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**Socialist Republic of Viet Nam
Ha Giang Development Project for Ethnic Minorities
Interim Evaluation Report**

**Report No. 1531-VN
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Photo on cover page

Socialist Republic of Viet Nam

H'mong minority farmers near Meo Vac village in Ha Giang Province on the Chinese border

IFAD photo by Lou Dematteis

Socialist Republic of Viet Nam

Ha Giang Development Project for Ethnic Minorities
Loan number: 460-VN

Interim Evaluation

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*Annexes are available from IFAD's Office of Evaluation: Tel: +39 06 5459 2048; email evaluation@ifad.org

Currency Equivalents

Local Currency Unit	=	Viet Nam Dong (VND)
USD 1.00	=	10 500 VND (Appraisal)
USD 1.00	=	15 800 VND (Current)
USD 1.00	=	SDR 0.73 (Negotiation)
USD 1.00	=	SDR 0.68 (Current)

Weights and Measures

International metric system, unless specifically described in text; except:

1 sao = 360 square metres = 0.036 hectares
1 hectare = 27.77 saos

Fiscal Year

1 January - 31 December

Abbreviations and Acronyms

AMT	Activity Management Team (at Districts)
AWPB	Annual Work Plan and Budget
CAHW	Commune Animal Health Worker
CDB	Commune Development Board
CDF	Community Development Fund
CEMMA	Committee for Ethnic Minorities and Mountain Areas
CHC	Commune Health Centre
COSOP	Country Strategic Opportunities Paper (for IFAD)
CPC	Commune Peoples Committee
CPM	Country Portfolio Manager
CPRGS	Comprehensive Poverty Reduction and Growth Strategy
CWSEHRA	Centre for Water Supply, Environment and Hygiene in Rural Agriculture
DARD	Department of Agriculture and Rural Development (of District)
DET	Department of Education and Training
DOH	Department of Health
DOLISA	Department of Labour, Invalids and Social Affairs
DPC	District Peoples Committee
DPCU	District Project Coordination Unit
DPI	Department of Planning and Investment
DSO	District Social Organiser
FAO	Food and Agriculture Organisation of the United Nations
FAO/IC	Investment Centre of FAO
FFS	Farmer Field School
HEPR	Hunger Eradication and Poverty Reduction (Programme)
HH	Household
HPM	Ha Giang Development Project for Ethnic Minorities
ICB	International Competitive Bidding
ICRAF	International Centre for Research in Agro-forestry
IFAD	International Fund for Agricultural Development
IPM	Integrated Pest Management
IPN	Improved Plant Nutrition
MARD	Ministry of Agriculture and Rural Development

MIS	Management Information System
MOF	Ministry of Finance
MOU	Memorandum of Understanding
MPI	Ministry of Planning and Investment
MRDP	Mountain Areas Rural Development Programme (of SIDA)
MTR	Mid-Term Review
M&E	Monitoring and Evaluation
NTFP	Non-Timber Forest Product
O&M	Operation and Maintenance
PD	Project Director
PMT	Project Management Team (at provincial level)
PPC	Provincial People's Committee
PPCU (PCU)	Provincial Project Coordination Unit
PPSC (PSC)	Provincial Project Steering Committee
PRA	Participatory Rural Appraisal
SALT	Sloping Agricultural Land Technology
SDR	Special Drawing Rights
SIDA	Swedish International Development Agency
SMA	Social Mobilisation Advisor
STA	Senior Technical Advisor
TA	Technical Assistance
UNDP	United Nations Development Programme
UNOPS	United Nations Office for Project Services
VBARD	Viet Nam Bank for Agriculture and Rural Development
VBP	Viet Nam Bank for the Poor
VCU	Village Coordination Unit
VHW	Village Health Worker
VND	Vietnamese Dong
WU	Women's Union
WUG	Water Users' Group
WMG	Water Management Group

SOCIALIST REPUBLIC OF VIETNAM

HA GIANG DEVELOPMENT PROJECT FOR ETHNIC MINORITIES

Interim Evaluation

Project Area



Source: IFAD

The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof

The Socialist Republic of Viet Nam

Ha Giang Development Project for Ethnic Minorities

Interim Evaluation

Agreement at Completion Point¹

A. The Core Learning Partnership (CLP) and Users of the Evaluation

1. The Office of Evaluation (OE) of IFAD conducted an Interim Evaluation of the Ha Giang Development Project for Ethnic Minorities (HPM) as a requirement of the IFAD Evaluation Policy prior to the initiation of a formulation process for the development of a second phase project. The evaluation missions visited Viet Nam between February 29 and March 31, 2004. The mission held the wrap-up meetings in Ha Giang Province and later in Hanoi on March 31, which was also attended by the formulation mission, in order to ensure that the findings of the evaluations would be useful for the design of a second phase project. The draft evaluation report, including the draft ACPs were distributed in mid-May 2004 and a final evaluation workshop was organized on June 1 to discuss the recommendations deriving from the evaluations and to finalize the ACPs.

2. This Agreement at Completion Point (ACP) illustrates the evaluation partners' understanding of the evaluation recommendations and their commitment to adopt and implement them.

3. The participants in the above meetings and in the final workshop included representatives of: (i) the project implementation agencies, and (ii) donors and multilateral agencies having provided TA or working in Ha Giang. The Core Learning Partnership of the evaluation comprised the Ministry of Planning and Investment (Department of Agriculture and Rural Development, the Department for Foreign Economic Relations, The Department of External Finance), representatives from the project management, Swedish International Development Agency (SIDA), United Nations Development Programme (UNDP), United Nations Office for Project Services (UNOPS) and Asia and Pacific Division (PI) and Office of Evaluation (OE) of IFAD. OE participated in the final evaluation workshop to ensure a full understanding of the evaluation's findings and recommendations and to facilitate the process that led to this final ACP. It should be noted that the same institutions have been involved in the formulation process of a second phase project and attended the evaluation workshop on June 1 as well as the wrap-up meeting of the formulation mission on June 2, in which the utilization of the recommendations were further discussed. There was a general consensus in the plenary of the meeting of June 1 that the lessons learnt and the recommendations from the evaluation should be adopted and implemented in the framework of the second phase project in preparation.

B. The main evaluation findings

4. The objectives and activities of the Ha Giang Development Project for Ethnic Minorities (HPM) have been in consonance with the key elements of the policy of the Government of Viet Nam and the strategic concerns of IFAD as expressed in the COSOPs of 1996 and 2002. HPM has satisfied the key elements of its stated goal in improving the food security and incomes and enabling a higher standard of general welfare of its beneficiaries. While it can't be claimed that the project alone has achieved these aims, a promising start has been made for the improvement of the environmental status in Ha Giang and the capability and competences for local governance. The overall impact on the socio-economic predicament of the province has been quite positive. However, effectiveness across all communes and in terms of resolution of the severe deprivation problem of the less-favored, remote

¹ The ACP is an understanding among the following: Asia and Pacific Division of IFAD, UNOPS, the Government represented by the Ministry of Planning and Investment, the Provincial People's Committee, the Project Implementation Staff, SIDA and UNDP. OE facilitated the process.

areas – and the coverage of women and the worst off – has not been as pronounced as could have been expected.

5. The extent to which the project has met the supporting objectives and delivered the expected outputs for the various components that were expounded at appraisal varies. In the case of infrastructure, the immediate objectives seem mostly to have been met, but the human dimensions of benefit are limited and sustainability not assured. The productive components have, by and large, had the desired effect and laid the basis for continuing improvement of agricultural productivity for the mainstream farming systems and livelihoods of the people of the province. In similar vein, the social development interventions have had desired impact. Impact diversification and credit have, however, not been successful.

C. Recommendations agreed upon by all partners

6. The Evaluation Mission recommends that there should be a second phase of the IFAD funded HPM, given the need to consolidate investments in the less-favoured communes of the former Project area, and provided that lessons learned in the first phase and the recommendations from evaluation are scrupulously applied. IFAD should continue to develop any follow-on intervention in line with its current strategy of area-based, multi-sectoral and single province projects, promoting good governance and sharing learning with other donors; and concentrating on provision of productive assets, usable technical know-how and support for infrastructure that contributes to improving the food security and livelihoods of the poor.

7. The recommendations are arranged according to four principal themes: (i) strategic directions; (ii) consolidation of first phase activities; (iii) simplification of project design; and (iv) improvements and innovations for adoption in the second phase.

8. **Strategic Directions.** There are a number of broad strategic recommendations which should be included in the formulation of the next phase of the Project:

- (i) Impact of project interventions is to be enhanced and activities from the first phase of HPM consolidated, simplified and improved through targeting activities to fewer communes in an integrated manner with better inter-component linkages;
- (ii) IFAD should provide greater support during implementation, including that for monitoring and evaluation and for consistent assessment of results and progress towards impact; and secure more effective supervision of its operations, including liaison with partners and government;
- (iii) IFAD is to engage directly and indirectly in policy dialogue at the provincial and central level playing a catalytic role through the Project and in close collaboration and consultation with other international organizations. By building on evidence from the ground, IFAD could further increase and deepen its contribution to the evolution of policy in Viet Nam, specifically with respect to the encouragement by the Government of stronger local participation and community empowerment. For this and other purposes, IFAD should consider using its grant resources in support of loan funding. The Fund could also strive more actively to mobilise funding from other sources, especially TA grant funding. Time, resources and grant financing to facilitate the performance of such activities should be explicitly built in to the follow-on project design; and
- (iv) IFAD is to foster strategic partnerships with the Government, building on its good working relationship with the ministries and departments at central and provincial level and with the project staff, as well as other international development organizations and the NGO sector. Coordinate with Government and donor projects and programmes and identify complementarities, linkages and synergies with stakeholders in pursuit of the

objectives of poverty alleviation through the instruments of policy dialogue and partnership building.

Follow up: IFAD/PI

D. Consolidation of First Phase Activities

- (i) Facilitate an attitudinal change in district thinking in adoption of farmer to farmer and village based communication and extension systems and in the allocation of resources to small farmer advancement; follow up: Province;
- (ii) Generate better understanding of participatory methodologies at all levels of commune and district agencies and focus on building the capacity for genuine participatory Project management; follow up: current Project Management, second phase project;
- (iii) Increase focus on local capacity building and the availability of qualified people for design and supervision of infrastructure; follow up: current Project Management, second phase project;
- (iv) Ensure beneficiary involvement in selection, operation and maintenance and implementation of infrastructure; pre-determined infrastructure activities should be avoided; follow up: current Project Management, second phase project;
- (v) Ensure that Project efforts are aligned with government programmes, where there are complementarities; follow up: province, Project Management, second phase project;
- (vi) Integrate implementation of community mobilisation and delivery of goods and services; follow up: current Project Management, second phase project;
- (vii) Sustain the work of the Commune Animal Health Workers (CAHWs) and Village Health Workers (VHWs) through maintenance and continuity of service and support from the district and province levels; follow up: current Project Management and province; the province has already considered to establish structural positions for CAHWs in several communes.
- (viii) Enable conditions for the recruitment and deployment of women as CAHWs, and particularly as VHWs, and facilitate interactions of the latter with traditional birth attendants and reputable traditional healers; follow up: current Project Management, province, second phase project;
- (ix) Incorporate aspects of utilization and management of forests as envisaged in the Forest Protection Agreements, which could ensure increased incomes for forest communities; follow-up: current Project Management, second phase project; and
- (x) Address the strategic needs of women and ensure active participation of women in decision-making and governance of grassroots organizations; and continue to promote locally appropriate labour saving technologies to address women's considerable work burden; follow-up: current Project Management, second phase project;

E. Simplification of Project Design

- (i) Reduce the geographical coverage with a focus on the poorer and remoter districts and communes; follow-up: second phase project;

- (ii) Integrate planning done by the communities and limit activities to those that focus on food self sufficiency and adequacy of cash income generation; follow-up: second phase project;
- (iii) Utilise Commune Development Funds (CDF) as a main vehicle for project activities and strengthen CDF operations with rigorous testing of micro project feasibility and financial benefit before approval of the investments and thorough oversight of design, quality control and supervision of construction; determine the level of investments that communes are able to handle, preferably according to the government decree for commune investments; decree of 135 programme should be adopted to facilitate investments by CPC; follow-up: second phase project;
- (iv) Ensure that activities under the CDF reflect the needs of the entire community so that would be owned and managed at the commune level. follow-up: second phase project; and
- (v) Investigate the possibilities, where desirable and practicable, for commune level CDBs and village level VCUs to be subsumed under the CPCs; the village chief should act as the head of a project specific structure at village level; follow-up: second phase project;

Improvements and Innovations for the Second Phase

- (i) New technologies disseminated should be appropriate for marginal conditions and precarious household finances of upland communes and take into account their indigenous systems and practices; follow-up: Province, second phase project;
- (ii) Utilize and strengthen existing institutional structures and grassroots organisations to ensure broader representation of the poor and more marginalized sections of the community, including women; follow-up: Province, second phase project;
- (iii) Ensure that social mobilization and PRA are used as an instrument of change, empowerment and management of external and internal resources by the communities; follow-up: Province, second phase project;
- (iv) Allow flexible financing of advisory service for the development of traditional household enterprises through a modified CDF approach;
- (v) Create linkages between savings and credit, labour saving technologies and education to ensure household enterprise viability; follow-up: Province;
- (vi) Simplify monitoring and evaluation system and report formats and create a proper socio-economic database; improve the technical databases set up under HPM for roads and bridges, domestic water supply and irrigation - and utilize them as development planning and monitoring tools; follow-up: second phase project;
- (vii) Ensure that there are full time heads and additional technical staff, particularly for rural infrastructure, at the DPCU and PPCU level; follow-up: second phase project;
- (viii) Increase inputs devoted to knowledge generation, advocacy and policy dialogue and partnership building. follow-up: second phase project;

Recommendations discussed but without a firm conclusion

- (i) **Include community facilitators directly employed by the Project.** There was a general agreement in the plenary on the fact that such a position should be created and would be useful. However, the participants expressed different opinions as to whether the position should be a project-created position or carried out by existing commune staff. The sustainability factor was an argument for the preference of the latter option by most of the government officials. OE is of the opinion that a supplementary project-specific position should be established, independently of, but working in coordination with the CPC; this position should preferably be occupied by an active local woman who is entrusted by the community to be an advocate for the interest and needs of the poor people in the commune.
- (ii) **Provide alternative arrangements for the access of necessary financing to initiate small sub-projects for the very poor: for example, matching grant, seed capital or deferred repayment, rather than credit.** The partners generally agreed that there should be a thorough redesign of the credit component. Most of the representatives didn't want to take a clear position on this point as they wanted to await the proposal by the formulation mission on the following day. However, the chairperson of the Ha Giang Province expressed understanding with the evaluation mission's recommendation, referring to an existing government decree for decentralization at grassroot level, which entails the provision of a matching grant for financing small projects if local contributions are not enough. Several other partners proposed that IFAD should disburse its credit through the Social Policies Bank, which is specifically targeting the poor with a highly subsidized interest rate. Although the formulation team radically modified the current credit component by proposing the establishment of a Community managed Credit Fund placed in the Commune Project Management Unit, the counterparts held not be won for this idea; some representatives from Ha Giang province thought this proposal to be unfeasible, other counterparts hold on to the idea to collaborate with the Social Policies Bank. A decision was made to revisit the credit component during the appraisal of the second phase project.
- (iii) **Labour contribution from the villagers for infrastructure needs to be revisited.** The counterparts wished to specify this recommendation, emphasising a maximum ceiling for labour contribution from the villagers. Furthermore, labour contribution should not only apply for infrastructure needs but also for productive activities. The recommendation could therefore be reformulated: "The amount of labour contribution from the villagers for infrastructure and productive activities needs shall be decided case by case by the CPC; the contribution must be ensured but should not exceed 10%." Referring to the Aide Memoir of the formulation mission, PI does not entirely agree with this modified recommendation. The respective paragraph in the Aide Memoir is as follows: 'Beneficiaries will be encouraged to make a contribution of 10% of the total scheme cost. However, the actual level of contribution will be determined on a scheme-by-scheme basis by the communities involved. Any savings made against the approved estimate for the scheme will be retained by the village concerned and can be applied to any other community development need or village credit funds.'

The Socialist Republic of Viet Nam

Ha Giang Development Project for Ethnic Minorities

Interim Evaluation

Executive Summary¹

I. INTRODUCTION AND APPROACH

1. The Mission was mounted to assess the performance and impact of the Project (HPM) in the context of consideration of a second phase of a new project for Viet Nam. The evaluation followed the guidelines and criteria of the IFAD Methodological Framework for Project Evaluation, with its emphasis on: rural poverty impact at household and community level; the **Performance of the Project**; and **Performance of Partners**.

2. Following preparatory work by OE in the provision of Approach and Issues Papers, the Mission fieldwork took place mostly in March 2004 under the aegis of the Ministry of Planning and Investment (MPI), and the Provincial and respective District Peoples Committees. Initial briefings were also held with FAO, SIDA, UNDP, UNICEF, and World Bank and the work of the Mission was greatly assisted by the active participation of Project staff and local officials. All ten districts were covered and visits made to 42 communes and 37 villages. More than 110 farmers and village people, including 42 women, were met and interviewed in one to one or in group discussions; and the IFAD evaluation matrix form was completed. Mission findings were presented in aide-memoirs at Wrap-up Meetings in Ha Giang and in Hanoi. At neither meeting was there any substantive disagreement or dissent as to the Mission findings and recommendations.

3. **Development Perspective.** The economic transformation of Viet Nam since the early 1990s has been remarkable, with increasing liberalisation and private sector and foreign participation. Over the last five years, population growth and price inflation have both averaged less than 2% and debt service is now only 6% of GDP. Between 1992 and 1997, annual real growth in GDP consistently exceeded 8%; it is currently around 7%; and is planned - and forecast - to achieve 7.5% for the years 2000 to 2005. Despite this buoyancy, GDP per head remains at USD 460, so that Viet Nam remains one of the poorer countries, with poverty still widespread, especially in the densely-populated or remote rural areas, although prevalence nationally has fallen from 58% of the population in 1993, to 29% in 2002. However, poverty has marked spatial and demographic dimensions and the rate of decline of poverty incidence during the 1990s for ethnic minority groups was less than one third of that for the majority.

4. The agricultural sector recorded growth of over 4% per year during the 1990s, as a result of de-collectivisation and commercialisation. The change in agriculture from a predominantly peasant subsistence system to an industry that apart from providing the majority of domestic food needs is now number two in world rice and coffee exports, has been dramatic. Agriculture is estimated to employ some 70% of the workforce and to account for over 22% of GDP and about 30% of all exports.

¹ The Interim Evaluation Mission comprised: Mr Somesh Kumar, Education, Health, M&E and Management Specialist; Mr Michel van der Stricht, Rural Infrastructure Consultant; Mr Sarath Mananwatte, Economist; Ms Sarah Mader, IFAD Associate Evaluation Officer for Community and Women's Involvement and Mr Jim Semple, Team Leader and Agriculture/Institutions Specialist. The Mission was supplemented by the national counterpart team comprising selected members of the Provincial Project Coordination Unit and District cadres. Mr Ashwani Muthoo, the IFAD Senior Evaluation Officer, joined the Mission in the last week of its work in Vietnam. The National Wrap-up Meeting was chaired by the Vice Director General of the Department of Agricultural Economy, Ministry of Planning and Investment and also attended by Mr Mattia Prayer Galletti, the IFAD Country Portfolio Manager (CPM), Ms Atsuko Toda, the designate IFAD CPM and members of the formulation mission for the proposed follow-on project as observers, as well as 20 key decision makers from the two provinces and from the concerned ministries and partner agencies.

5. In recent years, government policies have set out to change the development agenda and approach. Although there is no formal decentralisation policy, various decrees, laws and programmes have, since the early 1990s, had the effect of delegation of responsibility for development downstream and at the same time the emphasis on poverty alleviation has become explicit, with adoption of the Comprehensive Poverty Reduction and Growth Strategy (CPRGS) by government in 2002.

II. DESIGN FEATURES AND CHANGES

6. Ha Giang is a large, sparsely populated province on the Chinese border with a total population of some 650 000 people or 110 000 households in 190 communes and 1 500 villages. Nearly 90% of its inhabitants belong to ethnic minority groups that have only recently started to enter mainstream society; and nearly half of its area comprises rocky, steep, mountainous terrain with harsh climatic conditions and limited natural resource potential. These characteristics prevail in the so-called Zone I, the northern border districts of Quan Ba, Yen Minh, Dong Van and Meo Vac; and to a degree in the north-western Zone II districts of Hoang Su Phi and Xin Man; the remaining southern, central and eastern Zone III districts of Bac Quang, Vi Xuyen, Bac Me and Ha Giang are more amenable, better serviced and economically more advanced.

7. Development in the province needs to be seen in the context of its frontier location and the dispersion and backwardness of its population. Ha Giang lies near the bottom of the national human index rankings, with an actual poverty incidence in remote communities of from 25 to over 50%. Provincial development policies and plans reflect the prime importance of infrastructure and pro-poor services. Less than 20% of the land is suitable for agriculture; about 40% is forest, with major steepness, encroachment and exploitative use problems. The prevailing total farm size is 1 to 1.5 ha, with less than 0.25 ha per family of terraced or watered land. Paddy, maize and root crops dominate the farming system -- but may not always be sufficient to meet household basic food needs -- and livestock for animal draught, as a financial reserve and a source of food and cash income are important. Customary rights of use and security of tenure for farmers are largely assured -- and are being reinforced by the ongoing allotment of land certificates.

8. The main elements of the rationale for HPM were the prevalence of poverty, poor health and illiteracy; the extreme difficulty of access, communication, service provision and marketing; the scarcity of arable land; the poor quality of the natural resource base and particularly the problem of potable water supply; and absence of opportunities for non-agricultural employment and income generation. Given these circumstances, the emphasis in design was on participatory local identification of priorities; local ownership of activities by implementation through existing agencies; flexibility in choice of sub-projects; and complementarity with provincial and other development operations. Hence, a strategy of direct action was adopted, to assure food security, enhance household incomes, improve access and communication, address the deficiencies of social and welfare status and inculcate and foster a local capacity for participatory planning and communal involvement in implementation.

9. The main changes in project design in implementation were: the amendment and curtailment of certain of the TA inputs when the project directorate had serious management problems with the inputs from the co-financier, SIDA; and, notably, the introduction of the Commune Development Fund, as a means of energising beneficiary interest and the flow of sub-project proposals.

III. PROJECT DESCRIPTION

10. The Project area was defined as all ten districts for the extension, animal health and income diversification activities, but only between four and nine districts for other components. In particular, the health and water supply activities were confined to the four northern and least advantaged districts. Much of the infrastructure investment was pre-targeted to commune and village level. At appraisal, targeting was proposed but no explicit criteria, nor were estimates for target group quantification provided. The target group was defined as the poor and poorest households, as per the national poverty line. This implied that the vast majority of households in the province belonged to the target group;

almost entirely of ethnic groups; located in upland areas; and reliant on shifting cultivation within an increasingly diminishing land resource base; the ethnic minority population at the time was estimated at 500 000 people or 88 000 households, of whom 34 000 were considered as primary target group.

11. The overall goal of the Project was: to improve the living standards of the target group, that is mainly the ethnic minorities living in marginal upland areas. The specific objectives were: to raise household incomes and improve food security for the poorest households, while improving utilisation of natural resources; to support development of appropriate rural and social infrastructure; and to develop environmentally sustainable and culturally sensitive development models that can be replicated elsewhere in the northern provinces.

