culture mushrooms also helped ease the burning stew situation, and contributed to reducing emissions of greenhouse gases. In Ha Tinh, the PCR stated that no specific and direct project intervention was detected with regard to environmental aspects. However, it mentioned that agricultural production models supported by the project such as safe vegetables, paddy rice, pig peanut, etc. minimized the use of environmentally adverse production inputs. Moreover, the percentage of households in project area using friendly environmental cooking fuels (biogas, natural gas) increased notably in comparison during the life of the project. In particular, the fact that numbers of HHs using biogas tripled could be explained by the increased livestock.	5
Human, Social Capital and Empowerment	In terms of human capital, project's impact concerned a decreased child malnutrition rate (in Ha Tinh, from 19.7 in 2008 to 10% in 2011; in Tra Vinh from 21% in 2009 to 10% in 2012); slightly higher literacy rates; notable enhancement of human resources in the province through the provision of professional knowledge, management methods and tools. With concern to the impact on social capital, through the decentralization and participatory bottom up approach, the grassroots democracy was strengthened and the status of local community and authorities was raised, which achieved a higher ownership, influence and decision making power in project activities. The decentralized and participatory development approaches were instrumental in having the poor hhs and women participating into the decision making of the programme activities. The CGs/CIG/Cooperative (around 140 in Ha Tinh, and 155 in Tra Vinh) focussed on the key value chains and achieved encouraging results with regard to their collective actions (purchase of inputs in bulk, together or support each-others to negotiate and sell products). On the less positive side, it must be noted that collective groups are still small in scale without any connection with strong or lead enterprises in the province. Moreover, in Ha Tinh, the development of the collective groups has been hampered by the not yet well developed Business Development Services provided to the collective groups.	5
Inst. & Policies	IMPP put in place a poverty reduction approach associated with decentralization and empowerment to commune level. In Ha Tinh, the project has generated impact on capacity building, particularly at commune level in understanding the role of the market economy and the market-led pro-poor participatory development planning for ensuring sustainable poverty reduction. IMPP has contributed to improve the general business and investment environment (PCI), by developing specific activities. commitment to institutionalize and replicate MoSED province-wide by 2013. In Tra Vinh, the programme has assisted the province in finding out a successful process to realize its strong policy for development of partnership among	6

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	the farmers' organizations with the private sector and the agriculture scientists for development of the pro-poor value chains. In this province, the PPC has guided provincial line agencies to integrate IMPP with their own budgets for development of the three major agricultural value chains, namely rice, peanut and cattle.	
Markets	The project drove the poor towards a new market-led development approach which has contributed to enhancing market-oriented production as well as improving market awareness and poor's access to various markets (labour market, commodity market, financial market, business development services (BDS) market). The project-built infrastructure also directly improved market access for rural inhabitants. IMPP's impact on this domain also concerned the opening up of restricted mindset among communities in terms of market economy, mainly through the promotion of training courses on production, management, start-own-business, value chain, market awareness and development of market ideas, formulation and management of CIGs/CGs, etc. Finally, in order to support farmers in selling their produce, market and business linkages activities were organized. Many products produced by different collective groups/cooperatives have been known and sold in different districts and province markets.	6
Project Impact		5
Overarching Factors		
Innovation	The IMPP was the first ever investment programme using market-based approach, which showed that development of farm and non-farm business through PPP and collective interactions among the non-poor and poor households for employment generation was the indispensable way to achieve sustainable poverty reduction. IMPP has tested a range of innovative approaches such as: application of the value chain approach; the application of MO-SEDP; the cooperation between poor farmer households and better off households through Farmer's Collaborative Groups and Cooperatives, in linkage with private businesses and through Public Private Partnership (PPP); jobs-oriented skills improvement in rural areas; effective decentralisation; the Business Development and Market Linkage Fund (BDMLF). To illustrate few of them, as far as the market access through value chain approach, IMPP supported local people to organize the production and business groups which enabled the producers' linkages for taking advantage of economy of scale and improved negotiation strength. In relation to MOSEDP, this was a new planning approach for participatory and market-oriented socio-economic development. MOSEDP helped planning to link local people priorities by enabling beneficiaries and local communities' participation in all planning stages. With regard to the BDMLF, during the process of implementation, it was adopted an innovative approach, changing from 'none competitive' with direct support from the PCU in signing a service contract with the service providers for delivery of products and services to the benefiting entities according to their needs, to the form of "competitive" giving ownership to the business entities.	6