12. HMP had five components and eleven sub-components or activities, as summarised below:

- Rural Infrastructure (Base cost USD 5.26m, 32% of total):
 - Pedestrian Roads and Bridges - construction of key village paths, roads and bridges;
 - Domestic Water Supply - construction/upgrading of village water supply schemes; and
 - Irrigation - construction/upgrading of provincial (30+ha) and micro (<5ha) schemes.
- Agriculture, Livestock and Forestry Development (Base cost USD 3.50 m, 21% of total):
 - Farmer Extension - establishment of farmer-based extension systems and research support;
 - Animal Health - improvement of animal health delivery systems; and
 - Forest Protection - support for conservation models for critical watersheds/poor villages.
- Income Diversification (Base cost USD 1.02m, 6% of total):
 - Income Diversification - identification of opportunities, support/promotion, credit provision.
- Social Development (Base cost USD 4.95m, 30% of total):
 - Education - classrooms/centres, curricula/materials development; female literacy and training; and
 - Health - training/establishment of VHWs, upgrading health centres, hospitals, free drug supply.
- Project Management and Coordination (Base cost USD 1.9m, 11% of total):
 - PCUs - establishment and support of Project Coordination Units at province and districts; and
 - Monitoring and Evaluation - at province and district/department level.

13. Total Project costs, including contingencies, for the 6 year duration were USD 18.4m; the breakdown of financing was as follows: IFAD loan - USD 12.5m; UNDP grant - USD 2.3m; SIDA grant - USD 0.8m; government - USD 2.1m; and beneficiaries - USD 0.6m.

14. The implementation arrangements gave national responsibility to the Departments of Agricultural Economy and Foreign Economic Relations of MPI, which handled liaison with other Ministries. At the province level, accountability for progress and performance lay with the Provincial Peoples Committee (PPC), the Provincial Project Steering Committee (PSC); and the Provincial Project Coordination Unit (PPCU). The PPCU provided guidance, liaison and arrangement of technical support to: participating districts, for each of which there was a District Project Coordination Unit (DPCU); and to downstream agencies, principally district sectoral departments and their activity management teams. The PPCU was also responsible for liaison and dialogue with donors - IFAD, UNDP and SIDA - and associated agencies such as UNOPS, the Swedish Embassy and NGOs.

15. At the district level, District Peoples Committees (DPCs) were the prime movers in planning and implementation, backed up by the DPCUs. The commune is the link between villages and districts; the

Commune Peoples Committee was involved in planning and oversight of Project interventions, mainly through the Commune Development Board (CDB), a special entity set up by the Project principally to manage the Commune Development Fund (CDF). Village Coordination Units (VCUs), also established by the Project, took on the role of assessing village development needs, communicating these to the CDB -- and passing on proposals and plans for sub-projects.

IV. SUMMARY RESULTS OF IMPLEMENTATION

16. **Financial Aspects of Performance.** The funds available as appraised were USD 18.4 million, equivalent, at that point, to some VND 233.9 billion. Expenditures to date are calculated to be VND 233.1 billion, that is 99.7% of the projected total in local currency terms, equivalent to some USD 16.3 million at the average USD/VND exchange rate for the Project period. In assessing these figures, it needs to be borne in mind that: the UNDP grant for TA was reduced from the original USD 2.3 million by USD 500 000 - or about VND 7 billion; the SIDA contribution amounted to only VND 4 billion, against an original target of VND 10 billion; and the Dong has depreciated against the US Dollar by over 30% during the Project period. The net result is that there remained at December 2003 outstanding amounts of VND 27 billion from IFAD funds and VND 2.2 billion from government funds to meet payments up to Project closure. Inclusion of these sums would bring total expenditure to VND 262.26 billion, or USD 18.34 million.

17. In comparing actual against target expenditures, there is the complicating factor of the CDF, which was not included as a cost component at appraisal but was financed from surplus funds from the low uptake of credit and social development. In the event, the main divergences by component have been: expenditures on Rural Infrastructure have been 132% of proposed, due to the heavy emphasis on infrastructure of CDF expenditures; Agricultural and Social Development and Income Diversification have reached only about two thirds of the values expected; and Project Management and Coordination costs have been over budget at 122%. In cost categories, significant divergences are: the low costs for Training and TA, at only 63% of planned, due to reduction of co-financier inputs; and very low recurrent costs, due to effective control and savings on plan, at only 45% of budget. It is clear from the financial analysis that the Project has enjoyed sound cost control and financial management.

18. **Physical Achievements.** The key indicators of benefit of HMP are that commune-wise, the pattern of coverage is: roads and bridges - 20; water supply - 24; irrigation - 92; farmer extension - 132; animal health - 191; income diversification - 60; education - 70; health - 67; and the CDF 78. The Project has thus had a significant, multi-component presence in at least 100 of the 191 communes and therefore had substantive impact on an estimated 50 000 households, comprising 285 000 people.

19. Under rural infrastructure, the roads and bridges sub-component set out to facilitate transport of people, farm inputs and produce and the outreach of social services. 105 km of commune-village roads and 7 suspension bridges were built as planned, and only the training activity fell short of 100% achievement, although the database system implemented by TA is not now operational. Physical results are impressive, but: designs were deficient; villagers engaged for construction were reported to be paid lower than market wages; community dedication to o&m is doubtful; and district budgets for works are unlikely to be sufficient to cope with costs to maintain accessibility for increasing traffic.

20. For domestic water supply the enormous problems of provision in the karstic limestone areas of Zone I -- and the potential solutions -- were correctly identified, but the optimal designs were not followed. Thus, although the sub-component achieved 100% of planned physical activity, covering over 5 000 new rain water tanks and 728 rainwater jars, repair of 56 communal tanks and construction of 12 gravity flow systems in 24 Zone I communes, there were serious weaknesses in design, construction quality, capacity for storage and water quality assurance; water user groups do not collect fees for repairs; a water supply database set-up by TA is not operational; and technical capacity, staffing and means of transport at district level are still insufficient.

21. The provincial irrigation scheme improvement work was largely pre-targeted rather than participatory and claimed farming benefits may be exaggerated. However, in all, 39 provincial schemes covering some 2 840 ha and 134 micro-schemes, including 20 new, covering 2 030 ha were assisted, with an additional water supply to over 4 300 ha and thus 100% or higher achievement of actual physical works, equipment supply and training -- providing potential benefit to over 7 300 households in 90 communes. For micro-schemes, feasibility studies were non-existent or inadequate; cost benefit analyses were not done; dams were constructed at high cost; siting and design were in many cases questionable; and little attention was paid to quality of construction and supervision and water user group establishment. On visits, several concrete canals were silted or blocked by landslides and dams were not de-silted, clearly indicating neglect of proper operation and maintenance.

22. Under the agricultural development component, farmer extension objectives were consistent with small farmer needs and successful insofar as yields and outputs of major cereal crops were markedly increased and interventions in livestock, forage production and agro-forestry demonstrated -- or show promise of -- expanding uptake. However, design of models appears to have ignored the value of indigenous practice, the constraints of the poorer, mountainous areas and the ability of households to cope with high cost systems. As a result, numbers of farmer field school (FFS) and other formal groups fell far below target - at 25% for FFSs - but were compensated by establishment of a wide village based extension network and on or near target performance of most of the equipment supply and training inputs. In total, some 370 FFSs and IPM clubs were formed, covering over 3 200 households in direct membership, with 266 demonstrations of improved technologies and over 80 000 person days of farmer training. Although training of staff and farmers has been impressive in numbers, the evidence now is that few FFSs or groups have survived; that there is little conviction about the methods used; and that the facilities provided and impetus achieved have not been maintained.

23. The animal health sub-component was implemented with: beneficiary involvement in selection of commune animal health workers (CAHWs); commune-based operation of services; provision of a necessary minimum of equipment and drugs for CAHWs; and their practical training. In total, 474 CAHWs were trained and deployed in all 191 communes, basic furniture, equipment and drug supplies provided, 9 district and 2 border veterinary stations established and a revolving vaccination fund for notifiable diseases supported, registering virtually 100% achievement. Weaknesses of the component have been at district and provincial level where there is limited evidence of maintenance or continuity of service from the equipment and training supplied. Gains in livestock outputs are difficult to gauge, but availability of vaccines and antibiotics will have had significant impact on household incomes.

24. The forest protection intervention recognised the importance of watershed protection and soil and water conservation. Beneficiary households gained income in return for vigilance in protection. Operation of protection contracts and achievement of objectives has been fair and at a cost of VND 8.7 billion (USD 0.55m), the economics are reasonable. 20 000 hectares of critical watershed have been protected, with over 4 100 households in 109 villages receiving direct benefits; and enrichment and new planting have reached 973 ha, or several hundred percent of target. All other aspects achieved an out-turn of 100%. The major shortcoming has been the failure to address the serious problem of exploitative arable use of steep lands and consequent degradation in many upland catchments.

25. The income diversification component was confined to women and seen as crucial to poverty alleviation. The implementing agency was the Womens Union (WU). Despite the claimed 100% achievement of equipment supply and training inputs, performance was well below expectation. Opportunities were missed to create linkages between saving and credit, labour saving technology and education. PRAs were undertaken in 60 communes and 318 womens savings and credit groups formed. Of these, 118 groups covering 1 538 households are still active but have little substance as groups and saving activities are absent or negligible. Total borrowing to date is VND 4 606 million (USD 287 000) or 67% of target and repayment performance so far is reported to be satisfactory at 86%. However, the training of local people has not been effective; few diversified businesses have been set up, and many have been unprofitable; and the channelling of IFAD credit through the quasi-commercial bank VBARD was not a viable approach.

26. In the social development component, education was the largest activity, addressing the problems of adult illiteracy and primary enrolment, especially of girls. Education continues to be extremely important as the key influence on awareness and understanding, which are the fundamental pillars of ethnic group advancement. Major achievements have included: education development plans for 70 communes; construction of 146 rooms for commune schools and 7 district continuing education centres; supply of equipment and material; and bilingual and refresher training for over 3 200 teachers. School construction has been satisfactory, but quality of workmanship was poor in some cases and proper maintenance and upkeep are absent. Most equipment and materials were of good quality and useful. There is evidence already of improvement in school access, enrolment, attendance, retention and narrowing of the gender divide. Key shortcomings have been: limitations of participation; improper use of PRA techniques; lack of upgrading to make libraries functional; and failure of the trained women literacy volunteers to activate village literacy and other programmes as envisaged.

27. Objectives of the health sub-component were germane to the predicament of poor. Major achievements were: networking and training of 801 village health workers (VHWs); upgrading of facilities and equipment in 4 district health centres; construction and equipment for 5 commune health centres; training and refresher courses for doctors and other staff; and free supply of drugs. Most aspects reached 100% of target. VHWs have transformed outreach and prevention in remote villages; already reduced incidence of malnutrition and diseases is recorded; and significant increases are noted in in-patient and out-patient numbers at hospitals. Remaining concerns are: sustainability of drug supply; failure of drug revolving funds; the low percentage of women VHWs; lack of linkages between traditional birth attendants and VHWs; low educational standards and skills; and low allowances for VHWs, are issues that require attention. VHWs need significant further refresher training and capacity building and simplification of their reporting formats.

28. Introduction of the commune development fund in 2001 enhanced community participation, allowing CDBs to become more effective and ensuring at least some gender-balanced village representation. CDFs have spread from 10 to 78 communes, all with poverty rates of over 30%. Emphasis of CDF activities has been on infrastructure: 128 inter-village roads, 7 suspension bridges and 42 culverting or small improvement schemes; 56 water supply facilities and 289 domestic tanks; 184 irrigation construction or rehabilitation projects; one hydro-electricity dam and power cabling; and provision of 55 class rooms, 142 branch schools, 2 boarding hostels and associated furniture, have been completed. Other main interests have been in income diversification, supply of farming inputs, particularly improved seeds, forestry and herbal plants and technology transfer models.

29. Project management has been proficient as evidenced by the virtually 100% achievement of physical and financial targets and general progress. The provincial institutional arrangements functioned reasonably well and district structures and arrangements set up by and supported by HPM have proven to be effective. Key remaining weaknesses have been that: DPCU chairpersons have changed frequently and not devoted adequate time; CDBs and VCUs are yet to become properly established; coordination problems continue to exist, notably at districts; and appraisal, supervision and convergence between components and with other projects, as well as monitoring, have been inadequate. UNDP and SIDA TA has been important; premature withdrawal of the SIDA inputs, for reasons of unsatisfactory performance and management disagreement; and financial cuts for UNDP inputs due to budgetary restrictions, have had negative impact on the Project. The monitoring and evaluation system has captured financial and physical progress, but has had limited application as a management tool, in supervision, or as an indicator of impact or gender or ethnicity balance. Use of information technology is limited and simplified standardized formats would significantly improve the quality of monitoring and reduce the tedium of the work involved.

30. **IFAD Specific Concerns.** In the context of poverty targeting, since 90% of the Ha Giang population is ethnic, targeting of ethnic minorities is not a meaningful concept; so HPM concentrated on targeting on the basis of poverty level. Macro-targeting of activities is assessed as adequate, but not all components were designed to target the worst off, for instance provincial irrigation scheme improvement and use of VBARD for credit inevitably entailed disproportionate benefits for better-off

groups. Targeting of communes, villages and sub-projects was generally satisfactory but if literacy and labour availability were pre-conditions for participation, the poorest, in particular women headed households, could be under-represented. Although all HPM components focused on priority needs, impacts on target groups would almost certainly have been more significant if activities had been targeted to fewer communes; and carried out in a more integrated, component-linked manner.

31. As far as gender is concerned, HPM has had reasonable success in addressing women's practical needs for access to services and markets, absence of gender dis-aggregation in PRAs prevented serious constraints for women such as violence due to alcoholism of husbands, excessive workloads and reproductive health problems being identified and addressed. Women's strategic needs, such as managerial and entrepreneurial capabilities and involvement in decision making remain unfulfilled, despite WU efforts and their mandatory incorporation in village and CDB affairs.

32. There was little scope for proactive participation or community involvement by the poor in identifying needs and shaping Project design. Because PRAs were mostly carried out by each component separately and often were simple line department surveys to identify farmer requirements from that department and activities selected in a prescriptive way, they were little used for targeting or monitoring. Improved use of PRAs in the context of CDF sub-project selection and planning showed their value, which is now recognised by province and project management as a means of strengthening decentralisation and democratisation processes. Although the province has been supporting decentralisation, it appears that participation of the local population, and particularly women, in decision-making has been limited. Local social self-help mechanisms and informal organisations have not been capitalised on; devolution of financial control has yet to materialise; and existing commune institutions could have been used better to sharpen gender and poverty focus and enhance the sustainability of Project activities and impacts.

Rural Poverty Impact

33. **Overview.** As far as practicable, HPM focused on the poorest communes; the target group poor - and women - are believed to have accounted for between 35 and 70% of the participants for most activities. For income diversification and credit women were prime beneficiaries, but they were under-represented in the CAHW and VHW cadres. Direct beneficiary numbers derive from M&E records and Project reports and indicate that between 3 000 and 17 000 households participated in the main individual Project activities, giving a gross total of benefit incidence of 136 000 households. Accounting for overlap and duplication, it is estimated that at least 50 000 households have received substantive benefits from one or more HPM interventions.

34. Province wide, incidence of poverty, is recorded as having fallen from a head count of 34% in 1997 to 16% at the end of 2003, using a poverty line equating to a household income of some VND 5.5 million or USD 345 per year. HPM has been one of the main factors in this improvement, alongside a raft of poverty-oriented policies and provincial programmes. Economic statistics put provincial GDP per head in 2002 at VND 2.14 million, equivalent then to about USD 165, compared to VND 1.07 million - USD 91 - in 1997, an 80% increase in real terms; agriculture, forestry and fisheries still made up 48% of GDP in 2002. In confirmation, the recent Ha Giang Participatory Poverty Assessment, reported significant improvements in the predicament of the poor in the last five years, but that village poverty head counts were higher than estimated by commune authorities and that considerable further scope for poverty alleviation existed.

35. **Impact on Physical and Financial Assets.** The impact has been positive and substantial -- from agricultural productivity and surplus produce for sale; from forestry protection revenue and rights of use; to a lesser extent from income diversification; from the facilitation of market access and potable water provision. The quantum of benefits and wider farm and household impact have been estimated for two simple farm and household models:

- for a small farm with 0.5 hectares of single season paddy, the effect of Project technology adoption would lift the annual yield from 2.5 t/ha to 3.8 t/ha, that is from 1.25 t to 1.90 t, or

from bare basic food subsistence level to a surplus of 0.6 t/year, worth some VND 1.2 million (USD 76) at current prices and possibly adding between 25 and 50% to family cash income; and

- for a similar farm where irrigation improvement allows a second crop of paddy to replace a rain-fed spring crop of maize on 0.5 hectares, the effect would be an output of 1.25 t of paddy worth VND 2.5 million to replace an output of maize of 0.7 t worth VND 1.6 million, that is a benefit of VND 900 000 gross - and probably VND 600 000 (USD 40) net of additional direct costs - in just one season.

36. Similar or greater incremental benefits than these would have been attained for the majority of the Project interventions in crop and livestock enterprises; and those from forest protection, with only minimal exploitation of firewood and non-timber forest products, are estimated to equate to VND 486000 (USD 31) per household per year. These gains are manifested in: rights of use of additional and/or better irrigated land; possession or assured use of tree plantations; ownership of livestock; better housing; reduced indebtedness; ability to pay school boarding fees and buy shoes and clothes; and ownership of furniture, utensils, farm tools, bicycles and radios. Some 30% of first hand beneficiaries under the productive components would be enjoying more than one of these tangible livelihood gains. Project contribution to increases physical and financial assets is substantial, 3, on a scale of 1 to 4.

37. **Impact on Human Assets.** The Project has had some positive effects on human assets in terms of health, nutrition, education and work burden alleviation, as well as building confidence and self-reliance, but overall it is a mixed picture of achievement. The agricultural and productive interventions have contributed to adequacy of food provision and availability of cash income, primary determinants of nutrition and accessibility of health and education services. Literacy initiatives have had much less effect and the impact of drinking water supply has been chequered. Probably the major change for the better in human assets has been the outcome of providing the necessary information and support to raise the level of awareness, knowledge and skills, although there is still a long way to go to make this fully effective. Evidence of change in human assets is seen in: the proficient uptake, practice and dissemination of activities; the level of participation and interest in new developments; the success of the CAHW and VHW systems; the ability of men and women farmers to present themselves and their views, increasingly in a social and political as well as a technical context. The contribution of HPM to the increase in human assets in terms of direct health benefits is substantial, 3; in education, modest to substantial, 2-3; and that of water supply effects is modest, 2; for the impact on women's workload, modest, 2; for the imparting of skills, knowledge and self-confidence, as described, and the indirect effects on improved human assets from increased food sufficiency and incomes, the contribution is substantial to modest, 3-2.

38. **Impact on Social Capital and Empowerment.** The Project has had only a limited impact on social capital formation and people's empowerment; there remains a large gap between what is possible and desirable from a development viewpoint in terms of participation and community self-reliance and involvement and what has been attained up till now. The impact that has been achieved has emanated partly from the demand driven and group approach adopted in the later and peak years of implementation; and has resulted partly from the uplift of financial and human assets noted above. Strong efforts have been made in farmer, women's and users organisations and in attempts to ensure gender balance and to address women's needs, but these have met with only marginal success and their impact is therefore ranked as modest, 2.

39. **Impact on Food Security.** Application of Project techniques has lifted crop yields and outputs significantly and typically moved poor, small farm beneficiary families from a position of seasonal food insecurity, to one of food self-sufficiency in most years. Estimated yield increases are of the order of over 40% -- and up to 100% in better areas -- for paddy; and 10 to 30% for maize and soybean. The farm and household models indicate that these yield increments would have ensured an output above the immediate family needs for basic energy foods and the ability to spend and invest to

improve future farming operations and therefore help to break the vicious circle of poverty. Impact on food security is categorised as substantial, 3.

40. **Other Impacts.** The impact on the environment where the Project has been active has been positive. However, in terms of the overall need for cessation of the profligate and exploitative arable use of steeply sloping lands and for upper catchment protection, the present coverage can only be regarded as a holding exercise. The Project has had limited impact in community-based natural resource management, or in wider application of soil conservation measures and agro-forestry. On the negative side, the intensive crop husbandry methods and the heavy fertiliser and agrochemical use that have been advocated pose dangers for both long term soil fertility and human intake of the foods produced; and the inevitable blasting and earth moving for roads construction may contribute to landslide and soil erosion propensity. Environmental impact is classified, for the present, as modest, but potentially negative in the aspects mentioned; however, the Project contribution to a changing and more stable situation and to an enhanced awareness of the dangers, is assessed as substantial, 3.

41. The impact on institutions, policies and regulatory framework has come from working through the organs of district governance, as well as with the local private sector. The Project has instilled a degree of orientation, training and experience, as seen in increased effectiveness of extension and the start of use of the PRA as a basis for local planning. The provincial authorities expressed their satisfaction with the level of success of HPM, so much so that the approach and design had already shaped the future development strategy and policies of the province; however, impact on district and commune institutions has been less marked. Respondents among Hanoi agencies accredited IFAD with having influenced the development philosophies, principles and concepts of other donors - and government itself - in the adoption of pro-poor policies and instruments in project design but were critical of the lack of a permanent or consistent IFAD presence in the country and the limitations of the IFAD system of supervision and liaison. HPM has thus played some part in the evolution of new policies and regulations and has utilised approaches and techniques that could influence policy and regulation formulation in future. Its current impact in this regard is classified as modest, 2.

42. **Innovation, Sustainability and Overall Impact.** HPM had elements of successful innovation in its agricultural and environmental interventions, particularly with regard to extension methods, its community based approach and use of the decentralised local governance system. It was less so for the infrastructure activities, where accepted top-down practices that were already of dubious effect and sustainability were followed. The rating for innovation and potential scope for replication of Project approaches and activities is substantial, 3. Despite its technical proficiency, HPM has been less successful in inculcating conviction, responsibility and capability among line departments and local user groups and beneficiaries. These are key elements of future sustainability, which is also a function of the external conditions, including those of climatic change and national and international market conditions; prudence dictates that predictions of sustainability should be moderated to account for their influence. Accordingly, sustainability of Project activities and benefits is assessed as equally balanced between modest and substantial, 2/3. The overall impact of the Project is similarly ranked as between modest and substantial, 2-3.

V. PERFORMANCE OF THE PROJECT

43. **Relevance of Goal and Objectives.** The goal of the Project, to improve the living standards of the target group, which is mainly composed of ethnic minorities living in marginal upland areas is a fair interpretation of development needs of the outlying and mountainous districts, where, in the early 1990s, many tribal groups were living in a state of serious deprivation and precarious livelihoods, as some still do. The relevance of the goal was - and is - high, 4. The objective of the roads and bridges sub-component was to improve pedestrian access in remote upland areas, the implied outputs including increased skills and sensitisation of local infrastructure agencies and improvement of village access for trading and social purposes. The relevance of these objectives is rated as high, 4. For domestic water supply, the objective was to improve both access to and quality of drinking water where availability was problematic; the relevance was therefore high, 4. For irrigation, there was a

two-fold objective: to increase the area of irrigated paddy; and to improve irrigation management. The former aim has been realised to a reasonable degree; the latter, not yet so - and the relevance, for the larger, provisional schemes is regarded as modest, 2, but for micro-schemes, high, 4.

44. The specific objectives of agricultural development component were to develop and implement effective extension, leading to increased agricultural, livestock and forestry production; to improve delivery of animal health services; and to better manage critical watershed forests. These objectives were apposite to the predicament of forest communities at appraisal and continue to be germane. Relevance of these objectives is high, 4. The objective of the income diversification component was to increase and diversify household income by identifying and credit funding a range of micro-enterprise options. The relevance was high, 4; the purpose is still appropriate, but the scope for, and means of achieving income diversification now need to be seriously re-assessed. The objectives for social development were to improve access to, and quality of primary education, adult literacy and vocational training programmes; and to improve health by strengthening services. The implied aims and expected outputs of the education and health activities are all crucial to the Ha Giang situation and relevance is assessed as high, 4. By the same token, the objectives of Project management and coordination, although stated at appraisal in a vague and narrow way -- and those attributed to the CDF -- basically of widening and democratising sub-project selection and design for commune and village level interventions, were -- and are -- strongly relevant, 4.

45. **Effectiveness.** The goal achievement for the whole Project can be estimated from progress in arresting natural resource degradation, lifting the order of farming productivity, food security and income; and measurably improving living standards by provision of infrastructure and social services. Despite variation in component impact and much scope for further improvement, aggregate effectiveness is assessed as substantial, 3. The roads and bridges sub-component has accomplished its target for works and expanded its impact through the CDF. Effectiveness of meeting the roads objective is modest to substantial, 2-3. Domestic water supply has been subject to great difficulties; designs were wrong, construction standards poor and o&m, including ongoing funding, neglected. Only limited improvement of access and reduction of work load for collection were achieved; and training and mobilisation of WUGs inadequate. Effectiveness is assessed as modest, 2. In the irrigation sub-component, the provincial schemes improved and expanded were pre-selected and misgivings persist about the actual scale of improved crop production, but effectiveness is reckoned to be substantial, 3. For micro-irrigation, absence of proper feasibility and cost/benefit studies, inadequacy of siting, over-emphasis on high-cost concrete structures and uncertainty about crop production benefits render the effectiveness as minimal, 1.

46. The agricultural development component has largely achieved its objectives, transforming the predicament of adopting farmers and livestock keepers and providing a clear example of application of available technologies through creative extension. For forest protection specifically, effectiveness has come at high cost and more use of forest products could have been made. However, considering the original scenario of low crop and livestock outputs and the extended hunger gap for many families, the aggregate effectiveness is considered high, 4. This conclusion is corroborated by provincial statistics which show crop area, yield and livestock number increases of from 11 to 38% since 1997. Income diversification is seen to have had limited impact, with a non-viable credit scheme, chequered experience of labour saving technology introduction, lack of linkage and failure to achieve meaningful diversification of earning or substance in group formation; effectiveness is rated as negligible, 1. In the case of the social development component, the education sub-component has fulfilled its physical targets in facility, equipment and supplies provision with noticeable impact of training and software inputs in enrolment and retention, including those for girls, a major advance. The health sub-component has achieved similar and comparable results, particularly in VHW training and mobilisation, with patient numbers increasing, adequacy of district services enhanced and child malnutrition and disease incidence falling: recent provincial statistics show increases of 14% in primary girls enrolment and 45% in patients treated and a fall in child malnutrition of 40% since 1997. The weaknesses in both education and health - of local agency capability - are being ameliorated by participatory activities under the CDF, so that in terms of the parameters of participation, community

involvement and gender balance, effectiveness is improved. Accordingly, for all three of these sub-components, effectiveness is assessed as substantial, 3. Operations under the Project management and coordination have worked reasonably well but impact is still only tentative in some applications, as in the case of M&E, support of PRAs and gender and district and commune capability. Effectiveness is assessed as high, 4 at provincial level - but only reasonable, substantial, 3 for downstream activities.

47. **Efficiency.** The Project in total has entailed deployment of substantial resources and funds, particularly at start-up. The crux of efficiency is the quantum and likely continuity of benefits from the high level of costs incurred. Re-calculation of the internal rate of return, based on highly conservative estimates of uptake and benefit, show an EIRR of 15%, compared to EIRRs of 14% to 27% for key components at appraisal; thus the efficiency of the whole Project is put at substantial, 3. For rural infrastructure, cost disparities and quality of design, construction and o&m for individual intervention in roads, bridges and water supply; and excessive costs for irrigation schemes, dictate that the rankings for efficiency be put at substantial, 3, for roads and bridges; modest, 2, for water supply; and minimal, 1, for irrigation. For agriculture, present and prospective expenditure is considerably below budget, partly due to cost containment strategies, and efficiency is substantial, 3. In income diversification the low costs are due to low uptakes of credit and enterprise development; given the doubtful profitability of investments, the emphasis on traditional pursuits and the unlikely sustainability of activities or benefits, efficiency is ranked as negligible, 1. Under social development, the education and health sub-components both achieved target performances well within the allocated funding in real terms. Education has registered meaningful gains in impact in most activities and efficiency is graded as substantial, 3. The health sub-component has been characterised by timely and effective procurement, supply and sound training and deployment of VHWs and other medical staff. Despite the questionable sustainability of the free drugs policy, efficiency is assessed as substantial, 3. The Project management and coordination component has incurred excessive costs and still has some weaknesses, but has had significant success in operating a complex and challenging project, to the extent that it has strongly influenced the design and conduct of similar development interventions by government and other donors. Efficiency is put as substantial, 3, a finding confirmed by the overall Project performance as assessed by UNOPS.

VI. PERFORMANCE OF PARTNERS

48. The IFAD process of formulation and design was measured and reasonable but the concept and content should have been less ambitious and complex. During implementation, the experience of the PSC and PPCU and government -- despite criticism from SIDA and UNDP -- has been that back-up has been timely and effective; performance is ranked between modest and substantial, 2/3. As cooperating institution, UNOPS, for the first four years was considered proficient but in the last two years, supervision has declined in rigour of oversight and progress monitoring; performance is assessed as only adequate, 2/3. Central Government provided dedication and continuity in Project oversight, policy guidance and donor and ministerial liaison. Provincial bodies have played a crucial role in enablement and support of project activities. Major district weaknesses have been stringency of finance and resource availability; at commune and village level there have been rather more problems of competence of staff and lack of resources; overall, government performance is satisfactory and substantial, 3. Project management, comprising the PPCU, and DPCUs, has shouldered major responsibility for driving forward local interest and participation with dedication and competence. Routine tasks of planning, budgeting and progress monitoring have been reasonably performed, with only limited weaknesses in M&E and component management. Downstream agencies became increasingly involved and confident. In aggregate, Project management performance is assessed as substantial, 3. There is a very limited presence of NGOs and the Project has therefore made little use of their expertise, but has had good liaison where existing NGO activities overlapped with HPM interventions. The Project itself has been a major player in development of CBOs and groups of various kinds, but their sustainability has been marginal. The NGO/CBO contribution to support of HPM is ranked as modest, 2. Pre-existence of the SIDA funded MRDP was a useful precedents for design of HPM and the involvement of SIDA in the planning, design and initial stages of implementation was useful and positive. However, failure to resolve practical problems of integration

of the two projects and deficient communication on funding and operations led to collapse of arrangements and withdrawal of some TA inputs; performance of SIDA as a co-financier and provider of TA is rated as modest, 2. The approach and support of UNDP has been effective in both funding and technical assistance and its performance as a co-financier is put as substantial,3.

49. The impact and performances of the Project and partners are summarised in the tables below.

Component/ Activity	Impacts: Phys/Fin 1	Human Assets	Social Empwt	Food Security	Envrmt	Institns/ Pol/Reg	Innovn Replcn
Whole Project	3	2-3	2	3	2	2	2-3
Project - All Impacts	2/3						

Component/Activity	Relevance	Effectiveness	Efficiency	Sustainability
Rural Infrastructure:				
- Roads and Bridges	4	2/3	3	2
- Water Supply	4	2	2	1
- Irrigation - provincial	2	3	1	2
- micro	4	1	1	1
Agricultural Development	4	4	3	2
Income Diversification	4	1	1	1
Social Development:				
- Education	4	3	3	2
- Health	4	3	3	2
Commune Devpt Funds	4	3	3	2
Project Mangmt/Coordn	4	3	3	1
Whole Project	4	3	3	2

Partner	IFAD	UNOPS	Govt	Proj Mgt	NGO/CBOs	SIDA	UNDP
Rating	2/3	2/3	3	3	2	2	3

VII. RECOMMENDATIONS

50. Individual recommendations of key significance for design and conduct of future projects are:

- HPM has been a success in most respects, but was complex and over-ambitious in content;
- future projects should be more closely tied in to provincial and district programmes;
- further development should be restricted to the poorer, more remote communes;
- pre-determined activities should be limited to fundamental poverty alleviation areas of family food self-sufficiency and adequacy of cash income generation from established and traditional household enterprises;
- livelihood financing assistance for poor households should be based on matching grant, seed capital or simple, deferred repayment, rather than credit, arrangements;
- the CDF approach should be used as the main plank for determination of project activity across the technical and social sectors for any follow-on intervention, but with strong provisos as to the determination of feasibility, better technical oversight and real evidence of community ability and commitment for proper operation and maintenance;

- capability building, training - and the gaining of practical experience through project activity - in participation for both community and formal local organisations should be major concerns;
- assistance to government would be greatly enhanced by direct IFAD supervision of its Vietnamese projects; or by contracting supervision, with the agreement of government, to a national, or joint national/international, professional consultancy or development agency;
- if the successes of HPM can be built upon without further dissipation of initiatives and impact through delays in project preparation and approval - and the foregoing recommendations are properly incorporated in the design and in subsequent project operations - a follow-on project would be feasible and justified; and
- IFAD is to engage directly and indirectly in policy dialogue at the provincial and central level, playing a catalytic role through the Project and in close consultation and co-ordination with other international organizations. By building on evidence from the ground, IFAD could further increase and deepen its contribution to the evolution of policy in Viet Nam, especially with respect to decentralized approaches, stronger local participation and community empowerment.

The Socialist Republic of Viet Nam

Ha Giang Development Project for Ethnic Minorities

Interim Evaluation

Main Report

I. INTRODUCTION

A. Background to the Evaluation

1. The Mission was mounted by the Office of Evaluation of IFAD. The objectives were: to assess and document the impact and sustainability of the Project; to develop insights and recommendations that will improve future project design in light of the IFAD Strategic Framework, the Asia and Pacific Division (PI) Regional Strategy and the Country Strategy and Opportunity Papers (COSOPS) of 1996 and 2002; and specifically to make a recommendation on the feasibility of undertaking a follow-on project as proposed by PI at the request of government.

B. Methodology and Approach

2. This evaluation follows the guidelines and criteria of the IFAD Methodological Framework for Project Evaluation. The framework places emphasis on rural poverty impact, as a principal measure of immediate project success and as an indicator of the contribution of IFAD to achievement of the Millennium Development Goals, which encompass: reduction of extreme poverty - by half by the year 2015; universal primary education; gender equality; reduction of infant, child and maternal mortality; reproductive health service improvement; and reversal of environmental resource losses.

3. The framework also includes assessment of the performance of the project and components, which covers four key criteria:

- relevance - of the project objectives to the development needs of the target group, as well as to government policy strategies and IFAD aims in poverty alleviation;
- effectiveness - of achievement of the objectives, in securing inputs and delivering outputs in a timely fashion and in assuring impact on beneficiaries and institutions;
- efficiency - of economic use of resources, including staff, funds, materials and equipment in the process of implementation; and
- sustainability - a measure of the prospects for Project investments, activities and benefits to be consolidated, operated, maintained and supported following completion.

4. The third element of the framework is the performance of the partners, that is of: IFAD; the cooperating institution (CI), in this case the United Nations Office for Project Services, UNOPS; government; co-financiers, the United Nations Development Programme, UNDP and the Swedish International Development Agency, SIDA; project management; and private sector, NGO and mass organisations involved, such as the Women's Union and farmer groups.

5. Partner performance covers such aspects as: adequacy of design; effectiveness of implementation and supervision; quality and economy of construction of infrastructure investments; conscientiousness in execution of works and service provision; engagement with partners and integration with other projects and developments; capacity building effects; and cooperation in influencing and improving local and national plans, policies and regulations for equitable development and poverty alleviation.

C. Work Programme

6. After preparatory work by the IFAD Senior Evaluation Officer and the compilation of Approach and Issues Papers that laid out the methodology to be used and outlined the major topics for evaluation, the Mission assembled in Viet Nam on 1 March and worked under the aegis of the Ministry of Planning and Investment (MPI), and the Provincial and respective District Peoples Committees. Initial briefings in Hanoi were held with MPI, World Bank, UNDP, UNICEF, FAO and SIDA. The work of the Mission was greatly assisted by participation of Project staff and local officials at districts, communes and villages visited; by the recent Project self-assessment exercise arranged by OE; and by the draft Project Completion Report.

7. Seventeen days were spent in field work, visiting the project sites, meeting local officials and project participants and reviewing the status, performance and impact of interventions. The four Mission members, each with a counterpart from the Project and an interpreter, worked individually for part of the fieldwork in order to cover as much ground as possible in their sectoral district visits and in their meetings and interviews with single or group respondents at commune, village and household level. For part of the time they worked together where complementary visits and meetings could be made and had open and frequent discussion of progress and findings of mutual interest. All ten districts were covered and visits made to 42 communes and 37 villages. More than 110 farmers and village people, including 42 women, were met and interviewed one to one or in group discussions; and abbreviated IFAD evaluation matrix forms were completed for two groups of district officers and one beneficiary group and for the evaluation team as a whole at the end of the field work period.



Sunday market in Don Van. Farmers have to walk up to five hours to sell their produce in the district capital.
IFAD photo by Sarah Mader

8. The mission's tentative findings were presented in aide-memoirs for discussion at wrap-up meetings in Ha Giang and Hanoi. At neither meeting was there any substantive disagreement or dissent concerning the content of the aide-memoirs. The findings, conclusions and recommendations now presented incorporate the comments and critique of the stakeholders on topics raised at these meetings. They also reflect the further, more detailed analysis, projection and deduction from the figures collected on Project performance and impact. It is intended that discussion of the findings will enable agreement in principle with government and partners on the main conclusions, issues, insights and recommendations for application in future project and programme design.

D. Development, Province and Project Perspective

9. Despite its adherence to socialist principles and the political predominance of the communist party, Viet Nam has transformed the national economy by the adoption of the reform and market-oriented policies known as doi moi. The result has been a burgeoning and diversifying economy with increasing private sector and foreign participation, but still maintaining growth of primary industries. The transformation is continuing: over the last five years, population growth and price inflation have both averaged less than 2%, the balance of trade has been manageable and debt service is 6% of GDP.

10. Between 1992 and 1997, annual economic real growth in GDP consistently exceeded 8%; it is currently estimated at around 7%; and is planned - and forecast - to achieve 7.5% for the years 2000 to 2005. Despite this buoyancy, GDP per head remains at USD 460, meaning that Viet Nam remains one of the poorer countries, with poverty still widespread, especially in the densely-populated or remote rural areas. The transformation of the economy is mirrored in the remarkable reduction of poverty in the last decade, from a prevalence figure nationally of 58% of the population in 1993, to 29% in 2002.

11. However, poverty in Viet Nam has marked spatial and demographic dimensions: the delta and coastal areas have concentrations of poverty, largely related to population density and land scarcity; the remote and mountainous areas have particularly severe and intractable poverty, related to ethnic group characteristics, natural resource limitations and the difficulties of access and social services provision. The rate of decline of poverty incidence during the 1990s for ethnic minority groups was less than one third of that for the majority of the population.

12. The agricultural sector recorded growth of over 4% per year during the 1990s, as a result of de-collectivisation and commercialisation, but is expected to have fallen back slightly - to about 3.5% - over the last few years. Nevertheless, the change in agriculture from a predominantly peasant subsistence system to an industry that apart from providing the majority of domestic food needs is now number two in world rice and coffee exports, has been dramatic. Agriculture is estimated to employ some 70% of the workforce and to account for over 22% of GDP and about 30% of all exports.

13. In recent years, government policies have set out to change the development agenda and approach. Since the early 1990s, a number of decrees, laws and programmes have been enacted which together amount to acceptance of the advantages of decentralisation, with transfer of a measure of fiscal and administrative responsibility, authority and accountability for local governance and development to provinces, and to a lesser extent, districts and communes. This transformation does not amount to political devolution or an explicit decentralisation policy. However, it is being actively pursued at local levels and has brought an emergent but valuable element of local participation, as well as more open information, into the development process.

14. The second major aspect of change has been the increasing emphasis, particularly since 1995, on poverty alleviation, with the National Programme for Hunger Eradication and Poverty Reduction (HEPR); the 1715 Poor Communes Programme; and latterly, the 135 and 661 Programmes, all reinforcing local responsibility for implementation, in particular for infrastructure, social services improvement and environmental conservation. These policies, which contributed to the evolution of the Comprehensive Poverty Reduction and Growth Strategy (CPRGS), produced by government in 2002, have set the tone for responsible development and the combating of poverty at local level. HPM was one of the first projects to reflect - and align with - these policies.

15. Ha Giang is a large, relatively sparsely populated province on the Viet Nam/China border with a total population of some 650 000 people and of the order of 110 000 households in over 190 communes and 1 500 villages. Nearly 90% of its inhabitants belong to ethnic minority groups that have only recently settled and started to enter mainstream society; and nearly half of its area comprises rocky, steep, mountainous terrain, subject, in the far north, to harsh climatic conditions and limited natural resource potential. These characteristics prevail in the so-called Zone I of the province, the northern border districts of Quan Ba, Yen Minh, Dong Van and Meo Vac; and to a degree in the north-

western communes of the western Zone II districts of Hoang Su Phi and Xin Man. The remaining southern, central and eastern Zone III districts of Bac Quang, Vi Xuyen, Bac Me and Ha Giang are generally lower-lying, well-watered, fertile, better serviced and economically more advanced.

16. Development in the province needs to be seen in the context of its frontier location, the devastation of its infrastructure in the border war with China in the late 1970s and the dispersion and backwardness of its population: not only are distances between upland settlements extreme, but until the 1990s, only rudimentary, earth tracks or roads, which were often impassable for several months during the rainy season, were the norm, so that travel could take days rather than hours. Ha Giang lies near the bottom of the national human index rankings, with a provincial poverty head count of 16%, but an actual incidence in remote communities of from 25 to 40% - and at worst up to 50%. Provincial development policies and plans reflect the prime importance of infrastructure and pro-poor services.



Waiting for customers: brewing alcohol is a successful income generating activity for many H'mong women. However, given that alcohol abuse also contributes to domestic violence, it is a dilemma for women as to whether brewing alcohol is a good idea. *IFAD photo by Sarah Mader*

17. Less than 20% of the land is suitable for agriculture; about 40% is forest, but encroachment and exploitative use of forest and steeply sloping land for cropping are significant problems. Availability of terraced and/or well watered land is estimated to be less than quarter of a hectare (ha) per family and the prevailing total farm size is 1 to 1.5 ha. However, rainfall, temperature and soil capability are widely, albeit not universally favourable, and standards of husbandry sound, such that at least one good crop per year can be obtained, although this may not always be sufficient to meet household basic food needs. Paddy, maize and root crops dominate the farming system and livestock for animal draught power, as a financial reserve and as a source of food and cash income are important. Although land is state-owned, customary rights of use are strong and security of tenure for farmers is largely assured, and is being reinforced by the ongoing allotment of land certificates.

II. MAIN DESIGN FEATURES

A. Project Rationale and Strategy

18. The main elements of the rationale for the design of HPM were the prevalence of poverty in the province and particularly in the upland communes and villages of the Zone I and Zone II districts. This poverty was compounded of: the presence of the ethnic minorities whose culture and traditions were not attuned to social and economic advancement and whose status of health and literacy were far below average; the extreme difficulty of access and communication and therefore of service provision and marketing; the scarcity of land suitable for crop production; the generally poor quality of the natural resource base and particularly the problem of potable water supply; and the absence of opportunities for non-agricultural employment and income generation.

19. Given these aspects of justification for intervention, the experience of IFAD at that time in the Tuyen Quang and Quang Binh projects and the government policy environment, the approach to design was to adopt a highly participatory process. This began in 1995 with pre-inception, socio-economic and local line agency studies and culminated in actual formulation in 1997. The emphasis throughout was on local identification of priorities; local ownership of activities by implementation as far as possible through existing agencies; flexibility in choice of components and sub-projects; and complementarity with provincial and other donor development plans and operations.

20. The incidence and severity of poverty and deprivation were such that a strategy of direct action was needed to assure food security, enhance household incomes, improve access and communication, address the deficiencies of social and welfare status and inculcate and foster a local capacity for participatory and decentralised planning of development activities and, as far as possible, communal involvement in their implementation. The strategy also placed emphasis on respect for the cultural diversity and integrity of the ethnic peoples, as well as on their aspirations.

B. Project Area and Target Group

21. The Project area was defined as all ten districts of the province - including Ha Giang Town and environs - for the extension, animal health and income diversification activities, but only between four and nine districts for other components. In particular, the health and water supply activities were confined to the four northern and least advantaged districts of Quan Ba, Yen Minh, Dong Van and Meo Vac; while the roads and education interventions also took in Xin Man, Hoang Su Phi and Bac Me. Despite the participatory nature of the design, the Appraisal Report actually envisaged a certain amount of targeting to commune and village level. At appraisal, the ethnic minority population was estimated as about 500 000 people and 88 000 households. The targeting already proposed at that stage envisaged as few as 19 of the 184 communes being covered by individual components, but no explicit criteria for further targeting, nor estimates for target group quantification were provided, although tables setting out the expected scale and phasing of physical operations were presented.

22. Data on poverty incidence in 1997 indicated that the overall provincial poverty head count was 35% of the population, with Meo Vac (57%), Bac Me (54%) Dong Van (46%) and Quan Ba (41%) having particularly high incidences. It should be noted that these rankings were based on application of the official poverty line measure of 13 to 15 kgs of rice per person per day, equivalent to VND 600 000, or only USD 51, per capita per year, less than half of the then accepted international norm for poverty of USD 100 per person. Thus the real incidence of poverty and the number of qualifying households would have been proportionately much greater. The primary target group was defined simply as: the vast majority of households in the province; almost entirely of ethnic groups; located in upland areas; and reliant on shifting cultivation within an increasingly diminishing land resource base.

C. Goal, Objectives and Components

23. The overall goal of the Project was stated to be: to improve the living standards of the target group, which is mainly composed of ethnic minorities living in marginal upland areas. The specific objectives were said to reflect both provincial and central government objectives for the development of the northern mountain areas and were described as being: to raise household incomes and improve food security for the poorest households, while improving utilisation of natural resources; to support the development of appropriate rural and social infrastructure; and to develop environmentally sustainable and culturally sensitive development models that can be replicated elsewhere in the northern provinces.

24. In line with these objectives, the Project had five components and a number of sub-components or activities, as summarised below:

- Rural Infrastructure (base cost USD 5.26m, 32% of total)
 - pedestrian roads and bridges - construction of key village paths, roads and bridges
 - domestic water supply - construction/upgrading of village water supply schemes
 - irrigation - construction/upgrading of provincial (30+ha) and micro (<5ha) schemes
- Agriculture, Livestock and Forestry Development (base cost USD 3.50 m, 21% of total)
 - farmer extension - establishment of farmer-based extension systems and research support
 - animal health - improvement of animal health delivery systems
 - forest protection - support for conservation models for critical watersheds/poor villages
- Income Diversification (base cost USD 1.02m, 6% of total)
 - Income diversification - identification of opportunities, support/promotion, credit provision.
- Social Development (base cost USD 4.95m, 30% of total)
 - Education: classrooms/centres, curricula/materials development; female literacy, training
 - Health: training/establishment of VHWs, upgrading health centres, hospitals, free drug supply
- Project Management and Coordination (base cost USD 1.9m, 11% of total)
 - PCUs - establishment and support of Project Coordination Units in provinces and districts
 - monitoring and evaluation - at province and district/department level.

25. The total Project costs, including contingencies, were USD 18.4m; the breakdown of financing was as follows: IFAD loan - USD 12.5m; UNDP grant - USD 2.3m; SIDA grant - USD 0.8m; government - USD 2.1m; and beneficiaries - USD 0.6m. The Project was designed to be completed in six years, with a phasing of expenditures of 64% in the first three years.