Replicability and Scaling-up	A number of attempts have been delivered to not only institutionalise IMPP innovative approaches in Ha Tinh and Tra Vinh provinces. In Ha Tinh, the follow-up project focuses on upland areas not covered in the first project. In Tra Vinh, among other issues, climate change is also addressed through ASAP funding. The project approach has also been replicated in other localities through bilateral cooperation with different provinces, and the cooperation with the Institute of Policy and Strategy for Agriculture and Rural Development (IPSARD) and the Central Steering Committee for the National Target Program on New Rural Development (NTP-NRD) in both provinces. The participatory market-oriented SEDP planning (MOSEDP) and the value chain approach have been widely replicated throughout the local management systems. With the project support, the DPI of Ha Tinh fine-tuned and upscaled MOSEDP guideline for the province-wide replication in 2013 and consulted with PPC to issue the decision n. 1207/QD-UBND on promulgating the MOSEDP guideline for the provincial replication. This is considered as one of the strongest and most significant institutional impacts by the project to directly contribute to changing the nature of provincial SEDP procedures with original features such as lack of systematism, no market orientation and no participation into a new development stage. Moreover, the IMPP approach has also been considered and studied by other localities.	6
Innovation, Replicability and Scaling-up		6
Sustainability and Ownership	The project is considered sustainable in terms of institutional, social, and environmental sustainability. The likelihood of institutional sustainability of the approaches and activities of the programme has been linked to the integration of key project's aspects into the activities of mainstream government agencies at both the provincial and commune level. The institutional and project ownership sustainability has been heavily dependent on high commitments and strong collaboration with local agencies, such as DOLISA, DPI, Department of Construction, DARD, etc. In Ha Tinh, the value-chain approach has achieved a great sustainability because it has a great support from the PPC, which has issued a decision on strategy to upgrade three main value-chains (rice, peanut, and beef) at provincial scale. Although there appears to be a good likelihood of sustainability of benefits to individuals and households, some issues were detected concerning the project's technical as well as economic and financial sustainability. Overall, in both provinces, there are some issues related to the sustainability of the civil works schemes; in Ha Tinh, this is due to the limited local budget for maintenance and repair for construction works. On the sustainability of the WSCGs,	5

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	in Ha Tinh, the project has not considered any plan for their expansion or replication of the modalities through developing more WSCGs.	
Targeting	The adoption of a three-level targeting has been appropriate. The IMPP interventions firstly targeted the poorest provinces; ii) secondly targeted the poorest communes; iii) thirdly targeted the poor and vulnerable households through inclusion in programme planning, decision making and implementation of activities. The project target groups were: i) poorer HHs being more vulnerable to risks and with unemployed members and with little economic assets; ii) hhs with potentials for agricultural production; iii) hhs headed by women, Khmer and underemployed youth. In general, the project poverty targeting has been considered as rather effective. At the MTR, the concept of poverty was expanded in order to include not just the poor, but also the near poor households and unemployed youth. This new target group (the better-off) was thought to act as a leverage and model for the poor who were usually afraid of being risky and did not dare to invest in production. Finally, in Tra Vinh, the Project also gave priority to ethnic minorities, plus the participation of Khmer households into the project's activities was also high. Thanks to their active participation in all project activities, many Khmer households have achieved jobs and more secure income.	5
Gender	Though there were no clear strategies as well as minimum percentage targets for women's participation in project activities, women's participation in IMPP has been impressive, as also recognized by the IFAD's Supervision Missions. In Ha Tinh province, proportion of women participation was high (over 50%) in project activities including CGs/CIGs/Cooperatives, WSCG, Value Chain Analysis Groups or MoSEDP Groups. High female participation was detected in capacity building and market awareness raising and different management skills training courses. A positive impression on female participation is expressed by 100% membership under 529 WSCGs which are still on good operation. By conducting the activities of WSCGs, poor women gained more confidence and got empowered. Moreover, the CGs/CIGs/Cooperative or micro-enterprises managed by women operated more effectively, created a lot of jobs and increased income for women. In Tra Vinh province, women's participation was also high in socio-economic development planning (43%), in training in management for saving and credit group (93%) and in enterprise training (65%). Through the development of SCGs, women have strengthened their capacities and almost 100% of women participating in the saving and credit activities have been able to manage their household economy and promote their economic roles. With WSCGs formation, many training courses and workshops were organized with more than 85% of women's participation. More women have achieved equal opportunities when making decisions in the family and at commune level. One issue was that no specific strategy was developed to incorporate Khmer women.	6
Overall Performance		5
Estimated number of beneficiaries		
PCR Quality		
Scope	Overall, the two PCRs followed the IFAD's guidelines for Project Completion Report, although with some differences. The PCR for Tra Vinh was certainly better structured, and equipped with all the requested annexes. The PCR for Ha Tinh, showed some gaps. Thus, the final rating shows a combined assessment of the scope of the two PCRs.	5
Quality	The quality of the two province-based PCRs varies. The PCR for Tra Vinh shows a very articulated and in-depth analysis, which relied on a robust M&E system. The PCR for Ha Tinh had some good analysis, but suffered from the limitations of the project M&E system. These limitations were also highlighted by the MTR and external assessment reports. The combined assessment reflects the efforts made to produce two overall good quality PCRs.	5
Lessons	Overall, in both the PCRs, the lessons learned imply a thorough reflection process on the project's main achievements and shortcomings.	5
Candour	Both the PCRs are objective and in line the other project documents (Supervision Missions, PSRs, MTR).	5