D. Implementation Partners and Arrangements

26. National level responsibility falls under the Departments of Agricultural Economy and Foreign Economic Relations of MPI, which handles the liaison role with other concerned Ministries. At the province, accountability for progress and performance lies with the Provincial Peoples Committee (PPC), the vice-chairperson of which is also chairperson of the Provincial Project Steering Committee (PSC); and the Provincial Project Coordination Unit (PPCU). In practice, the latter exercises the major tasks of progress chasing and recording, as well as guidance, liaison and arrangement of technical support to: participating districts, for each of which there is a District Project Coordination Unit (DPCU); and to the downstream agencies, principally the district sectoral departments, each of which has an activity management team (AMT) for Project operations. The PPCU is also responsible for liaison and dialogue with donors - IFAD, UNDP and SIDA - and associated agencies such as UNOPS, the Swedish Embassy and NGOs.

27. At the district level, District Peoples Committees (DPCs) are the prime movers in the planning and implementation of Project activities, backed up by the DPCUs. Key players are the DPC Chairperson or Vice-chairperson and the heads of district departments. The commune is the link

between villages and districts; the Commune Peoples Committee is involved in the planning and oversight of Project interventions, mainly through the Commune Development Board (CDB), a special entity set up by the Project principally to manage the Commune Development Fund (CDF). Village Coordination Units (VCUs), also established by the Project, take on the role of assessing development needs, communicating these to the CDB and passing on proposals and plans for sub-projects.



Meo Vac, the poorest district in Ha Giang Province. The rocky geomorphology (carstic limestone) and limited soil fertility forces farmers to take advantage of every patch of soil. Here (four seeds are just visible) it is worthwhile cultivating corn.
IFAD photo by Sarah Mader

28. The competence and understanding by district staff and within commune and village organisations concerning participation and community empowerment in development varied; the majority were yet to be properly sensitised and informed as to the changes in attitudes that were needed - and to be convinced about their benefits. VCUs and CDBs and their associated peoples committees were, in theory, the prime sources of ideas and proposals for Project action, but there have been - and remain - considerable problems of capacity, capability and understanding at these levels. In light of the local circumstances at inception, the Project design included substantive inputs of international and national technical assistance (TA), amounting to 114 person months and 308 person months respectively.

E. Design Changes during Implementation

29. Allusion has been made above to the ongoing evolution of national development and poverty alleviation policies and the institutional changes that have emanated from the unfolding agenda for decentralisation. These mainly involve the delegation of increasing responsibility for fiscal and administrative functions to the province; and the devolution of the practical operations of the agricultural, livestock, water, health, education and other technical sectors to the districts. The changes have overwhelmingly been in tune with the established philosophy and operating modalities of HPM - and indeed in many cases, according to government respondents, been influenced by HPM and other IFAD project experience - and have not entailed modification of Project design or procedures.

30. In the early stages of implementation, Project progress suffered from certain ambiguities of design. The first of these was that each component was expected to undertake its own participatory rural appraisal (PRA) to ascertain the views and priorities of prospective beneficiaries with respect to its potential interventions. It became clear that these exercises could not be considered genuine PRAs and that the duplication involved was both time wasting and counter productive. Unfortunately, by the time that this problem was recognised most of the initial beneficiary consultation activities had been completed, but in some cases, particularly of the agricultural interventions, there was some adaptation of approach in the latter stages of implementation to allow better, joint PRAs to be undertaken.

31. The second complication in design was that the TA inputs of SIDA were tied to that donors ongoing Mountainous Rural Development Project and those of UNDP, while attached to HPM, were part of the wider UNDP-government programme for strengthening capacity for poverty eradication. While both of these inputs endowed the Project with added value in terms of technical synergy and management professionalism, they entailed separate reporting and authorising responsibilities that complicated and hampered effective management. This weakness was exposed and later rectified by the joint efforts of the Senior Technical Adviser and the Project Directorate in the second year of implementation, since when there has been a clear, single line of control and direction.

32. The major change in Project design was that brought about by the introduction, at the behest of Project Management and with the considerable support of UNDP and UNOPS, of the Commune Development Fund, CDF, as a mechanism for fostering participation, encouraging more rapid absorption of funds and widening and deepening Project coverage and impact. The need for this change had been signalled by 1999 by the lack of uniformity of coverage and equitability of benefit across districts and communes that resulted from pre-targeting of some key interventions and by the inadequacy of capacity for social mobilisation, awareness building and therefore of provision of incentives for true participation. The concept of the CDF was that communes, selected on the basis of their poverty incidence and severity, would be given access to funds of up to USD 50 000 each, conditional upon a proper process of social mobilisation and organisation being undertaken. The villages and communities concerned would then be enabled to follow through the whole process of spontaneous selection, preparation and realisation of their own sub-projects. This entailed a change in level of jurisdiction from the VCU to the CDB, for authorisation of sub-project selection and funding. In 2003, the budget limitation was removed for ten CDF projects. CDF was approved in 2001; sources of the USD 2.7 million of funding were existing savings from planned expenditures and local currency depreciation, transfers from the credit component and use of unallocated IFAD fund provision.



Guatemala Grass growing on carstic limestone. Under the extension activities of the project, Guatemala Grass planting material was distributed to farmers for cultivating and using as fodder. IFAD photo by Sarah Mader

III. SUMMARY RESULTS OF IMPLEMENTATION

A. Overview and Commentary

33. The overall impression of Project performance is favourable, although some components and activities have been less well implemented and have had limited impact. What is not in doubt is the exemplary and timely achievement of the physical works and most of the outputs of the Project - and the fact that these have been recorded in detail and with meticulous care, if not always with absolute consistency and accuracy. However, it is less certain: that proper feasibility assessments were made of construction sub-projects; that the quality of works of many of the schemes completed has been up to standard; that the new agricultural technologies disseminated have been entirely appropriate for the more marginal conditions and precarious household finances of upland communes; that the processes involved have been properly understood and taken on board by staff and the implementing institutions; and that the changes will be sustainable in the absence of Project or similar support.

34. Nevertheless, as detailed below, the project reached a good proportion of the target group in a satisfactory manner; engendered a moderate level of participation (albeit only tentatively), involvement in planning, decision making and ownership; and improved social cohesion and awareness of the possibilities for advancement among the ethnic peoples. It has also made strides in starting the long process of giving districts, communes and villages a measure of capability in planning, supervision, management and monitoring of development activities. In various individual activities, such as roads improvement, raising agricultural productivity, providing better education facilities and health services, and in forest protection, project targets have been met or exceeded.

B. Financial Aspects of Performance

35. The extent to which the achievements and shortfalls described have affected the financial progression and status of the Project is summarized in Tables 1 and 2, below.

Table 1. Project Funds – Availability and Utilisation by Cost Category

Investment Costs	Estimate at Appraisal		Actual to Date, December 2003		
	Value VND m	%	Value VND m	%	% of Planned
Civil Works	80 017	34	82 025	35	103
Vehs/Eqpmt/Materials	40 357	17	31 993	14	79
Training and TA	69 640	30	43 906	19	63
Credit	6 887	3	4 606	2	67
CDF	Na	na	53 360	23	na
Sub-total	196 901	84	215 890	93	110
Recurrent Costs					
Operating	36 845	16	16 629	7	45
Sub-total	36 845	16	16 629	7	45
Total Project Costs	233 746	100	232 519	100	~100

Table 2. Project Funds – Availability and Utilisation by Component

Component	Estimate at Appraisal		Actual to Date, December 2003		
	Value VND m	%	Value VND m	%	% of Planned
Rural Infrastructure	77 467	33	60 202	26	78 (132)
Agricultural Development	47 755	20	33 002	14	69
Income Diversification	13 744	6	9 155	4	67
Social Development	69 454	30	46 366	20	67
CDF	na	na	53 360	23	na
Project Management	25 492	11	30 976	13	122
Total Project Costs	233 912	100	233 060	100	~100

36. The tables relate funds available, as presented in the Appraisal Report, to actual disbursements by category and component as recorded in the draft Project Completion Report. It should be noted that the figures converted from the Appraisal Report are approximate, because of discrepancies in the original allocation and conversion of price contingencies; also they may not add exactly due to rounding. The funds available as appraised were USD 18.4 million, equivalent, at that point, to some VND 233.9 billion. Expenditures to date are calculated to be VND 233.1 billion, that is 99.7% of the projected total in local currency terms, equivalent to some USD 16.3 million at the average USD/VND exchange rate for the Project period.

37. In assessing these figures, it needs to be borne in mind that: the UNDP grant for TA was reduced from the original USD 2.3 million by USD 500 000 - or about VND 7 billion; the SIDA contribution amounted to only VND 4 billion, against an original target of VND 10 billion; and the Dong has depreciated against the US Dollar by over 30% during the Project period. The net result of these factors is that there remained at December 2003 outstanding amounts of VND 27 billion from the IFAD funds and VND 2.2 billion from government funds to meet payments due for completed planned activities up to Project closure. Inclusion of these sums would bring total expenditure to VND 262.26 billion, or USD 18.34 million.

38. In comparing actual expenditures with targeted sums, there is the complicating factor of the CDF, which was not included as a component or cost item at appraisal but was funded from surplus funds from the low uptake of credit and cost savings from the social development components. In the event, the pattern of expenditure under the CDF has been heavily biased towards physical infrastructure: if the approximate 80% of CDF costs so spent is attributed to the Rural Infrastructure component, it would raise the ratio of actual against planned cost from 78 to 132%. The other main divergences in disbursements by component have been: expenditures on Agricultural and Social Development and Income Diversification have reached only about two thirds of the values expected; and Project Management and Coordination costs have been over budget at 122%.

39. In terms of cost categories, the significant divergences are: the low costs for Training and TA, at only 63% of planned, due mainly to reduction of co-financier inputs; and exceptionally low recurrent costs, due to effective cost control and savings on plan estimates, at only 45% of those budgeted. Apart from these overall differences, patterns of actual expenditure do not vary significantly from those targeted. It is clear from the financial analysis that the Project has enjoyed sound cost control and financial management.

C. Summary Physical Achievements

40. A summary of physical achievements and where appropriate, estimates of beneficiary numbers against the targets set at appraisal for all of the components of HPM is given in Appendix 2. The key points are amplified below. The appraisal report provided a table on the scale of major Project outputs, based on the logical framework, but in neither the table nor the logistical framework were numbers of targeted beneficiaries identified. Nevertheless, in terms of coverage commune-wise, the pattern is: roads and bridges - 20; water supply - 24; irrigation - 92; farmer extension - 132; animal health - 191; income diversification - 60; education - 70; health - 67; and the CDF 78. The Project is therefore estimated to have had a significant, multi-component presence in at least 100 of the 191 communes of the province; and therefore to have had substantive impact, as further elaborated in Section III A below, on 50 000 households comprising 285 000 people. This compares with the so-called primary target group described at appraisal of 34 000 households.

Rural Infrastructure

41. **Roads and Bridges.** The objective was to improve village access to facilitate transport of people, farm inputs and outputs and the outreach of social services and amenities. Some 105 km of commune-village roads and 7 suspension bridges were achieved as planned, with direct benefit for 19 communes. All other aspects of the component, with the exception of training, were also 100%

achieved, but the database system implemented by the TA has not been updated and is not now operational. Physical results are impressive, but designs lacked proper drainage structures and slope stabilisation, both essential for landslide prevention; and villagers engaged for construction were reported to be paid at lower than market wages.



A rainwater storage tank that clearly never even got half full. There were serious weaknesses in the design, construction quality, capacity for storage and water quality assurance of storage tanks.
IFAD photo by Michel van der Stricht

42. Better planning and coordination at the provincial level would probably have reduced upgrading costs and the delays now being experienced for widening of the original Project roads, some of which are still not passable. Actually, current traffic is virtually zero, but in the medium term, benefits of improved village access are likely to become significant. Villagers are committed to do routine maintenance but periodic maintenance has to be carried out by districts. Given the low standards of construction, these roads will require heavy labour inputs from beneficiaries and subsequent funding from districts to maintain accessibility for increasing traffic. District budgets for maintenance are already known to be far from sufficient and beneficiaries are already overburdened with labour contribution.

43. **Domestic water supply.** The appraisal correctly identified the enormous, crucial issues of water supply in the carstic limestone areas of Zone I; surface water is virtually non-existent and groundwater use not economically feasible. Rainwater collection is the only practicable means of ensuring supply. The TA provided identified the key constraints and appropriate solutions and correctly made relevant recommendations for sensitisation on hygiene and water quality, training in planning, design, supervision and construction quality, as well as on the dangers of carcinogens in use of fibro-cement roofs for rainwater collection. In the event, before the full results of testing of various rain water tank (RWT) models were available, a provincial decree dictated construction of masonry tanks. Thus, although the component achieved 100% of planned activity, covering over 5 000 new RWTs and 728 rainwater jars, repair of 56 communal tanks and construction of 12 gravity flow systems in 24 Zone I communes, there are serious weaknesses in design, construction quality, capacity for storage and water quality assurance. For gravity flow systems, initial surveys, design of dams and quality of construction and supervision all appear to have been inadequate. Broken or leaking pipes and oversized and numerous, unnecessary storage tanks were widely encountered. Pirate water diversion for irrigation purposes is common; and water user groups (WUGs) do not collect fees but rely on districts for repairs. A water supply database was set-up by the TA but is not operational and technical capacity, staffing and means of transport at district level are still insufficient.

44. **Irrigation.** Provincial, state owned irrigation schemes covered by HPM are larger than 50 hectares, mostly located in the lowlands and supplied from perennial streams; they were pre-targeted. In micro-schemes, cultivated land belongs to villagers and is usually less than 20 ha, supplied by small streams, with a low yield in the dry months. During field visits, confusion arose as parts of provincial

schemes were rehabilitated as micro-schemes and although many schemes are reported as new in progress reports, they were all existing schemes that were upgraded through with concrete dams and/or concrete lining of parts of main canals. Thus impact on agricultural production may be less than expected. The justification for improvement of existing provincial schemes under the Project may be questionable; that for micro-scheme works, properly designed and constructed, is clear. In all, 39 - out of a possible 70 - provincial schemes covering some 2 840 ha and 134 micro-schemes, including 20 new, covering 2 030 ha were assisted, with an effective additional water supply to over 4 300 ha and thus 100% or higher achievement of actual physical works, as well as associated supply of vehicles, equipment and training for staff and water user groups - providing potential benefit to over 7 300 households in 90 communes.

45. Concerning micro-schemes. Appraisal/feasibility studies appear to have been minimal; cost benefit analyses were not done; dams were constructed in most sites at high cost; and siting and design are in many cases questionable. As for the other infrastructure components, very little attention was paid to quality of construction and supervision. As a result, there is less double cropping than intended, because water is flowing through silted dams or leaking out of the concrete canals. The whole component seems to have been designed as a massive concrete construction exercise, with excessive construction costs, instead of adopting simple, replicable improvements and concentrating on district capacity building. An irrigation data base was set up, but crashed and is not operational. Although WUGs were established, they are not active. On visits, several concrete canals were silted or blocked by landslides, and dams were not de-silted, clearly indicating neglect of proper operation and maintenance. Locally built masonry weirs with bamboo bridges and earth canals were often observed on the same streams, delivering the same water output at minimal cost. Even for provincial schemes, water fees are not systematically collected; farmers rely on districts in case of breakdown.



A gravity flow system (to collect water running off the hills) in Ngog Long, Yen Minh. Here, the supply pipe leading to the drinking water tank has been illegally diverted to irrigate private land – fairly common practice. With better supervision such piracy could have been better monitored and minimized.

IFAD photo by Michel van der Stricht

Agricultural Development

46. Farmer Extension. The objectives of the farmer extension component were consistent with small farmer needs and the component has been successful in achieving its objectives at least for the direct beneficiaries in lowland and irrigated communes. The yields and outputs of major cereal crops have been markedly increased and some of the other interventions in livestock, forage production and agro-forestry have demonstrated - or show promise of - expanding uptake. However, design of models appears not to have taken sufficient account of indigenous practice nor of the constraints of the poorer, mountainous areas or the ability of households to maintain high input, high cost systems. As a result, the numbers of farmer field school (FFS) groups, integrated pest management (IPM) clubs and village

extension/production groups fell far below target - at 25% for FFSs - but were compensated by the establishment of a wide commune and village based extension network and on or near target performance of most of the equipment and materials supply and training inputs. In total, some 370 FFSs and IPM clubs were formed, covering over 3 200 households in direct membership, with 266 demonstrations of improved technologies and over 80 000 person days of farmer training.

47. Although this training of staff and farmers has been impressive in numbers, the evidence now is that few FFSs or groups have survived; that there is little conviction about the methods used or, with few exceptions, empathy among local staff for the plight of beneficiaries; and that the facilities provided and impetus achieved have not been maintained. The efforts to upgrade extension and provide adaptive research support incurred substantial costs totalling VND 16.7 billion (USD 1.06m); there is therefore a question of economics of implementation and sustainability unless more farmer to farmer and village-based communication and extension systems can be devised and more resources allocated to the uplift and advancement of small farmer livelihoods.

48. **Animal Health.** The animal health component was important in meeting the needs of small farmer households in poorer, upland communes where livestock represent a high proportion of family income. Implementation of the component with the emphasis on: beneficiary involvement in selection of commune animal health workers (CAHWs); commune-based operation of services; provision of a necessary minimum of equipment and drugs for CAHWs; and their practical training, has been effective, despite early personnel failures and lapses in CAHW performance. In total, 474 CAHWs have been trained and deployed in all 191 communes, basic furniture, equipment and drug supplies provided, 9 district and 2 border veterinary stations established and a revolving vaccination fund for notifiable diseases actioned and supported, registering virtually 100% achievement.

49. The weaknesses of the component have been at district and provincial level where there is limited evidence of maintenance or continuity of service from the equipment and training supplied. Gains in livestock outputs are more difficult to gauge than for crops, but there can be no doubt that availability of vaccines and antibiotics will have had significant impact on many poor rural household incomes. The evidence suggests that some 60% of CAHWs are still operating and in an increasingly commercial manner, indicating that in all but the poorest cases, farmers can and will pay for essential services; and that the village paravet may be a viable part-time occupation.

50. **Forest Protection.** The high profile of the forestry interventions is a consequence of recognition of the importance of watershed protection and soil and water conservation. Beneficiary households have gained income in return for their vigilance in protection and have experienced a notably increased awareness of environmental issues. Operation of protection contracts and achievement of objectives has been fair and at a cost of VND 8.7 billion (USD 0.55m), the economics as a pilot scheme were reasonable. Some 20 000 hectares of critical watershed have been protected, with more than 4 100 households in 109 villages of 24 communes receiving direct benefits; and enrichment planting of existing forests and planting of new forest plantations have reached 273 ha and 700 ha respectively, an achievement of several hundred percent of target. All other aspects of equipment and facilities supply and training have achieved an out-turn of 100%.

51. The shortcomings of the component have been in the limited impact of provincial support; the paucity of enrichment and new planting; and the missed opportunity to incorporate in contract agreements proper forest utilisation and management, which could ensure increased incomes for forest communities into the future and therefore their stronger support. At least a start should also have been made to address the serious problem of exploitative arable use of steep lands and consequent degradation in many upland catchments and to introduce regulatory measures to control use and promote soil conservation and land management practices followed in some neighbouring communes.

52. **Income Diversification.** This component was confined to women and was considered at appraisal to be crucial to poverty alleviation. The implementing agency was the Women's Union (WU). Despite the impressive network of WU staff down to village level and the claimed 100%

achievement of the equipment supply and training inputs for the component, performance was well below expectation. The opportunity was missed to create linkages between saving and credit, labour saving technology and education that might have supported enterprise viability; only the linkage between credit, agricultural education and animal health has worked. In 60 communes PRAS were undertaken in 60 communes and 318 women's savings and credit groups involving 5 618 households formed. Of these, 118 groups covering 1 538 households are still active but have little substance as groups, rather than channels for individual loans and actual saving activities are either absent or negligible. Total borrowing to date amounts to VND 4 606 million, equivalent to USD 287 000, or 67% of target. Repayment performance of the short term loans provided is reported to be satisfactory at 86%; the medium term loans are mostly not yet due for repayment. A proficient market and business opportunity study was undertaken, but an important international TA input was curtailed.

53. Village WU staff, heads of groups and chiefs were trained but training programmes and transfer of training were ineffective; and capacity of WU staff is still very low, particularly in remote villages, where traditionalism, location of training and scarcity of transport constrain further education. Income generation was mainly limited to rearing of pigs and cattle. The few women that ventured into new, diversified businesses have, with some exceptions, found profits to be negligible. Limited markets, physical isolation, lack of experience and entrepreneurial spirit, poor infrastructure, the traditionalism of society and the subsistence nature of the economy all contrive to limit or prevent business success.

54. Labour saving technology was provided to female credit and saving groups, but also to better-off individuals and farmers. Many machines are out of order due to poor quality at purchase or lack of maintenance. Only a few individual operators charged a fee for the operation of the machines. Where machines were still working, they made a positive impact on women's workload, as well as on the income of the better-off male farmer operating them. The IFAD line of credit disbursed through VBARD has not been popular due to the comparatively high interest rate and most of the credit and saving groups stopped functioning either before or after loan receipt. Loans were mostly disbursed to better-off women from peri-urban locations. It is concluded that pursuit of a line of credit through a commercial bank whose client profile does not match the IFAD target group is counterproductive; and that only a small, commune managed micro-credit programme is likely to be viable.

Social Development

55. **Education.** This, the largest component in terms of cost, addressed the key problems of illiteracy and enrolment, the rates at inception for adult illiteracy and primary enrolment being estimated as 32% and 78% respectively for the whole province, but as low as 28% for girls enrolment among ethnic communities in the northern districts. Education continues to be extremely important because it is consistently selected by parents as the key factor of influence on awareness and understanding, which are the fundamental pillars of ethnic group advancement. Major achievements have included preparation of education development plans for 70 communes; construction of 146 rooms for commune schools and 7 district continuing education centres; supply of equipment and material; and bilingual training for 1 958 teachers in addition to refresher training for 1 258. School construction has been broadly satisfactory, but in several cases seen, quality of workmanship was poor, indicating lack of supervision; and proper maintenance and upkeep are absent. Equipment, books and aids are of good quality and useful; some desks and chairs, not so.

56. Evidence was seen of improvement in school access, enrolment, retention and attendance; as well as narrowing of the gender divide in primary school enrolment. Crucial shortcomings have been: limitations of people's participation; inadequate or improper use of PRA techniques; lack of upgrading to make the 70 libraries functional; and failure of the 2 212 trained women literacy volunteers to activate their village literacy and other women's development programmes as envisaged. A clear need is seen for evaluation of impact of the bilingual training; and for corrective measures to ensure a clear policy for recruitment, placement and orientation of teachers for upland districts.



A social self-help group in Meo Vac. Every household provides one member to help clear and cultivate another household's plot of land. The next time a different household will benefit.

IFAD photo by Sarah Mader

57. **Health.** The objectives of the health component were absolutely germane to the predicament of poor communities. Major achievements include networking and training of 801 village health workers (VHWs); upgrading of facilities and provision of equipment in 4 district health centres; construction and provision of equipment for 5 commune health centres; training and refresher courses for doctors and other staff; and free supply of drugs. Most aspects of the component reached 100% of target. VHWs have transformed outreach to remote villages, as they regularly monitor children's weight; follow up malnutrition cases; report disease incidence to commune health centres; create health and hygiene awareness; and supply drugs.

58. Upgrading of district health centres and staff training has improved their functioning. Impacts already apparent include reduced incidence of malnutrition and diseases; and significant increases in in-patient and out-patient numbers at hospitals. Supply of free essential drugs has gone smoothly and been acclaimed but sustainability remains a serious concern. Creation of revolving funds for drugs in 16 pilot communes has not been successful for want of conceptual clarity, in-built contradictions and lack of serious persuasion. The low percentage of women VHWs (13); lack of linkages between traditional birth attendants and VHWs; low educational standards and skills; and low allowances for VHWs, are issues that require attention. VHWs need significant further refresher training and capacity building and simplification of their reporting formats.

Commune Development Funds

59. The introduction of the Commune Development Fund in 2001 was a laudable step forward to enhancing community participation and ensuring a bottom up approach. The creation of the CDF allowed CDBs to become more effective and ensure at least some gender-balanced representation from villages, but they have been faced with difficulty in ensuring full participation, since delegates expect incentives for attendance. In some villages and communes the basic democratic negotiation and decision making processes on the subject of village investments were observed; in others, village representation in the CDB appears to be more of a formality than a case of genuine emancipation.

60. The CDF was introduced in 10 communes in 2001 and spread to 78 - as opposed to the original target of 60 - communes, all with poverty rates of over 30%, by 2003. The emphasis of CDF activities has been on infrastructure: 128 inter-village roads covering 420 km, 7 suspension bridges and 42 culverting or small roads improvement schemes; 56 water supply facilities and 289 domestic tanks; 184 irrigation construction or rehabilitation projects; one hydro-electricity dam and power cabling; and provision of 55 class rooms, 142 branch schools, 2 boarding hostels and associated furniture, have been completed. The other main interests have been in income diversification, supply of farming

inputs, particularly improved seeds, forestry and herbal plant establishment and technology transfer models. Most CDF activities have included training, mainly for operation and maintenance.

Project Management and Coordination

61. The Project management set up has been able to work reasonably well as evident from the virtually 100% achievements of physical and financial targets and general Project progress. The success of major interventions indicates the clear proficiency of management. The provincial institutional arrangements - steering committee and PPCU - have functioned reasonably well and the equivalent district structures and arrangements set up by and supported by HPM have proven to be effective. The activity management teams (AMTs) have worked satisfactorily and helped Project integration in concerned departments, a major factor in assuring reasonable economy of operation.

62. Key weaknesses have been that: DPCU chairpersons have often not devoted adequate time and there have been frequent changes; commune level CDBs and village level VCUs are yet to become properly established; coordination problems continue to exist at all levels, notably at districts; and appraisal, supervision and convergence between various components and other projects, as well as monitoring, have remained inadequate. There is a clear need at DPCUs, as for the PPCU, for full time heads and additional technical staff, particularly for community development and rural infrastructure. Most staff members have shown commitment and enthusiasm. However, they need significant further capacity building through training, exposure visits and technical assistance. TAs supported by UNDP and SIDA have been important. Premature withdrawal of the SIDA inputs, for reasons unsatisfactory performance and disagreement on mode of management - and financial cuts for the UNDP inputs due to budgetary restrictions - have had negative impact on the Project.

63. The monitoring and evaluation system has only been able to capture the financial and physical progress. There has been limited application of the system as a management tool. Similarly the log frame has not been used. The system has been proficient in producing records of performance and management data, but several instances of lack of consistency between commune, district and Project records and of lack of clarity of data were found during field work. These findings were indicative of a lack of full understanding of the purposes and usefulness of monitoring and evaluation as a management and planning tool; and the limited use of monitoring and evaluation data, or concern about its adequacy, by supervision missions. Impacts in terms of poverty and other indicators have not been monitored. Lack of a proper baseline survey makes monitoring of impact difficult. Disaggregated data for gender and ethnicity, for example, are not readily available. Use of information technology is limited. Simplified standardized formats, creation of a database and use of report pro-formas would significantly improve the quality of monitoring and reduce the tedium of the work involved.

D. Results Related to IFAD Specific Concerns

Poverty Targeting

64. The macro-targeting of Project activities, based on MOLISA poverty data, is assessed as adequate. According to the latest data, HPM at Project completion is still focused on the poorest districts, although hardship in the northern highlands is more prevalent and severe. The poverty rate decreased in all participating districts. Certain districts and communes report that the category of the poorest has disappeared from the official statistics during the Project period. Since 90% of the Ha Giang population is from ethnic groups, targeting of ethnic minorities is not a meaningful concept; for this reason HPM concentrated on targeting on the basis of poverty level.

65. Not every components were designed to target the worst off. Provincial irrigation scheme improvement and the use of VBARD for credit distribution inevitably entailed disproportionate benefits for better-off groups. Targeting of communes has varied by component and by district, since some activities were pre-prescribed. Selection of communes was based on official poverty data, lack of infrastructure or, in the case of CDF suitability, institutional capacity of the CDB. Since poverty is

generally homogeneous, most households benefited. Commune officials applied informal or individual indicators if precise poverty targeting was necessary due to scarce resources, but if literacy and labour availability were pre-conditions for participation, the poorest, in particular women headed households, were under-represented.

66. Triangulation of selection criteria to target different interventions is believed to be an effective way to maintain fairness, but not necessarily to achieve maximum impact in circumstances like those of Ha Giang. Although all HPM components focused on the priority needs of the poor, women and ethnic minorities, impacts on target groups would almost certainly have been more significant if activities had been targeted to fewer communes; and carried out in an integrated manner with better inter-component linkages and therefore synergy of action.

Gender

67. HPM has had reasonable success in addressing women's practical needs for access to services and markets, by improving water supply, introducing labour saving technologies and constructing pedestrian roads. The lack of gender disaggregation during PRAs prevented traditional patriarchal practices in certain ethnic groups and serious constraints for women such as violence due to alcoholism of husbands, excessive workloads and reproductive health problems from being identified and addressed.

68. It was less effective in addressing women's strategic needs, in terms of their managerial and entrepreneurial capabilities or involvement in decision making on sub-projects. The WU played a limited role as focal point for gender mainstreaming, advocacy and role redefinition. Women's participation in village and commune meetings and sectoral activities has been encouraged, but the only specific means of promoting participation in community decision-making was the creation of an institutional space for one woman per village in the CDB. Since CDBs did not function fully, this has had limited impact, so that women's representation remains largely token.

Participation and Community Involvement

69. There was little scope for proactive participation of the poor in identifying needs and shaping Project design, as it was done by an external mission in close consultation with decision makers at the provincial and district level. Up to 2001, PRAs were mostly carried out by each component separately, and thus prevented coordinated village and commune level planning. They were not done for men and women separately, consequently no gender disaggregated information was available. Except in a few components, for example agriculture, the planning approaches were not genuine PRAs, but often just simple line department surveys to identify farmer requirements from that department and activities selected in a prescriptive rather than process- and demand- driven manner. Results of PRAs were little used for targeting and project monitoring. As a result, and despite external support, the first generation PRAs were ineffective and inefficient exercises.

70. Nevertheless, PRA as a management and empowerment tool has strong potential, as demonstrated by the improved use of PRAs in the context of CDF sub-project selection and planning. This is now fully recognised by the province and project management as a means of strengthening the emerging decentralisation and democratisation process. It is agreed by the province that PRA should have a higher profile in future projects and that its potential would be better realised by further staff training and experience in application.

71. Although the province has been supporting decentralisation, it appears that participation of the local population in decision-making processes with regard to fairer resource allocation has been limited, particularly for women. The social capital of grass-roots organisations such as Village Coordination Units and Water User Groups is still low, if in existence at all. Commune and village level organisations are not yet fully in charge of empowering the poor to engage in defining the rules that determine their lives. However, several instances were observed of local social self-help

mechanisms and informal organisations that the Project had not managed to capitalise on, such as field work sharing for peak labour demand agricultural operations and parents groups for provision of food for schools where boarding was necessary for pupils from outlying villages. Such examples demonstrate the capability for self-reliance given the strength of need.

72. Despite progress in strengthening CDBs, the provincial authorities have only in few cases been able to devolve the financial control that decentralisation entails. Creating a project-specific structure - or at least terminology - such as the CBD and VCU - caused unnecessary confusion at commune and village level. The Project might have been able to avoid this confusion by collaborating with legitimate representative bodies, namely Peoples Committees or their sub-committees, where these were of sufficient calibre, adaptability and outlook to be usable for such purposes. Structural modification in order to enhance gender, ethnicity, and poverty focus could have been undertaken on existing commune institutions, which would have enhanced the sustainability of Project attempts to sharpen gender and poverty focus.



Working conditions in the fields in Meo Vac District are extremely hard. Fertile soil is scarce, the landscape characterized by eroded carstic limestone. The Ha Giang Development Project for Ethnic Minorities supports the construction of gravity water tanks (on the right) which provide several houses in this hamlet with safe drinking water.
IFAD photo by Sarah Mader

E. Project Logical Framework

73. The HPM logical framework as presented in the appraisal report is an apposite and concise statement of the key elements of the Project and of the parameters for measurement of its progress and impact. The main shortcomings of the logical framework are: the lack of explicit definition and quantification of the numbers and characteristics of the participant target groups, and specifically of women's activities and involvement; the fact that it was used as a static design document rather than a dynamic document of process management, whereby changes in Project design and direction could be clearly recorded and notified for use by supervision missions and staff of IFAD and other stakeholders; and the lack of clarity about the inputs, activities and mechanisms proposed to address the peculiar issues of the social uplift of the major ethnic groups. While this may be an understandable omission for a first project of this type, it is highly desirable that any follow-on activity should rectify this weakness. This is particularly the case since consolidation of existing improvements and further advancement of ethnic minority development on the human front are less likely to be realised if precise and detailed information about impact, in terms of actual against planned achievement and reasons for divergence, is not available.

IV. RURAL POVERTY IMPACT

A. Perspective and Overview of Impact

74. As described in the context of the Project rationale above, the status of the rural poor in Ha Giang is compounded of the ethnic minority culture and traditions; poor literacy, education and health standards; remoteness and difficulty of access and therefore of inputs and service provision; scarcity of land and low natural resource quality; and absence of employment opportunities. It is a measure of its original depth and severity that poverty continues to prevail in some districts, despite the considerable efforts and expenditures of HPM and the contemporaneous government development programmes.

75. The combination of dependence derived from the former, centralised political system, the predominantly non-monetised nature of the household economy in the less-advantaged communities and the dispersed pattern of settlement is a difficult mix of deprivation factors to combat. Facing these conditions, HPM has addressed several of the key causative factors directly, making a sound impact in respect of several, including infrastructure investment for access and communication, uplift of education and health provision and enhanced farming productivity; but, just as important, in laying the groundwork for further action in social advancement, women's emancipation, and poverty eradication.

76. As far as was practicable in light of the Project design, HPM focused on the poorest communes and districts. It is estimated by management that the target group poor - and women - would have accounted for between 35 and 70% of the participants for most activities, the exceptions being income diversification and credit where women were the primary players and CAHWs and VHWs where the representation of women - and to some extent the poor - was less than desirable.

77. Rural poverty impact can be measured in three main dimensions: in extent - in terms of numbers of people or communities affected; in degree - the significance of change for the better in the particular conditions involved; and in type - the characteristics of the effects attained, whether tangible or not. In a multi-component and multiple activity Project like HPM, two categories of benefit and beneficiary can be discerned: the first hand, direct benefits and beneficiaries, such as the enhanced yields of paddy and the farmers whose micro-irrigation scheme has been expanded and assured of year round water supply; and the secondary or indirect benefits and beneficiaries, for example the traders for whom a new bridge or road has opened up a new source of produce and a better market for inputs.

78. For the purpose of this evaluation, the focus is on the direct benefits and beneficiaries; and given the absence of comprehensive and systematic M&E records of impact, emphasis is placed on data: from the recent IFAD-instigated Project Self-assessment and Completion Reports; from the Ha Giang Province Statistical Yearbooks; from Project Progress and Status and Supervision Reports; from Mission field work interviews and district discussions; and from the analysis of the IFAD Evaluation Framework pro-formas, the composite version of which is presented as Appendix 3.

79. The scale of benefit and numbers of beneficiaries is best measured by the summary of estimates of participation in main activities, which is presented as Table 1 in Appendix 2 and summarised in Table 3 over the page.

Table 3 Summary of Estimates of Direct Beneficiaries by Component and Major Activity

Components and Activities	Main Project	CDF	Total
	Number of Benefiting Households		
Rural Infrastructure - Roads and Bridges	13 500	14 729	49 295
- Domestic Water Supply	7 077	1 240	
- Irrigation	7 358	5 391	
Agricultural Development - Farmer Extension (FFS)	3 216	1 000	41 454
- Extension (Crop Production)	16 626	1 500	
- Animal Health	15 000	-	
- Forest Protection	4 112	-	
Income Diversification	7 156	14 167	21 323
Social Development - Education	11 060	4 400	24 400
- Health	8 940	-	
Totals	94 045	42 427	136 472

80. The table shows the gross numbers of beneficiaries for the various activities; the figures presented do not take account of duplication of household coverage. Since no measures or estimates exist of double counting, it is necessary to make a judgement as to the probable overlap of interventions and participation. The Evaluation Mission opinion is that these data - and the evidence of field work assessments - indicate that at least 50 000 households would have benefited from one or more Project activities and would have received substantive advantage from HPM. Such a level of penetration of the target group universe is an exceptionally high achievement and partly a reflection of the wide spread of Project interest and the decentralised mode of implementation.

81. The best evidence of overall improvement in poverty status comes from the provincial statistical data. Province wide, the incidence of poverty, using the recommended criteria of the Ministry of Labour, Invalids and Social Affairs (MoLISA), is recorded as having fallen from a head count of 34% in 1997 to 16% at the end of 2003. This drop was recorded despite a change of criteria by MoLISA in 2001, which temporarily gave an increase in incidence, and which used the poverty line for mountainous rural areas of a monthly income per person of VND 80 000 - now worth about USD 5 and therefore equating to a household income of some VND 5.5 million or USD 345 per year. However, even taking into account this change - and the widely accepted fact that the MoLISA criteria underestimate the real status of deprivation, particularly in the least favoured districts - it must be acknowledged there has been a meaningful improvement in the poverty picture.

82. HPM is one of the main factors in this improvement, but it also needs to be recognised that the province has benefited from a raft of government policies and programmes under HEPR. In Ha Giang, nine separate policies are in operation with significant funding attribution, ranging from social safety nets and subsidised input and livestock supply and land and housing development grants for poor families, to assistance with health, education and means of communication. These poverty-oriented policies are put into practice by seven projects, mainly under the so-called 327, 133, 135, 661 and 06 programmes and related decrees and directives. These provide grants or substantial levels of subsidy for the provision of farming inputs and extension services and interest relief for livestock purchase, as well as assistance in investments for infrastructure improvement and environmental conservation.

83. The province economic statistics also give an indication of the rate and pattern of economic growth that tends to reinforce the evidence of reducing poverty incidence. The Gross Domestic Product (GDP) per head in 2002 was VND 2.14 million, equivalent then to about USD 165, compared to VND 1.07 million - USD 91 - at the time in 1997, an 80% increase in real value terms over the main project period. Although part of this growth was due to expansion of the industry, construction and services sectors, agriculture, forestry and fisheries still made up 48% of GDP in 2002.

84. Given the restrained population growth rate and the wide dispersion of development activities of both HPM and other programmes across the districts, economic growth has clearly provided the environment for improving livelihoods and increasing prosperity across the population profile, including the poor. The household and village respondents in the recent Ha Giang Participatory Poverty Assessment (PPA) carried out by UNDP and Action Aid Viet Nam, confirmed this conclusion, reporting that there had in fact been substantive improvements in their predicament in the last five years. They also stated that village poverty head counts were higher than estimated by commune authorities; and that considerable further scope for poverty alleviation existed.

B. Impact on Physical and Financial Assets

85. The major and most direct sources of impact on the physical and financial assets of Project area households - and the standards and sustainability of their livelihoods - were the production-oriented activities of the agricultural development component and irrigation expansion and improvement; and to a lesser extent those of income diversification. The other rural infrastructure sub-components of roads, bridges and domestic water supply played a less direct but crucially important supporting role.

86. The impact on physical and financial assets has been positive and substantial. On the agricultural and natural resources front, the main sources of improvement have been: increased farm productivity and output, leading to better food self-sufficiency and thus potential availability of surplus food crops, as well as increased cash crop produce, for sale - and resultant higher household incomes, less debt and therefore ability to invest; and the forest protection schemes as a source of income for villages, both in cash payments and in forest products, as well as tree planting for resource protection and as a potential income generating and asset building enterprise, with stronger assurance of rights of future occupation and use of forest land.

87. In the income diversification component, assistance in provision of advice, credit and labour saving technologies to mainly women entrepreneurs and farmers to start up or develop small businesses have contributed certain benefits to the households involved albeit that the actual performance of the component was not up to original expectation. In rural infrastructure, construction of village access roads and bridges have greatly facilitated market access and the tradability of inputs and outputs; and improvement or provision of drinking water facilities has proven that these are both assets to families and labour and cost saving devices.

88. The gains in productivity, output, incomes and asset improvement are founded on: expansion of the irrigated cropping area that has assured water supply and enabled the growing of higher yielding and more remunerative crops; introduction of advanced technologies and husbandry practices, such as IPM, improved seeds, planting materials and inputs, and promotion and support for alternative crops and systems; inculcation of innovative extension methods - FFSs, clubs, commune network and CAHWs - that have ensured wide coverage and adoption and measurable trickle down of Project activities; the promotion and support of small business ventures for women and the consequent enhancement of family funds, net incomes and profits; the underpinning of these advances by the widespread sensitization, training and endowment with experience of farmers, village leaders, communities and commune and district agencies; and the support of the productive, food producing and income generating processes by improved infrastructure and social service provision.

89. In order to estimate the quantum of benefits and wider farm and household impact, recourse is made to the estimates of incremental benefit by Project management and the Evaluation Mission as inputs for projection of the ex-post overall Project rate of return, as set out in Section IV C below. For the purposes of calculation, a typical Ha Giang household of 5.7 people or 4 adult equivalents with a total basic energy food demand of 2 400 kilocalories per person per day - or 3.5 million kilocalories per year - is postulated as the unit of estimation. This basic food requirement is satisfied by an output of about 1.2 tonnes of paddy rice. Taking two simple examples:

- for a small farm with 0.5 hectares of single season paddy, the effect of Project technology adoption would lift the annual yield from 2.5 t/ha to 3.8 t/ha, that is from 1.25 t to 1.90 t, or from bare subsistence level to a surplus of 0.6 t/year, worth some VND 1.2 million (USD 76) at current prices and possibly adding between 25 and 50% to family cash income; and
- for a similar farm where improvement of the water supply structures allows a second crop of paddy to replace a rain-fed spring crop of maize on 0.5 hectares, the effect would be an output of, say, 1.25 t of paddy worth VND 2.5 million to replace an output of maize of 0.7 t worth VND 1.6 million, that is a benefit of VND 900 000 gross - and probably VND 600 000 (USD 40) net of additional direct costs - in just one season.

90. Similar and indeed greater incremental benefits than these would have been attained for the majority of the Project interventions in crop and livestock enterprises; and those from forest protection activities, with only minimal exploitation of firewood and non-timber forest products, are estimated to equate to VND 486 000 (USD 31) per household per year. The positive changes in the physical and financial asset position of beneficiary households are manifested primarily in: rights of use of additional and/or better irrigated land; possession or assured use of trees and tree plantations; ownership of livestock - especially cattle, buffalo, pigs and goats rather than just chickens; better housing, ranging from corrugated steel sheet roofs rather than thatch to new, brick built rather than wood and mud houses; reduced indebtedness; ability to pay school boarding fees and buy shoes and clothes; and ownership of proper furniture, household utensils, farm tools, bicycles, radio and television sets. Possibly about 30% of the first hand beneficiaries under the productive components would be enjoying more than one of these tangible livelihood gains.

91. The converse of these positive aspects of physical and financial impact at household and community level are some important shortcomings or dangers for the productive components in respect of the asset position of farm families. These include: the poor showing of income diversification and the relative failure of the original credit scheme and savings groups, suggesting that the key need may be for practical information and sustained technical support - rather than for credit; the reliance, for the gains achieved, on subsidisation of inputs, defrayal of costs and heavy resource deployment by the Project, which raises questions of replicability and post-Project sustainability; and the dependence for the operation, maintenance, repair and hence longer term condition of infrastructure on local self-help by user groups and communities that are not yet properly trained or equipped and are reluctant to work without pay; or on limited commune and district budgets.

92. The contribution of the Project to the increase in physical and financial assets is assessed as substantial, 3 on an ascending scale of scores from 1 (negligible), to 4 (high). It should be noted that these ratings for the various facets of poverty impact, and to some extent those following for project performance, inevitably reflect the contribution of other development activities associated with HPM and not that of the Project alone.

C. Impact on Human Assets

93. The major elements of impact on human assets are those related to well-being, that is: health, disease avoidance, and longevity; nutritional status; access to safe, potable water; education, literacy and level of knowledge; occupational skills and capability; burden of work load; and attitudinal traits of confidence, self-reliance, optimism, and trust. There have been some positive effects on the human asset predicament of beneficiary households, but not all components and activities have enhanced human assets to the extent desired and overall the Project presents a mixed picture of achievement.

94. Farmer extension, animal health and forest protection activities - and irrigation interventions - have contributed to both adequacy of basic food supply and availability of family income, the two key determinants of both level of nutrition and accessibility - and affordability - of health and education services. They have also involved training and awareness building of new techniques and systems that have added significantly to the knowledge base of farmers. Other components and sub-components

that directly affect these matters are: income diversification, which has had limited impact; education and health, which have had strong impact in most respects and particularly in training and knowledge enhancement, but which have been limited in terms of adult literacy and also well below expectation in terms of medical services effectiveness at village level and with respect to women's conditions and ailments; and water supply, which has had positive results in accessibility but only modest impact in terms of reduced workload burden, assurance of quality and hygiene. Once again, roads and bridges played an important supporting role in achieving human asset appreciation in terms of accessibility and communications for service access, but the sustainability of that benefit may not be assured.



Don Van weekly market. Men sell tobacco, meat, and agricultural tools. The market is also a place to meet friends and socialise. The men especially like to drink alcohol on market day; domestic violence is an increasing problem. IFAD photo by Sarah Mader

95. The human asset impact of intervention in domestic water supply has been constrained by faults in design and weaknesses in quality of construction of the facilities provided; and they are likely to be limited in future by the absence of sensible operation and maintenance arrangements. Most of the works undertaken did involve easier accessibility and a reduction in distance and time for collection, but alleviation of the burden of work for women and children has probably been confined to only a few months of the year, since yields of water sources and capacities of tanks do not enable year round availability. Thus the status of human assets in terms of health, improvement of water supply and reduced work burden is considered to have changed only marginally under Project influence.

96. There have, however, been benefits in access to primary and secondary education. These are largely as a result of the government policy of universal free primary education, but with additional impetus provided by the Project in terms of expansion of class room and education centre accommodation, equipment and supplies and teacher training, as well as the availability of family funds for school attendance costs. These impacts are most clearly seen in the improvement of school access, enrolment, attendance, and retention, and diminution of the prevailing gender divide against girls in these aspects of educational achievement. Conversely, there have been notable shortcomings in the level of real peoples participation in the education component and in activating the expected programmes for the uplift of literacy and other developments for women.

97. Basic health and disease prevention and treatment statistics indicate that there has been a substantive change for the better as a result of HPM interventions. These principally consisted of networking, training - and refresher training - of over 800 village health workers (VHWs); training and refresher courses for doctors and other staff; and free supply of drugs. VHWs have transformed outreach to remote villages, as they regularly monitor children's weight; follow up malnutrition cases; report disease incidence to commune health centres; create health and hygiene awareness; and supply

drugs. Upgrading of district health centres and staff training has improved their functioning. Impacts already apparent include reduced incidence of malnutrition and diseases; and significant increases in in-patient and out-patient numbers at hospitals, although as noted elsewhere, the specific impact for women and in particular for reproductive health problems has, as yet, been marginal.

98. Probably the major change for the better in the human asset position has been the impact of the Project in providing the necessary information and support to raise the level of knowledge and skills of participants in participatory development and in the importance of competence and self-reliance at community level, although there is still a long way to go to make this fully effective. By the same token, the understanding and capability that have been instilled in terms of progressive and economic farming, livestock production and health, natural resource conservation and small enterprise development - and the way in which these facets have been put over on the principle of beneficiary consultation and group interaction - have added considerable value.

99. The evidence of the change in human assets is seen in: the proficient and relatively rapid uptake, practice and dissemination of Project activities; the level of participation and interest in new developments; the success of the CAHW and VHW systems; the ability of men and women farmers and community members generally to present themselves and their views, increasingly in a social and political as well as a technical context, albeit that there remains much further scope for empowerment; and widespread enthusiasm for greater and faster change.

100. A similar, but as yet only rudimentary change in understanding, skills, and attitudes is being wrought among the members of local representative bodies such as village health, roads, and development committees; and among the officials and staff of the peoples committees and mass organisations that form the core of local governance. The personnel concerned have been given first hand experience of a new approach to planning and provided, possibly for the first time, with resources to enable plans to be put into effect. All individual components have played a part with the Project coordination and monitoring and evaluation sub-components as lead contributors. The upgrading of the human assets of these stakeholders is an important gain; in future, their abilities to apply their skills to ensure sustainability of present achievements and the progress of further development are likely to be tested in more rigorous conditions than those prevailing in the Project.

101. The contribution of HPM to the increase in human assets in terms of direct health benefits is substantial 3; in education, substantial to modest, 3-2 (whereas impact of adult literacy is negligible, 1); and that of water supply effects, on balance, is modest, 2; for impact on women's workload, modest, 2; for the imparting of skills, knowledge and self-confidence, as described, and the indirect effects on improved human assets from increased food sufficiency and incomes, the contribution is substantial to modest, 3-2.

D. Impact on Social Capital and Empowerment

102. The Project has had only a limited impact on social capital formation and peoples empowerment; as alluded above, there remains a large gap between what is possible and desirable from a development viewpoint in terms of participation and community self-reliance and involvement and what has been attained up till now. The impact that has been achieved has emanated partly from the demand driven and group approach adopted in the later and peak years of implementation; and has resulted partly from the uplift of financial and human assets noted above - and not least from the manner in which the Project delivered tangible benefits for participating individuals and communities within a short time - and therefore fulfilled early expectations.

103. All components have added marginally to the social capital and empowerment out-turn; despite the difficulties of the early over-emphasis on separate and less than comprehensive PRAs, the principle and concepts of beneficiary consultation appear to have been established. The main thrusts have come from the formation and support of the FFS and extension club groups under agricultural development; and to a lesser extent from the forest protection interventions with villages and

communities. The water supply and roads and bridges sub-components have also each contributed to a degree through the formation, training and support of the respective committees for the management of their services and operations, albeit that their competence and conviction are yet to be proven. However, roads and bridges did make a signal contribution to improving the ability of producers to access and develop the market, both at commune or locality level and regionally.

104. A key factor in social capital development and empowerment aspects is that of advancement of gender balance in development. HPM has been reasonably effective in addressing women's practical needs for access to services and markets, by improving drinking water supply, introduction of labour saving technology and construction of pedestrian roads. It was less successful in addressing women's strategic needs, in terms of managerial or entrepreneurial capabilities or involvement in decision making on sub-projects.

105. The absence of gender disaggregation in PRAs prevented the Project from identifying and addressing the constraints for women of the prevailing traditional patriarchal practices in certain ethnic groups; frequent violence due to alcoholism of husbands; excessive workloads; and specific, serious reproductive health problems. The WU played a limited part as the focal point for gender mainstreaming, advocacy and role redefinition. Women's participation in village and commune meetings and sectoral activities was encouraged under HPM, but the only specific means of promoting participation in community decision-making was the creation of an institutional space for one woman per village in the CDB.

106. CDBs - and community and women's involvement and social assets - were given a considerable boost by the introduction of the Commune Development Fund, with its bottom up and more gender balanced approach. However, even under the CDF, CDBs did not in many instances function fully as expected, so that the opportunity for the associated village planning and investment activities to achieve a quantum advance in the effective representation and active participation of women; and in the evolution of strong community cohesion, remains largely unfulfilled.

107. The impact of the project on social capital and people empowerment is assessed, in the round, as modest, 2.

E. Impact on Food Security

108. A major change for the better has been brought about by adoption of scientific and technically proven technologies and practices under HPM, with more plentiful and subsidised supply of improved crop seeds, planting materials, inputs and animal health services, adoption of integrated pest management (IPM) practices and the cooperation among farmers under the FFS and group extension systems. It has significantly lifted crop yields and outputs and typically, in all but the most remote and disadvantaged areas, has moved adopting poorer, small farm families from a position of food insecurity for three to four months in the first half of the year - from February to July - to a state of actual or near food self-sufficiency in most of the recent years.

109. The levels of yield increase for the main staple food crops that were predicted at appraisal ranged from 16% to 36%. The yield increases that are estimated to have been attained by adopters are of the order of 40% for typical lowland or highland irrigated paddy - and over 100% for paddy in many better areas; and 10 to 30% for maize and soybean. Allied to the expansion of land with assured irrigation water supply, these yield increments are certain to have led to a significant increase in staple food crops output for the typical family, whereby even half a cropped hectare of paddy and one cropped hectare of maize would have ensured an output above the immediate basic energy food needs threshold, as described above.

110. As in most farming situations, improvements in yields lead on to conversion of surplus outputs into cash, some of which is used to purchase more and better inputs, tools and equipment, whose use enables partial or complete double cropping and even higher subsequent yields and higher and more

secure income. Although this is a meaningful improvement, it is also recognised that it does not guarantee complete food security for households. The impact of floods and un-seasonal rains has been felt in parts of Ha Giang from time to time; and adverse climatic effects can greatly exacerbate the uncertainty of food sufficiency in the harsh, northern border districts. Nevertheless, it is clear that the resilience of the family from the food security viewpoint has been greatly strengthened by the Project.

111. In Ha Giang, non-farm employment is minimal. With the exception of quarrying, tea processing, and local government service, the great majority of employment is in small trading and artisan businesses, such as transport and building and much of the demand is seasonal. In these circumstances, the chance of external employment can be of crucial value to the balance of the household budget and food supply for the target group. It is common that one or more members of the poorer families will from time to time pursue a second occupation, mainly in the trading or casual wage labour sectors.

112. Additional on-farm pursuits, such as petty trading of surplus produce and distilling of local maize or rice spirit are also common and serve to diversify and augment household income. The increased output of produce and the rehabilitation or construction of roads that have resulted from the Project have had a beneficial effect in this regard, but probably only for a small proportion of participants. The most obvious example is the proliferation of small village and town markets, offering a range of local produce, other foods and household requisites and services.

113. The extent of change in the food security situation in the HPM area is high, 4; and the impact of the Project on food security overall is categorised as substantial, 3.

F. Environmental Impact

114. The impact of HPM on the environment and common resource base in those areas where the Project has been most active has been positive. However, in terms of the overall need for cessation of the profligate and exploitative arable use of steeply sloping lands and for protection of the existing vegetation and the rehabilitation of tree cover across the upper catchments of many of the northern valleys - which may extend to 150 000 or more hectares - the achievements of the Project with its coverage of only 20 000 hectares, and even those of the similar provincial 327 and 661 programmes, can only be considered a holding exercise.

115. Much therefore remains to be done in terms of overall coverage and ensuring the sensible utilisation and conservation of forest resources. The Project has so far engaged few village and commune agencies or local communities in genuine community-based natural resource management, which is probably a necessity for future sustainability; and only limited attention has been paid to wider application of soil conservation, land management and agro-forestry measures, although these are well-known - and well-practised in Ha Giang and in Viet Nam. Positive environmental effects of the Project have included the encouragement of the use of Guatemala grass as a fodder, which has allowed an increase in ruminant numbers without a consequent negative impact of the forest and the better utilisation of water resources that has ensued from irrigation and water supply investments.

116. On the negative side, the intensive crop husbandry methods and the heavy fertiliser and agrochemical use that have been advocated pose dangers for both long term soil fertility and human intake of the foods produced; and the inevitable blasting and earth moving for roads construction may contribute to landslide and soil erosion propensity. The main manifestations of the environmental impact are the improved state of the critical watershed forests and the enrichment planted, or replanted, plantations that dot the countryside. Signals of the continuation and widening of environmental impact are the probable social and commercial viability of forests as communal enterprises and investments; and the sense of awareness and community responsibility that has been instilled among local leaders, village and commune office bearers and the community at large.

117. The environmental impact is classified, for the present, as modest, 2 but potentially negative in the aspects mentioned; however, the Project contribution to a changing and more stable situation and to an enhanced awareness of the dangers, is assessed as substantial, 3.

G. Impact on Institutions, Policies, and Regulatory Framework

118. The Project has utilised the established organs of district and downstream governance in the form of peoples committees and technical departments, as well as local private sector contractors and service providers. In the process, it has instilled a degree of orientation, training, and experience in development planning and management. The principal manifestations are: improved awareness of district, commune and village officials of development issues and opportunities; an emerging capacity for planning and budgeting; increased effectiveness of extension services in technology transfer and advisory back-up to farmers and groups; and the use of PRA as a basis for local planning. It would be wrong to see this as an accomplished task: further orientation, reform and support are needed. There has been little change in rural financial institutions, but the formation of farmer and savings and credit groups and user and management committees for infrastructural investments has been a positive, if minor, and not necessarily sustainable, development. For the main public institutions and the service provision role the Project has provided means and support for their activation as reasonably effective organs in the relevant spheres, probably for the first time.

119. The provincial authorities and Project management expressed the view that they were highly satisfied with the overall beneficial impact and level of success of HPM, so much so that the approach and design had already had significant effect in helping to shape the development strategy and policies of the province. This was reflected in the way in which it implemented other interventions, such as the government 120, 135 and 661 programmes, as well as decentralisation planning. It had also affected the content and tenor of routine departmental operations. For instance: the policy for management of provincial irrigation schemes through greater community responsibility was initially fostered by HPM;

and the Project was also instrumental, especially in the CDFs, in the move from full (100%) support as the basis for local investment mechanisms, to partial support, which has not only increased the involvement and sense of ownership of communities but significantly reduced overall costs and rendered livestock restocking and improvement schemes more viable.



H'mong women sell
roasted maize bread
in the Don Van
weekly market.
*IFAD photo by
Sarah Mader*

120. Respondents among the Hanoi agencies had made spontaneous mention of the positive impact of the series of IFAD projects in Viet Nam, including HPM, in influencing the development philosophies, principles and concepts of other donors - and government itself - in the adoption of pro-poor policies and instruments in project design. However, they also alluded to the fact that the full advantage and potential of IFAD initiatives and project successes had to some extent been dissipated by: the lack of a permanent or consistent IFAD presence in the country; the limitations of the inputs - and opportunities for dialogue - that result from the IFAD system of supervision and liaison; and the failure of IFAD to undertake active campaigns to publicise and promote its successes and innovative interventions in projects and studies. The co-financiers, UNDP and SIDA, felt that because of the inevitable tenuousness of coordination resulting from the absence of IFAD and UNOPS from the country and from donor group meetings, an unfair burden had been placed on them in the early stages of Project implementation in resolving problems and issues that rightfully fell within the remit of IFAD and UNOPS.

121. Project impact on institutions and services and on policy and regulations is classified as positive, but still modest, 2.

H. Sustainability

122. The sustainability of Project gains will be determined: on the positive side, by the impacts already achieved and the supporting expertise, structures and arrangements that HPM has put in place; and the determination of government through local governance reform to continue to strengthen the participatory development process; and on the negative side by the persistence of the dependency syndrome, the stringency of provincial and district budgets and the limits so far attained of genuine participation and community involvement in the political and development processes.

123. HPM has clearly demonstrated the potential for positive change across the range of productive and socially desirable interventions, notably in effective extension and technology transfer, group mobilisation and use of improved systems of planning, budgeting, management, monitoring and accounting of district affairs. It has, however, been rather less successful in inculcating conviction, responsibility and capability among line departments and local user groups and beneficiaries. These are key elements of future sustainability and the paucity of credible entities for operation and maintenance or for prolonging Project activities is a major concern, as are availability of vehicles, operating costs and allowances, which may not be so easily assured without the Project.

124. It is recognised that there is a serious intent on the part of Central Government to facilitate local economic autonomy and self-reliance and that increasing fiscal allocations will be devoted to this purpose. However, the demand for improved amenities and services throughout the country is such as to preclude significant fulfilment of all the needs in the immediate future; and the total available central funding and local and regional revenue sources are traditionally far below planned expenditures. In the consequent and inevitable prioritisation of district expenditures, operation, maintenance and development activities are often under-resourced. Sustainability will also be a function of the external conditions, including those of climatic change and national and international market conditions that cannot be accurately forecast; prudence dictates that predictions of sustainability should be moderated to account for their influence.

125. Accordingly, sustainability of Project activities and benefits is assessed as equally balanced between modest and substantial, 2/3.

I. Innovation and Scope for Replication

126. HPM had elements of innovation for Ha Giang Province that proved successful, at least to a degree, in its agricultural and environmental interventions, particularly with regard to extension methods, the emphasis on commune and village level activities and the development of models of best practice, for instance in the community-based approach to animal health services and the farmer field school and village networking for farm advisory services. In the income diversification component,

the innovations of savings and credit group formation and support, business promotion and credit systems development were not successful. For the social development activities, the major innovation was the heightened profile of village presence of the key service providers and their more thorough training and support.

127. The mode of implementation of the project through the decentralised district and local government system - and making use, where appropriate, of other institutions and private sector contractors - was also a pioneering approach for Ha Giang. This was less the case in the infrastructure component, where the Project followed the traditional top-down planning practices of previous water supply, irrigation and roads projects, despite the fact that some of them had already had results of dubious impact and sustainability. HPM has convinced most of the provincial and district authorities in the use of participatory and community involvement approaches. The introduction of the Community Development Funds (CDF) is for Ha Giang an innovative and promising feature. Successful decentralization of decision making power to local level can be expected once community organisations have gained the required institutional strength.

128. The incorporation of Project activities in province and district development plans; the introduction of participatory consultation with communities for planning; and execution as far as practicable through district agencies, while not entirely new, served to take the decentralisation process at least a step forward.

129. With the exception of the income diversification and credit activities - and with a caveat attached to the viability of community responsibility for the continuing funding, operation and maintenance of Project investments - the ratings for innovation and potential scope for replication of Project approaches and activities are estimated to be modest to substantial, 2-3.

J. Overall Impact Assessment

130. The Project has met - or come near to meeting - most of the targets that were set at appraisal or modified during supervision and at mid-term. Although certain of the main beneficiaries of the farmer extension, animal health and income diversification activities, and many of the beneficiaries of the education, health and infrastructure components, will inevitably not have been confined to the poorest of the poor, the Evaluation Mission is satisfied that there has been reasonable outreach to many of the smaller and poorer farm households. There has also been significant impact on a representative cross section of the districts population, of whom the great majority subsist below the poverty line; and among whom have been commendable proportions of women.

131. HPM has not been successful in its income diversification and credit activities nor has the standard of workmanship of a number of construction works been satisfactory and the resilience of the infrastructure investments and improvements is not assured. However, the Project has laid the technical foundation, propounded the communal philosophy and demonstrated the practicability of the participatory paradigm for future rural and district development in Ha Giang and provinces with similar socio-economic and natural resource conditions. The overall impact of the project is assessed as between modest and substantial, 2/3.

V. PERFORMANCE OF THE PROJECT

A. Relevance of Objectives

132. The goal of the project was defined as: to improve the living standards of the target group, which is mainly composed of ethnic minorities living in marginal upland areas. As a theme for the whole Project, this broad statement constituted a fair interpretation of the overall development needs, in particular of the outlying and mountainous districts, where, in the early 1990s, many tribal groups were living in a state of serious deprivation and precarious livelihoods. The living standards of the vast majority of the population are crucially dependent upon agricultural productivity, since a predominant proportion of the population is made up of small, primarily subsistence farm families for whom food sufficiency and farm income are key drivers of household livelihood and welfare, but who also required urgent assistance in the form of a basic infrastructure for travel and communication; and better social services to address fundamental human needs of safe water, sound health, literacy and numeracy. Thus the relevance of the goal of the Project was - and is - high, 4.

133. The objective of the **roads and bridges** sub-component was to improve pedestrian access in remote upland areas. At appraisal, the implied outputs included increased skills, know-how and sensitisation of local infrastructure agencies and rural communities for road maintenance; and the improvement of village access to facilitate transport of agricultural inputs and outputs and access to social infrastructures. The relevance of these objectives is rated as high, 4. For domestic water supply, the objective was to improve both access to and quality of drinking water and the focus of activity was on those areas where water availability could not readily be assured without significant investment; the relevance was therefore high, 4. For **irrigation**, there was a two-fold objective: to increase the area of irrigated paddy; and to improve irrigation management. The former aim has been realised to a reasonable degree; the latter, not yet so - and the relevance, for the larger, provisional schemes is regarded as modest, 2, but for micro-schemes, high, 4.

134. The specific objectives of the **agricultural development** component were stated as: to develop and implement effective farmer extension programmes, leading to increased agricultural, livestock and forestry production; to improve delivery of animal health and disease control services to villages throughout the province; and to manage critical watershed forests in a sustainable way that provides income benefits to farmers and environmental benefits to communities. These objectives were particularly apposite to the predicament of farmers and forest communities at appraisal; and they continue to be relevant, although the heavy emphasis on fertilisers and agro-chemicals may be problematic in future. Relevance of the agricultural development objectives is assessed as high, 4.

135. The objective of the **income diversification** component was: to increase and diversify household income by identifying and credit funding a range of micro-enterprise options. At the time of appraisal the relevance was high, 4, and the purpose of such an activity is still appropriate. However, the means of promoting and achieving income diversification - and the realistic scope for it - now need to be seriously re-assessed.

136. The objectives for **social development** were: to improve the access to, and quality of primary education, adult literacy and vocational training programmes; and to improve health by strengthening preventive and curative services. The implied aims and expected outputs of the education and health activities, namely providing facilities and services that would raise literacy and numeracy standards and reduce disease incidence and severity, maternal and infant mortality and child malnutrition are all crucial to the Ha Giang situation and relevance is assessed as high, 4. By the same token, the objectives of Project management and coordination, although stated in a very vague and narrow way at appraisal - and those that were attributed to the CDF when it was in process of evolving - basically of widening and democratising sub-project selection and design for commune and village level interventions, were - and are - strongly relevant, 4.

B. Effectiveness

137. The effectiveness with which the goal or overall objective of the Project as a whole is being met can be estimated from its progress in arresting forest degradation; lifting the order of farming productivity, food security and income; and measurably improving living standards of a significant proportion of the total population by the provision of adequate basic infrastructure and social and welfare services of reasonable standard. Although there is wide variation in the assessed impact of different components and activities, as elaborated below - and considerable scope for further improvement - the aggregate effectiveness is assessed as substantial, 3.

138. Under rural infrastructure, the roads and bridges sub-component accomplished its physical and financial targets of completion of works - and there has been substantial further investment in facilities under the CDF. The condition of completed rehabilitation and construction works is reasonable but question marks remain about adequacy of design and supervision, the limited use of local labour in the construction process and the propensity for local organisations to be able to cope with operating, maintenance and repair - and therefore sustainability. Effectiveness of meeting the roads objective is modest: 2 to substantial, 3. The domestic water supply sub-component has been subject to more difficulties in implementation. Designs were wrong, despite TA advice, construction standards poor and operation and maintenance, including need for ongoing funding, neglected. Only limited improvement of access and reduction of work load for collection are likely to be achieved; and the training and mobilisation of village water user groups is judged as inadequate. Effectiveness is assessed as modest, 2.

139. In the irrigation sub-component, the provincial schemes improved and expanded were largely pre-selected according to district parameters of development; despite some misgivings about the actual scale of improved crop production that might be achieved, effectiveness of completion is reckoned to be substantial, 3. For micro-irrigation schemes, the absence of proper feasibility and cost/benefit studies, inadequacy of siting, over-emphasis on high-cost concrete structures and uncertainty about crop production benefits render the effectiveness as negligible, 1.

140. Despite the scarcity of quantified and verifiable data on results and impacts, the evidence in the field indicates that the agricultural development component has largely achieved the desired objectives. It has provided a clear example of application of available technologies through creative extension and has transformed the predicament of participating and adopting farmers and livestock keepers. For forest protection specifically, effectiveness has come at high cost and it is felt that not enough was done to maximise the use of forest products. However, taking this into account and considering the scenario of low outputs of crops and livestock and the extended hunger gap for many families at the commencement of the Project, the aggregate effectiveness of this component is considered high, 4.

141. The extent of agricultural development progress for the province as a whole can be taken as a proxy for the kind and scale of impact to which HPM has contributed. The recent statistics from the provincial yearbook are summarised in the following listing:

	1997	2002	Increase %
Area of paddy ('000 ha)	27.3	31.8	16
Area of maize ('000 ha)	32.3	43.8	36
Yield of paddy (t/ha)	3.4	4.3	26
Yield of maize (t/ha)	1.4	1.9	38
Number of buffalo ('000)	117	130	11
Number of cattle ('000)	46	63	37
Number of pigs ('000)	211	277	34

Note: Paddy areas and yields refer to fully irrigated, wet land production

142. The income diversification component is seen to have had limited impact, with a non-viable credit scheme and a chequered experience of labour saving technology introduction, to have lacked linkage to other activities that might have augmented its performance and having failed to achieve meaningful diversification of earning and substance in the formation and support of the groups that were initiated. Effectiveness is rated as negligible: 1.

143. In the case of the social development component, the education sub-component has fulfilled its physical targets in facility, equipment and supplies provision with noticeable impact of training and software inputs in enrolment and retention, including those for girls, a major advance. The health sub-component has achieved similar and comparable results, particularly in VHW training and mobilisation, with patient numbers increasing, adequacy of district services enhanced and child malnutrition and disease incidence falling. Recent provincial statistics illustrate some of the overall advances to which the Project has contributed, as summarised in the following listing:

	1997	2002	Improvement %
Number of schools	166	191	15
Number of primary school teachers ('000)	5.5	6.3	14
Number of primary school pupils ('000)	98.7	103.3	5
Number of primary school girl pupils ('000)	40.5	46.0	14
Number of commune clinic centres	166	171	3
Number of health workers ('000)	1.4	1.8	26
Number of patient beds ('000)	1.29	1.32	2
Number of patients treated ('000)	474	688	45
Prevalence of child malnutrition (%)	53	32 (2003)	40

144. The weaknesses in both education and health - of local agency capability - are being ameliorated by participatory activities under the CDF, so that in terms of the parameters of participation, community involvement and gender balance, effectiveness is reckoned as substantial. Accordingly, for all three of these sub-components, effectiveness is assessed as substantial, 3.

145. The structure and systems for Project management and coordination have worked reasonably well as evident from the levels of achievement of HPM interventions. The system was devised to be aligned to the decentralisation thrust of government thinking at appraisal, with a PPCU at the province and DPCUs in the districts; given the shortage and limited competence of staff and the absence of proficient planning and implementation departments within local government agencies, this approach was justified. The provincial institutional arrangements - steering committee and PPCU - have functioned reasonably well. The activity management teams (AMTs) have worked satisfactorily and helped Project integration in concerned departments. There has been a conscious, if still not fully successful effort by the PPCU to devolve as much planning and operational responsibility as possible.

146. The practical obstacles have been: the continuing shortage of district staff and resources; the limited capability of the staff concerned; DPCU chairpersons have frequently changed and often not devoted adequate time to HPM; CDBs and VCUs are yet to become properly established; coordination problems exist at all levels, notably at districts; and appraisal, supervision and convergence between various components and other projects, as well as monitoring, have remained inadequate. There is a clear need at DPCUs, as for the PPCU, for full time heads and additional technical staff, particularly for rural infrastructure. Most staff members have shown commitment and enthusiasm. However, they need significant further capacity building through training, exposure visits and technical assistance. Technical assistance inputs supported by UNDP and SIDA have been important. Premature withdrawal of one - and financial cuts for others - have had negative impact on the Project.

147. The monitoring and evaluation system has only been able to capture the financial and physical progress. There has been limited application of the system as a management tool. Similarly the log

frame has not been used. The system has been effective in producing records of performance and management data. Impacts in terms of poverty and other indicators have not been monitored. Lack of a proper baseline makes monitoring of impact difficult. Disaggregated data for gender and ethnicity, for example, are not readily available and use of information technology is limited. Taking account of the circumstances at the starting point of the Project and the difficulties entailed in the process of district decentralisation, the effectiveness of Project management and coordination is assessed as high, 4 at provincial level - but only reasonable, substantial, 3 for district and downstream activities.

C. Efficiency

148. As noted, the Project as a whole - and most of the components - have entailed deployment of substantial resources and funds, particularly in the start-up phase in establishing interest and launching activities, with excessive reliance on subsidies. In the case of Project management and coordination, expenditure is already over 120% of the original budgeted amount. The crucial factor in overall efficiency is the quantum and likely continuity of benefits from the high level of costs incurred. The Mission has undertaken an outline re-calculation, based on conservative estimates of adoption and results obtained, of the internal rate of return of the Project from the estimated costs and benefits derived from Project records, M&E information and field data. The assumptions and working schedules are presented in Tables 2 to 5 of Appendix 2.

149. The results show that the calculated internal rate of return for Project operations, when all costs are included and all components given an estimated net incremental revenue flow, is 15%. This compares with EIRRs for micro-irrigation and farmer extension of 14% and 27% respectively, as calculated at appraisal; a composite EIRR for the whole Project was not made at that time. Given this result and notwithstanding the poor performance and probable limited sustainability of some activities, the efficiency with which the Project as a whole has been implemented is assessed as substantial, 3.

150. For the rural infrastructure component, physical and financial records for the roads and bridges sub-component reveal wide discrepancies between district figures for similar works and between quantum of works and design and supervision costs, but overall costs were below those of comparative situations. Uncertainty of the size of the local labour employment benefit from construction and doubts about the arrangements for repair and maintenance inevitably moderate these achievements, so efficiency is assessed as substantial, 3. The costs of individual schemes within the domestic water supply sub-component are on average at or below those that would be expected for water provision per head of beneficiary population, but the whole system of contracting and minimal supervision and the resultant poor quality of many installations predicate an efficiency of implementation that is, at best, modest, 2. For irrigation, the excessive costs of investment allied to the absence of proper planning and design and the apprehension that many schemes will not achieve the crop production benefits originally envisaged, mean that efficiency is rated negligible, 1.

151. Despite the extensive coverage and impressive degree of participation in the agricultural development component and the consequent heavy deployment of resources in its implementation, expenditure has been below budget. Although the extension system may have problems of sustainability over the long term because of its high cost, the reasonable prospect of sustainability for crop productivity, forest protection and animal health on the basis of the financial justification for continued uptake of many of the introduced technologies, the aggregate efficiency of agricultural development is judged as substantial, 3.

152. The income diversification component has to date incurred costs that are also lower than planned, but this is principally due to the low uptakes that undermined credit and enterprise development targets. Given also the doubtful profitability of the majority of investments, the fact that most funds were attributed to traditional rather than diverse income generating pursuits and the unlikely sustainability of activities or benefits, efficiency for this component is ranked negligible, 1.

153. Under social development, the education and health sub-components have both achieved their target performances well within the allocated funding in real terms, with actual expenditures at least 20% lower in US dollar terms than originally budgeted. The education component has registered meaningful gains in impact through provision of school and training centre facilities, equipment and supplies and training; despite the poor showing of the literacy and library activities, efficiency is graded as substantial, 3. The health sub-component has been characterised by timely and effective procurement and supply of equipment and facilities and by the sound training and deployment of VHWs and other medical staff. Despite the questionable sustainability of the free drugs policy, efficiency is assessed as substantial, 3.

154. The Project management and coordination component has incurred excessive costs and still has weaknesses in inter-agency communication, in commune and village entity sensitisation, in impact monitoring and evaluation, in the practical application of district capacity building activities and in gender sensitivity. Conversely, it has had significant success in operating a complex and challenging project, to the extent that it has strongly influenced the design and conduct of similar development interventions by government and other donors. Efficiency is put as substantial, 3. These findings are confirmed by the overall Project performance as assessed by UNOPS. Supervision missions record principally minor problems and effective management action for their rectification. Moderate problems associated with TA, financing and reporting were soon resolved and progress of Project activities well maintained.

VI. PERFORMANCE OF PARTNERS

A. Performance of IFAD

155. Project formulation was undertaken by an FAO/IC mission in mid-1997 on the basis of ten technical studies by line agencies and previous IFAD pre-inception and socio-economic assessment studies in 1995 and 1996. The resulting project was modified and appraised by IFAD in September and October 1997, appraisal culminating in a series of detailed stakeholder consultations and an agreement with UNDP and SIDA for participation and TA funding. The Project became effective in April 1998, with a completion date of December 2003. Given the necessary scale and complexity of activities to deal with the problems of the province, the multiple donor involvement and the need for stakeholder input to enable IFAD to meet its pre-occupations with targeting and participation, the time to practical implementation is considered reasonable.

156. The design was that of a classic, integrated rural development project, covering all ten districts but with selective focus of components related to crucial needs and with a deliberate separation of component activities that precluded the types of linkage and synergy between interventions that might have engendered stronger impact in community involvement and benefit. The multi-sectoral and wide geographic coverage and the mode of decentralised implementation inevitably meant that the Project was rather ambitious and complex in concept and design. Given the depth and urgency of many needs, it is difficult to see how they could have been simplified, but omission of - or diminution of inputs in - better-off communes might have been justified in terms of enhanced impact in others.

157. However, a number of aspects of the Project, for example in the location and design of roads, water supply and irrigation interventions, were conceived and designed in a top-down manner and there was no meaningful community mobilisation and development input. Other areas in which design could have been more detailed and explicit were: incorporation of gender elements in key activities; definition of M&E systems, baseline establishment and impact measurement; assessment of household finance implications for the poor; and the quality and hygiene factors in water supply schemes.

158. The experience of the PSC, PPCU and the concerned central government cadre has been that participation during implementation and back-up from IFAD has been timely and effective in resolving technical issues and in dealing with loan management matters. IFAD personnel are seen to have taken an active role in promoting and supporting the project, including participation in supervision and coordination of related activities and active dialogue with the PPC and government. The performance of IFAD is ranked as between modest and substantial, 2/3.

B. Performance of UNOPS

159. The cooperating institution for the Project is UNOPS, which is contracted by IFAD to carry out the mandatory and fiduciary obligations of procurement, disbursement and use of funds, deployment of TA and monitoring of loan compliance as well as discretionary responsibilities to assist borrowers to respond to lender requirements and facilitate implementation generally. A key element of fulfilling such potentially wide-ranging duties is the inputs required and the costs for doing so. The tight budget that governs IFAD supervisions has been a factor in preventing UNOPS from exercising the technical analysis and advice that it might have provided. The Kuala Lumpur Outpost of the Service has made annual supervision visits, ranging from twelve to fourteen days in field, generally with three members, but not all of whom have been sufficiently technically adept or incisive in their enquiries. The performance of the water supply, roads and irrigation sub-components suggests that there was inadequate specialist engineering expertise applied.

160. For the first four years of implementation, supervision is considered by Project management to have been consistent with Project needs, timely, comprehensive and detailed; for Central Government and co-financiers, the UNOPS inputs have appeared to be too short, too rushed and not satisfactory from the viewpoint of client/partner liaison. Supervision helped to identify irritants and constraints to

implementation and to work out specific solutions to overcome those difficulties. At the end of each mission, a comprehensive mission report, with clear set of recommendations, was produced and distributed among all the stakeholders of the project. The recruitment of international advisors for the project was also carried out in an efficient and prompt manner and all international advisors recruited were capable and competent; and approval of AWPBs, the prior review process for bidding and approval of withdrawal applications, with some exceptions, were proficient. In addition, UNOPS provided a number of guiding papers to facilitate implementation and meet IFAD requirements.

161. However, the last two years have witnessed a marked decline in the quality of UNOPS supervision and support. This may be due to the changes in the organization in terms of personnel, staff turnover and management of UNOPS. Opinions of partners vary as to the effectiveness of UNOPS; it is the opinion of the Mission that there should have been more rigour in oversight of design and the investigation of progress - and particularly in examination of financial recording and control of individual schemes and cost centres - at district level. The performance of UNOPS in supervision is assessed in the round as only adequate - a score of between 2 and 3.

C. Performance of Government, Agencies and Project Management

162. The main direct functions of Central Government has been in convening steering committees, giving policy guidance and overall direction, providing liaison between the donors, the various ministries and the Project and reviewing and approving Project proposals and recommendations. Despite changes in staff and considerable pressure of work there has been good continuity and cooperation from the departments and personnel involved in these relationships, creating favourable conditions that have facilitated implementation.

163. The Provincial Peoples Committee and the Project Steering Committee have played a crucial role in the enablement and support of project activities, the great majority of which were incorporated in district development plans and employed district departmental staff as front line operatives. The provincial influence was in the form of conducive policies and mechanisms for socio-economic development, as well as the more practical aspects of allocation of funds and resources. Principal weaknesses at district level have been the stringency of finance and resource availability - which partly explains the excessive costs of management and coordination - and, as alluded above, the scarcity, inexperience and lack of skills of some of the key technical staff.

164. However, a key part has been played by DPC chairpersons and vice-chairpersons and the various district committees. At commune and village level there have been rather more problems of competence of staff and lack of resources; although attitudes may be positive, Project affairs tend to be relegated in the face of more urgent concerns of village and commune matters, particularly those concerned with practical measures for social welfare and poverty alleviation. Overall, the government performance is assessed as satisfactory and substantial, 3.

165. The Project management, although termed management and coordination unit, has in fact shouldered the major responsibility for driving forward local interest and participation and energising virtually every activity. The PPCU core staff, its technical advisory cadre and the District Project Coordination Unit heads and senior district departmental personnel that comprise the project management capability have, by and large, demonstrated an increasing interest in Project aims, albeit that the full technical competence to understand the process and ensure that things get done are still evolving. District management and technical cadres have been greatly assisted by the supporting administrative and secretarial capability and communications system put in place by the Project.

166. The downstream agencies of Project implementation have become progressively involved and competent in planning, implementation, supervision and monitoring, despite fairly consistent staff shortages; they have nevertheless a long, further way to go to reach the level of proficiency that will be required as decentralisation moves forward. Though it has been considerably strengthened at the

provincial and district levels, the capacity of CDB members in many communes, especially in the remote areas, is still weak.

167. Coordination between HPM and other HEPR projects implemented through DPI and DOLISA improved over time. Periodic workshops and meetings and extension of the training facility to DPI and DOLISA staff helped in better integration of activities and increasing efficiency, as well as minimizing duplication of the activities. Consequently, a synergistic impact in socio-economic development was achieved. In aggregate, Project management performance is assessed as competent and substantial, 3.

D. Performance of NGOs/CBOs

168. There is a very limited presence of NGOs in Ha Giang and the Project has made therefore made little use of their expertise, although, existing NGO activities overlap with HPM interventions, there has been good liaison and no problems are reported. The Project itself has been a major player in the development of community based organisations (CBOs) and groups of various kinds in Ha Giang. Unfortunately, present evidence suggests that the majority of these entities are already defunct, in fact never really functioned except in name, and/or are not likely to be able to be sustained, despite the fact that there is considerable scope for common interest groups to play a stronger role in future development efforts. Insofar as they have been involved, the NGO/CBO contribution to support of HPM is ranked as modest, 2.

E. Performance of Co-financiers

169. The pre-existence of the SIDA funded Mountain Areas Rural Development Programme (MRDP) and its predecessor projects with their activities in promotion of forest conservation and forestry industries were useful precedents for the design of HPM and the involvement of SIDA in the planning, design and initial stages of implementation was useful and positive. However, failure to resolve the practical problems of how the integration of the two projects should be managed, given the particular agendas of the departments responsible, allied with misunderstandings and deficient communication regarding funding and operational matters, led to collapse of the arrangements between the two projects. Of the TA inputs provided, the first incumbent became bogged down in the political and operational dysfunction and the assistance was not effective; the second input of the associate natural resource management advisor was seen as successful.

170. However, problems of field management persisted to a degree and the staff of the SIDA country office in Hanoi found themselves embroiled in human resource management and operational problems and issues that took up an inordinate amount of time and that were considered to be the responsibility of IFAD or UNOPS, and not SIDA. There was also an arbitrary and unforeseen reduction of the SIDA budget for Viet Nam which impacted on HPM. The performance of SIDA as a co-financier and provider of TA is rated as modest, 2.

171. The approach and support of UNDP has been effective in terms of both funding and technical assistance. The UNDP inputs played a large part in the successful implementation of the Project, mainly in the resolution of the initial management difficulties and later in the concept and design of the CDF. The organization demonstrated flexibility in making many adjustments in planning and budgeting to meet specific requirements of the Project. The recruitment of advisors undertaken by UNDP has also been satisfactory in term of progress and quality. The co-ordination between UNDP and UNOPS can be assessed as effective in all respects such as planning, implementation, supervision and monitoring the progress and quality of HPM project activities. The performance of UNDP as a co-financier is assessed as substantial, 3.

172. The impact and performance of the Project and the performance of the development partners are summarised, using the 1 to 4 ratings system, in Tables 4, 5 and 6 on the next page.

Table 4 Project Impact Summary

Component/Activity	Impacts: Physical and Financial Assets	Human Assets	Social Emp. Assets	Food Security	Envi- ronment	Inst. Policy Regln	Innov- ation, Replic- ation
Whole Project	3	2/3	2	3	2	2	2/3
Whole Project - All Impacts	2/3						

Table 5 Project Performance Summary

Component/Activity	Relevance	Effectiveness	Efficiency	Sustainability
Rural Infrastructure:				
- Roads and Bridges	4	2/3	3	2
- Domestic Water Supply	4	2	2	1
- Irrigation - provincial	2	3	1	2
- micro	4	1	1	1
Agricultural Development	4	4	3	2
Income Diversification	4	1	1	1
Social Development:				
- Education	4	3	3	2
- Health	4	3	3	2
Commune Dev. Funds	4	3	3	2
Project Management and Coordination	4	3	3	1
Whole Project	4	3	3	2

Table 6 Partner Performance Summary

Partner	IFAD	UNOPS	Govt	Project Mgt	NGO/CBOs	SIDA	UNDP
Rating	2/3	2/3	3	3	2	2	3

VII. OVERALL ASSESSMENT AND CONCLUSIONS

173. HPM has satisfied the key elements of its stated goal in improving the food security and incomes and enabling a higher standard of general welfare of its beneficiaries, and in substantially greater numbers than were planned at appraisal. While it cannot be claimed that the Project alone has achieved these aims or that it has made a significant impact as yet on the environmental status and dangers in Ha Giang or on the capability and competences of the arms of local governance and civil society, it can safely be said that a promising start has been made on these issues. The overall impact on the socio-economic predicament of the province has been quite positive. However, effectiveness across all communes and in terms of resolution of the severe deprivation problem of the less-favoured, remote areas - and coverage of women and the worst off - has not been as pronounced as could have been expected. Impact has been curtailed, as is often the case, by limitations of budget and duration of implementation - which have left Project activities and investments spread too thinly for optimal impact - and by a certain lack of focus in design.

174. The extent to which the Project has met the supporting objectives and delivered the expected outputs for the various components that were expounded at appraisal varies. In the case of infrastructure, the immediate objectives seem mostly to have been met, but the human dimensions of benefit are limited and sustainability not assured. The productive components have, by and large, had the desired effect in improving household food production and incomes, and laid the basis for continuing improvement of agricultural productivity for the mainstream farming systems and livelihoods of the people of the province. In similar vein, the social development interventions have had significant impact and if they are properly followed up with continuing support, should have long term impact and viability. Income diversification has, however, not been successful.

175. A major impact of the Project is the increased awareness of the local people about their abilities and development potentials. Consequently, HPM has started to reduce their passive approach and dependence on government and brought into play an element of confidence, initiative and self-reliance. It has also galvanized the local communities towards collective effort for their self betterment. The Project has introduced the participatory approach to many people in the province and local communities are gradually adopting this method to their daily activities. They are beginning to understand how to apply the improved knowledge in their economic development; shift from subsistence to more commercial farming; use selected and improved cultivars instead of low productivity indigenous ones; raise household income step by step; multiply appropriate Project-funded seeds, planting materials and animals; and come together and operate as groups.

176. The final objective - the strengthening of the implementation and service delivery capacity of the relevant district departments and commune and village bodies - has not been achieved to the degree that was expected. Nevertheless, it is acknowledged by the PPCU that district departmental performance in Project activities has been a key factor in coverage and impact at the grass roots, partly due to the simple availability of transport, supplies, allowances and operating cost provisions that came with the Project.

177. When degree of target achievement, impact and prospective sustainability of the Project are taken into account, HPM has been a largely successful development intervention, despite its ambitious coverage of ten large, remote districts with a plethora of ethnic groups of complex cultural traditions and its wide range of subject matter. While there have been disappointing outcomes from a number of sub-components and activities, the basic tenets of design of the Project are considered valid and appropriate for replication in similar contexts elsewhere, albeit that effectiveness and efficiency of implementation and sustainability of activities and benefits would be improved if it was possible to concentrate on a less diverse range of activities.

VIII. RECOMMENDATIONS

178. Individual and important technical and sectoral lessons from experience for the management of implementation are highlighted and discussed by component in the main body of this report, in some detail in the following section, Proposed Agreement at Completion Point, and in the Working Papers. Only those that are of key significance and/or have wider and cross-cutting implications for the possible follow-on project in Ha Giang and for the design and conduct of other, future projects are incorporated in this section.

179. HMP was the first priority opportunity identified in the study for the IFAD Country Strategic Opportunities Paper - COSOP of 1996. Its objectives and activities have been relevant to and consistent with the key elements of IFAD strategy of that time. It has been: aligned with government policy; targeted at those poorest areas of ethnic minority presence; and aimed at building local capabilities and institutions. It has also: attempted to emphasise rural employment, income diversification and rural financial services provision, but with limited effect; been able to do little to address one of the major elements of the strategy, namely the issue of land degradation resulting from unrestrained cultivation of large areas of steep land; had minimal impact in supporting expansion of the role of the In-Country Resource Group; and been unable to engage in a meaningful way with the NGO sector, which in any event has limited presence in Ha Giang.

180. These shortcomings are considered to be largely a function of the ambitious geographical and subject matter scope of HPM and its complexity of operation as a pioneering intervention; however, they warrant prominence in the planning of future programmes. The Project - and any follow-on or similar intervention - would remain broadly in line with the current, COSOP 2002 strategy of: continuing the area-based, multi-sectoral and single province approach; promoting good governance and sharing learning with other donors; and concentrating on provision of productive assets, usable technical know-how and support infrastructure to improve the food security of the poor, disadvantaged ethnic peoples of remote mountain regions.

181. However, while the primary COSOP thrust of increasing human and social assets is a laudable objective, the lessons from Ha Giang are that building the capacity of poor households and their organisations; improving the status and expanding the role of women; and diversifying incomes and expanding rural employment necessarily involve a tortuous and protracted process, in which a single project can play only a small, albeit catalytic and possibly vital part.

182. The implication - and an Evaluation Mission recommendation - is that any further IFAD intervention should be purposely designed in concert with provincial and district agencies as part of their long term poverty alleviation and economic advancement programme, so that there is a credible and realistic winding down and donor exit strategy, that would render Project gains and benefits more likely to be sustainable.

183. Contrary to intention, the Project has had the strongest impact in the lowland, well-watered and more fertile areas of the central, southern and eastern districts, which are in any case better off and fast emerging as economically progressive areas. Taking cognisance of the continuing prevalence of poverty and severity of deprivation in the northern, western and border districts, the presence of other donors and NGOs in Bac Me, Quan Ba and Hoang Su Phi districts, and given the lessons so far from HPM, it would be appropriate and prudent - and it is the recommendation - that further development be focused on, and restricted to, the poorer and more remote communes.

184. The difficult progress and limited uptake and impact of the income diversification component clearly presage a change of direction away from the savings, credit and enterprise promotion approach, in efforts to augment family income in these difficult regions and fragile socio-economic conditions. The recommendation is that any pre-determined activities in this context be limited to the fundamental poverty alleviation areas of family food self-sufficiency and adequacy of cash income generation from established and traditional household enterprises; but that a measure of flexibility in financing of sub-

projects, new small business enterprises and social and advisory service provision be allowed, possibly through a modified CDF approach.

185. Further, in the majority of circumstances, Project support would be more effectively and efficiently provided to the poorest sectors of society by matching grant, seed capital or simple, deferred repayment, rather than credit, arrangements; it is recommended that livelihood financing assistance for poor households be based on these principles.

186. The success of the CDFs indicates that this mechanism has been effective in identifying proper demand-led and beneficiary selected activities and in encouraging more robust participation. It is recommended that the CDF be used as the main plank for determination of project activity across the technical and social sectors for any follow-on intervention. CDF type interventions should be attuned to reflect the carefully discerned needs of the villages and communes concerned and could cover the whole range of physical, technical, social and welfare investments that might be prioritised by communities, but possibly with some limitations as to total expenditure by component or category.

187. However, strong provisos are necessary - and are recommended to be designed in, and their application made mandatory, in any new project - namely: much more rigorous testing of micro-project feasibility and financial benefit, including case studies of financing implications for typical households, before approval; better technical oversight of design and supervision of works; stronger and more consistent advisory support - both of the foregoing possibly through technical assistance and/or competitive, contract service provision, by professional individuals or organisations, if necessary; and stronger evidence of community ability and commitment for proper operation and maintenance, than have so far been prevalent.

188. In terms of development processes, the evaluation has revealed that additional training in participatory methodologies is required at all levels; and greater emphasis needs to be placed on embedding participatory approaches and proper representation of women in governance. These issues are tied in closely to the need for CDBs to be further strengthened and their role expanded to encompass all aspects of the management cycle, including implementation management, monitoring and impact evaluation - not just identification of priority needs. Institutionally, viable village-level organisations still need to be developed - and commune and district entities much strengthened - before considering the decentralisation of the management of the CDF and other components to village-level in order to maximise the role of target communities in determining their own optimal development. It is recommended that the requisite capability building, training - and the gaining of practical experience through project activity - in participation for both community and formal local organisations be major elements of any new intervention.

189. The dilemma of the means, costs and effectiveness of project supervision is discussed in Section V, B above. There is a stark dichotomy of opinion among stakeholders as to the performance of the supervision function. However, given the limitations of responsibility, inputs and financing that prevail under the existing IFAD/UNOPS arrangements, it is considered unreasonable to expect a much higher standard of supervision than has been provided. This is one of the key reasons why the UNOPS performance has been assessed as adequate.

190. This begs the question of whether other supervision arrangements would have been more effective. The finding that emerges from evaluation is that assistance to government would be greatly enhanced by direct IFAD supervision of its Vietnamese projects; or by contracting supervision, with the agreement of government, to a national, or joint national/international, professional consultancy. While both of these options would be likely to incur additional cost, it is thought that they would transform the presently unsatisfactory aspects of vague and only partial responsibility and accountability for project progress - and the effectiveness of the monitoring and advisory inputs.

191. However, the Mission is not convinced that the only alternative solution so far proposed - that of the possibility of supervision of a follow-on Ha Giang project by UNDP - would be a credible and

viable option. If UNDP continued to be a co-financier and provider of TA, then clearly any supervision input might be compromised by conflict of interest; if UNDP was not a co-financier, it possibly could be a satisfactory cooperating institution and supervisor. In either case, it would be necessary to modify the current IFAD legal statutes to accommodate such an arrangement. The evidence available during evaluation suggests that UNDP does have a certain amount of relevant experience and capability, as well as a favoured position vis-à-vis government and some other donors, UN agencies and NGOs. However, the recommendation is that it should have to compete with other - both public and private sector - candidate organisations, including UNOPS, to be awarded the contract on the basis of its track record in project direction and supervision work; its staff capacity and specific skills; and its resources and capability for cost-effective service provision.

192. What has already been achieved by HPM in these difficult areas is substantive and impressive. If it can be built upon without further dissipation of initiatives and impact through delays in project preparation and approval - and the foregoing recommendations are properly incorporated in the design and in subsequent project operations - a follow-on project would be feasible and justified.

Interim Evaluations**1) Quang Binh Agricultural Resources Conservation and Development Project and****2) Ha Giang Development Project for Ethnic Minorities**

1. **The interim evaluations.** Given the intention of IFAD's Asia and Pacific Division (PI) to develop a second phase of the two above-mentioned projects and according to the IFAD Evaluation Policy³, the Office of Evaluation (OE) is required to undertake interim evaluations of both the Quang Binh Agricultural Resources Conservation and Development Project (ARCDP) and the Ha Giang Development Project for Ethnic Minorities (HGDPEM) before PI should initiate the formulation process⁴.

2. However, PI submitted a request to the Evaluation Committee of the IFAD Executive Board in December 2003 requesting for waivers to be granted for the undertaking in 2004 of the interim evaluations of the ARCDP and HGDPEM. After examining the rationale, it was decided not to grant a waiver for these interim evaluations. However, the Committee requested OE to initiate the two evaluations as early as possible in 2004, on the understanding that the formulation mission for the new project would overlap with the latter part of the interim evaluations. This would ensure that at least the provisional findings of the evaluations would be available to the formulation mission.

3. The two interim evaluations will be initiated in the first quarter of 2004 and undertaken within the overall framework of the Evaluation Policy. The evaluations will be concluded by end-June 2004.

4. **Background to the project areas.** Quang Binh Province is subdivided into 4 agro-ecological zones: the Sandy Coast, the Lowlands, the Barren Hills and the Mountainous areas with a total of 7 districts and 148 communes. The total population is estimated at about 805 000. The very poor and vulnerable households constitute a higher proportion of total households in the hilly/mountainous zone. On the other hand, Ha Giang is the northern most province of Viet Nam with a population of around 557 000. It is divided into 9 districts, one township, 184 communes and 1 600 villages. Ethnic minorities represent over 90% of the population and include H'mong (27.6%), Tay (26.5%), Dzao (15%) and Nung (7%) and balance consists of smaller ethnic groups. Kinh constitute 10.5% of the population. Ha Giang is among the poorest provinces of Viet Nam with 34% of the population classified as poor and very poor households. Being primarily a mountainous area, agricultural base is poor, cultivable area is small and agriculture output per capita is low. Access to markets and off-farm opportunities is constrained by lack of roads and transportation services.

5. **Policy framework.** The three fundamental policies of the Government for comprehensive renovation of the society and economies are: the shift from a centrally planned to a market-oriented economy with state management; the 'democratization of social life', with the aim of developing the rule of law in a State of the people, by the people and for the people; and the implementation of an open door policy and the promotion of peaceful and constructive relations with all countries. The Government's two major poverty alleviation programmes, the National Programme on Hunger Eradication and Poverty Reduction (HEPR) and the 1715 Poor Communes Programme, both encourage the delegation of implementation authority to the provincial and district/commune level.

³ Approved by the IFAD Executive Board in April 2003.

⁴ As per the IFAD Evaluation Policy⁴, it is mandatory for the Office of Evaluation (OE) to undertake an interim evaluation before the concerned IFAD regional division can embark upon the formulation of a further phase of a project in the same region in a given country.

6. **Project data.** The Quang Binh ARCDP was appraised in May 1996, approved in December 1996 by the IFAD Executive Board and became effective on 25 March 1997. The total project cost was USD 16 million, out of which IFAD provided a loan for USD 12.8 million, UNDP provided a grant of USD 1.4 million and the Government contributed USD 1.8 million. The original project closing date was 30 June 2002 and the extended closing date 31 December 2002. The project closed with 100% disbursement of the IFAD loan. The HGDPEM was appraised in October 1997. The loan was approved by the Executive Board in and became effective in April 1998. Project closing date is 30 June 2004. Total project cost is USD 18.5 million, out of which IFAD provided a loan for USD 12.5 million, whereas UNDP provided USD 2.3 million and SIDA USD 0.7 million in grant form. The Government provided USD 3 million. UNDP and SIDA undertook to finance the technical assistance and training needs of the project. As at 3 October 2003, total disbursement of IFAD's loan was 86%.

7. The United Nations Office for Project Services (UNOPS) is the cooperating institution for both projects.

8. **Project design and objectives.** Both projects aim at the establishment of self-reliant and sustainable models of rural development, designed for replication by the Government and the stakeholders. The main objectives of ARCDP were to raise the incomes and food security of the beneficiaries, reduce provincial food deficit, protect the environment and improve the capacity of the technical services to plan and implement development interventions in the future. The project had the following components: (a) irrigation rehabilitation, (b) agricultural development, (c) aquaculture, (d) sand dune fixation, (e) rural roads rehabilitation and (f) institutional support. The key objectives of the HGDPEM are to improve the living standard of the target group, raise their incomes and improve food security, and support the development of rural and social infrastructure with the following components: (a) rural infrastructure, (b) agriculture, livestock and forestry development, (c) income diversification, (d) social development and (e) project management and co-ordination.

9. **Country Programme Review and Evaluation (CPRE).** In collaboration with PI, the Office of Evaluation (OE) of IFAD undertook a joint CPRE in Viet Nam in 2000. Among other issues, the CPRE's Agreement at Completion Point contains three main recommendations that had a wider policy implication. These include: (a) the elimination of the subsidisation of the rural financial sector and the importance of extending the operations of the Viet Nam Bank for Agriculture and Rural Development and the Viet Nam Bank for the Poor in support of the poorest people in rural areas; (b) the need to issue land and housing titles in the names of both husband and wife and to promote increased representation of women at all levels in key decision-making positions in rural development public institutions; and (c) the need for Government to delegate greater financial authority to provincial, commune and district levels for rural development programme planning, implementation and disbursements.

10. **Evaluation Objectives and Methodology.** In both interim evaluations, the core objectives will be to: (a) assess the results and impact of the projects; and (b) generate a series of insights and recommendations that will serve as building blocks for the formulation of the second phase project⁵. In particular, the evaluations will be required to provide their recommendation on the feasibility of undertaking a follow-up project in both cases (ARCDP and HGDPEM). Moreover, the evaluations will assess the coherence of the projects with the Viet Nam Country Strategic Opportunities Paper (COSOP) of 1996. Although it is noted that the Regional Strategy for PI, the Strategic Framework of IFAD 2002-2006 and Viet Nam COSOP of 2002 were all articulated after the ARCDP and HGDPEM were designed, the evaluations will comment on the objectives of the two projects in relation to these three strategy documents.

11. In terms of methodology, the evaluations will both use the Methodological Framework for Project Evaluation (MFE) developed by OE. The MFE includes three evaluation criteria and a series

⁵ According to the inception memorandum, the intentions of PI are to finance only one follow-up project, combining the two project areas of Quang Binh and Ha Giang.

of key questions to guide the evaluations, namely: (a) rural poverty impact; (b) performance of the project, including an assessment of the relevance of project objectives, efficiency and effectiveness; and (c) performance of key partners, including IFAD, the Government of Viet Nam and the relevant departments at the different administrative levels, UNOPS, UNDP, SIDA and the concerned grassroots/mass organisations involved in project operations. As a key input for the OE evaluation teams' analysis, each project will be invited to prepare a self assessment study before the evaluation missions are fielded. OE will provide guidelines to the projects for the preparation of the self assessments, which will give project authorities an opportunity to convey their perceptions and comments on project design and implementation.

12. In terms of data collection, the evaluation teams will examine a variety of documentation available on each project and hold discussions with all key stakeholders in IFAD and at the country level. In particular, the evaluation teams will visit extensively the project areas to see the activities financed and undertake discussions with the beneficiaries and representatives of their organisations. At the field level, the evaluation teams will make use of PRA techniques, including focus group discussions, one to one consultations and so on.

13. **Key questions.** The evaluation teams will respond to the questions included in the MFE matrix, fine-tuning them as require in order to meet the specific circumstances of each of the projects. This will be done by the evaluation teams at the outset of their field work. Both evaluations will also pay emphasis to assessing the contribution of the projects to IFAD's policy dialogue efforts, partnership building, and promoting innovative approaches that can be replicated and up-scaled.

14. **The evaluation process.** The lead evaluator from OE will undertake a reconnaissance mission to Viet Nam in early 2004, before the evaluation missions, to discuss the approach paper with concerned partners, brief stakeholders about the evaluation methodology and process, and outline a provisional programme for the evaluation missions.

15. The draft approach paper will be shared with members of the core learning partnership (CLP, see paragraph 19) for their comments and finalised thereafter. Likewise, OE will draft the mission terms of reference (TOR) and share them with members of CLP for their comments, which will also be finalised thereafter.

16. OE will mount two evaluation missions, one each to the ARCDP and the HGDPEM. Both missions will arrive together in Hanoi and hold a joint briefing session with concerned Government authorities at the beginning of their missions. The evaluation teams will also hold discussions with other institutions in Hanoi, including concerned UN agencies, bi-lateral aid organisations and IFIs. Following the completion of their respective field work in the project areas, each mission will prepare a debriefing note, summarising their initial findings and conclusions. These will be presented at a joint ARCDP and HGDREM wrap-up meeting in Hanoi, which will include the participation of members of the PI formulation mission for the second phase of the two projects. Separate wrap-up meetings will be held by each evaluation mission at the respective provincial level before the joint wrap-up meeting in Hanoi.

17. Before fielding the missions, OE will prepare an issues paper on each project, which will include a summary of project design, implementation results and lessons learned. This will be based on a desk review of project documents and serve as background documentation for the evaluation teams, as well as contribute to identifying key issues for the evaluation exercise. In addition, project authorities will be asked to prepare self assessments studies (see paragraph 11) before the evaluation missions are fielded.

18. Upon completion of the evaluation missions, OE will provide a debriefing to PI and outline the remaining steps in the evaluation.

19. **Partnership involved.** Under the overall responsibility of the OE Evaluation Officer, a core learning partnership (CLP) will be constituted for the evaluations. The CLP will provide overall guidance to the evaluation teams at different stages. In particular, it will be invited to review and comment on the proposed evaluation process and methodology, participate in key discussions, as well as review and comment on the various outputs from the evaluation. The CLP will prepare a proposal for the evaluation's Agreement at Completion Point (see paragraph 21). The CLP will include representatives of OE, PI, the two projects, the Ministry of Planning and Investment from the Government of Viet Nam, the Quang Binh and Ha Giang provincial authorities, SIDA, UNDP and UNOPS. During the evaluation, the CLP will involve other stakeholders, as and when appropriate, including representatives of grassroots/mass organisations, various line departments and others.

20. **Bibliography.** The missions will review a series of documents, including the President's report of the two projects, their Loan Agreements and appraisal reports, Mid-Term Review Reports, progress reports prepared by the project management, UNOPS supervision reports, the CPRE report, the two Viet Nam COSOPs and other documents.

21. **Communication.** Each evaluation team will prepare a separate evaluation report according to OE requirements, using the standard table of contents adopted by the division. The main text of each evaluation report will be around 30-35 pages. The reports will include an executive summary, the Agreement at Completion Point and annexes as required. A joint ACRDP and HGDPEM stakeholders' workshop will be organised at the end to conclude the evaluation process, to discuss both the draft evaluation reports and Agreements at Completion Point. As per standard OE practice, an evaluation Profile will be prepared for each evaluation at the end of the exercise.

22. **Work Plan.** The proposed timeframe for the evaluation process is as follows:

i.	Communication to partners at the country level	9 January 2004
ii.	Distribute draft Approach Paper	23 January
iii.	Reconnaissance mission	23 February
iv.	Finalise the Approach Paper and TOR	27 February
v.	Self assessments by two projects	January/February
vi.	Start of evaluation missions	1 March
vii.	Field work	1-30 March
viii.	Wrap-up meeting in Hanoi	30-31 March
ix.	Start of PI's formulation mission	30-31 March
x.	De-briefing with PI	5 April
xi.	Report writing	1-30 April
xii.	First draft report	30 April
xiii.	Stakeholders' workshop	Week of 7 June
xiv.	Agreement at Completion Point & final evaluation report	30 June

REVISED COST/BENEFIT AND INTERNAL RATE OF RETURN ANALYSIS**Contents**

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Implementation Results

Revised Cost/Benefit and Internal Rate of Return Analysis

A. Introduction

The Project was expected to assist the Government of the Socialist Republic of Viet Nam in improving living standards of the target group which is mainly comprised of the ethnic minorities living in the marginal uplands of the Northern mountain areas. By helping poor farmers to make better use of the limited natural resources available to them, the project was intended to improve their livelihoods. Interventions included in the design at appraisal were: rural infrastructure; agriculture, livestock and forestry development; income diversification and social development and providing institutional support. The Project was to raise household incomes and improve food security of the poorest households, while improving utilization of natural resources. The objective of the present economic evaluation, undertaken approximately one year after Project closure, is to assess the economic viability of the Project and to indicate the economic benefits resulting from it.

B. Beneficiary Target Population

The total population of the province is 557 000 persons or 98 000 households. The Project was to directly benefit an estimated 90 % of the total population which represent the ethnic minorities which are in the poorer segment of the population. Very poor households are defined as those who having access to less than 13 kg/capita/month (value of about USD 46/annum) of rice.

C. Assumptions

The economic evaluation is based on the following assumptions:

- Project implementation period was six years.
- The tree plantations (forest protection development) have an economic life of thirty years.
- The financial benefits and costs are in 2003 constant terms.
- Non-quantifiable benefits were not taken into account for the analysis.
- Both costs and benefits used for the analysis up to the year 2003 were those used in the draft Project Completion Report (PCR).
- The above values were adjusted to the prevailing values up to the year 1998 using the local inflator indices, worked out using the Wholesale Food Price Index published by the Central Bank of Vietnam.
- A 20 year period is used for the calculation of Benefit Cost Analysis (1998-2018). The values for costs and benefits beyond 2003 were the same as that used for 2003.

D. Benefit Evaluation at Appraisal

At appraisal, the main quantifiable economic benefits were expected to derive from incremental value resulting from farmer extension and irrigation development activities. Accordingly, economic analyses were performed for farmer extension, irrigation-provincial schemes and irrigation-micro schemes separately and the internal economic rate of return (IERR) was estimated to be 26.8%, 5.4% and 14.2% respectively. The IERR for the whole project was not worked out at appraisal. Calculations of separate economic returns for the components were based on certain aggregate household financial benefits projections which were subsequently converted into economic costs using a SCF of 0.9.

The IERR of the provincial irrigation schemes are much lower than the micro irrigation schemes due to many reasons, such as: heavy dependency on grain imports, limited expansion of area under irrigation and restriction on opportunities for off-farm employment. However, it was anticipated that the principal measurable benefits of the farmer extension would flow from on-farm development measures: use of improved seed and other inputs; improved cultivation practices; and the improved extension and technical support.

E. Benefits Budgets at Completion

(i) Overall Beneficiary Numbers

Table 1, below, presents the overall numbers of substantive direct beneficiaries by component and activity. Discounting duplication and overlaps of benefit, the Project is estimated to have given direct benefit to about 50 000 households or about 57% of the appraisal target group universe. The balance of some 38 000 households may have benefited as a result of creation of new services and production opportunities due to the multiplier effect arising from the Project investment, which could properly be attributed as secondary and indirect benefits.

Table 1 Summary of Project Beneficiary Estimates

Components and Activities	Number of Households - Substantive Direct Benefits		
	Project	CDF	Total
Rural Infrastructure			
- Roads and Bridges	13500	14729	28229
- Domestic Water Supply	7077	1240	8317
- Irrigation (Provincial)	2699	na	2699
- Irrigation (Micro-schemes)	4659	5391	10050
Sub-total	27 935	21 360	49 295
Agricultural Development			
- Farmer Extension (FFS/Clubs)	3216	1000	4216
- Extension (Crop Productivity)	16626	1500	18126
- Animal Health	15000	na	15000
- Forest Protection	4112	na	4112
Sub-total	38 954	2 500	41 454
Income Diversification			
- Training/Group Formation	5618	na	5618
- Enterprise Credit	1538	14167	15705
Sub-total	7 156	14 167	21 323
Social Development			
- Education	5840	3500	9340
- Education Training	5220	900	6120
- Health	7900	na	7900
- Health Training	1040	na	1040
Sub-total	20 000	4 400	24 400
TOTALS AND GRAND TOTAL	<u>94 045</u>	<u>42 427</u>	<u>136 472</u>
Notes: 1. Data sourced from Project Self Assessment and Completion Reports, M&E information plus Evaluation Mission estimates where necessary 2. Totals are simple additions, not accounting for duplication/overlap of household coverage			

(ii) Irrigation Development Benefits

The irrigation modernization programme focused on rehabilitation of: (i) provincial irrigation schemes and (ii) micro irrigation schemes. A comprehensive provincial database of irrigation facilities in the province was also established in the Irrigation Department and as a result the project has picked figures from annual provincial surveys on poverty reduction, crop yields etc. Project-supported construction of 134 micro-irrigation schemes. Rehabilitation of 134 micro irrigation schemes would

provide water for 265 ha (of which 114 ha are spring crop and 151 are summer crops). Of the 38 provincial irrigation schemes rehabilitated 25 were new constructions while 13 were improvements to existing schemes. The rehabilitation of the 38 schemes would provide a total of 476 ha of land with water (of which 313 ha are from new constructions and 163 ha from improvements to existing schemes). According to the PCR there are 37 330 persons from 7 311 households in 90 communes benefited from the irrigation schemes. Table 2 below illustrates the development of irrigation sub-component and its incremental benefit achieved during the project period.

Table 2 Benefits of Irrigation Development

Source: M&E Unit HPM

	1998	1999	2000	2001	2002	2003
Provincial Irrigation Schemes (no)						
- new construction			25			
- improved construction			13			
Increase in extent spring crop (ha)						
- new construction			313	313	313	313
- improved construction			163	163	163	163
Increase in production spring crop (kg/ha)						
- new construction			3800	3800	3800	3800
- improved construction			200	200	200	200
Production (tons)						
- new construction			1189	1189	1189	1189
- improved construction			33	33	33	33
Benefits (VND m)						
- new construction			2378	2378	2378	2378
- improved construction			66	66	66	66
Total benefits (VND m)			2444	2444	2444	2444
Increase in extent summer crop (ha)						
- new construction			311	311	311	311
- improved construction			162	162	162	162
Increase production summer crop (kg/ha)						
- new construction			4370	4370	4370	4370
- improved construction			4370	4370	4370	4370
Production (tons)						
- new construction			1359	1359	1359	1359
- improved construction			708	708	708	708
Gross Benefits (VND m)						
- new construction			2718	2718	2718	2718
- improved construction			1416	1416	1416	1416
Less: Original crop revenue foregone --						
473 ha maize @ 1.95t/ha @ VND 2.3m/t			-2121	-2121	-2121	-2121
Total benefits (net VND m)			2013	2013	2013	2013
Micro irrigation schemes (no)			134	134	134	134
Increase in extent spring crop (ha)			114	114	114	114
Increase in production spring crop (kg/ha)			3500	3500	3500	3500
Production (tons)			399	399	399	399
Benefits (VND m)			798	798	798	798
Increase in extent summer crop (ha)			151	151	151	151
Increase production summer crop (kg/ha)			4300	4300	4300	4300
Production (tons)			649	649	649	649
Gross Benefits (VND m)			1299	1299	1299	1299
Less: Original crop revenue foregone --						
91 ha maize @ 1.4t/ha @ VND 2.3m/t			-293	-293	-293	-293
60 ha rainfed paddy@2.5t/ha@VND2m/t			-300	-300	-300	-300
Total benefits (net VND m)			1504	1504	1504	1504
Total irrigation benefits (net VND m)			5961	5961	5961	5961

(iii) Agricultural Extension Benefits

It was observed that the Agriculture Extension component covered all 191 communes. Main objective of this component was to improve the farm productivity through establishment of 342 Farmer Field Schools (FFS). As a result of the farmer field schools, it was possible to disseminate information to the farmers. Several methods were used such as distribution of printed material and also the use of audio and video media. Through the establishment of demonstration plots it was possible to educate the farmers in the use of improved varieties and also to train key farmers. The 266 demonstration plots that were established, showed the effect of the improved varieties of maize, rice, beans and other crops that benefited 3 216 households. Several training programmes were conducted through out the project period. A total of 72 446 farmers attended such training sessions, of which 11 272 were women.

The programme also introduced and successfully carried out a maize seed multiplication programme to multiply quality strains of well-adapted local varieties. A total of 22 adoptive research trails were carried out to address the issues that were identified during the PRA sessions. In order to strengthen the agricultural extension system in Ha Giang a commune and village based extension system was established. The necessary training for the commune extension officers and training to extension staff at all levels were completed. As a result of this extensive farmer extension programme, maize and paddy yields have registered increases of 165 479 tons and 202 365 tons respectively.

Table 3 **Benefits of Agricultural Extension** (Source: M&E Unit HPM)

	1998	1999	2000	2001	2002	2003
No. of HHs	3930	5670	13194	16626	15552	6006
Extent of crops cultivated (ha)						
- Paddy	418	106	1716	1186	683	423
- Maize	200	340	387	900	1369	531
- Soybean	168	688	96	685	540	47
Increase in production (kg/ha)						
- Paddy	150	250	340	200	180	140
- Maize	20	40	140	110	120	75
- Soybean	50	170	220	280	120	20
Production (ton)						
- Paddy	63	27	583	237	123	59
- Maize	4	14	54	10	164	40
- Soybean	9	117	21	192	65	1
Benefits (VND m)						
- Paddy	126	54	1166	474	246	118
- Maize	9	32	124	23	377	92
- Soybean	21	269	48	442	150	2
Total benefits (VND m)	156	355	1338	939	773	212

Prior to the implementation of this component the local farmers usually cultivated low yielding indigenous varieties of maize, rice and other crops. The farmer extension programme with its support for introducing high yielding hybrid varieties of maize and rice and with provision of training in farming technologies, and for demonstration models made a positive dent in local farming. The replication of the farm models carried out shows an increase in yields and productivity (from 1.5 to 2 times higher than before). Specifically, the Chinese hybrid variety of rice has registered yields of 7 to 8 tons/ha while hybrid maize has reached a yield of 3 to 5.5tons/ha. Table 3 above illustrates the extent, production and incremental benefits as a result of the farmer extension programme.

(iv) Forest Protection and Development Benefits

The forest protection and development component has been implementing in the 27 communes of 8 districts. The objective of the component was to protect the watershed forests to bring benefit for local people. It was expected that the benefits would be sustainable and beneficial for the whole community.

A measurable impact of the forest protection & development component is the development of 20 000 ha of forest area by a total of 4 112 HHs. As a result of increase in forest coverage area, ecosystem and environmental protection, erosion prevention and maintaining and increasing water resource in communes/villages, those households who live in the vicinity of the forest would be benefited. On the basis of value of timber, firewood, bamboo, fodder and vegetable collected per year, it is estimated that from each hectare of forest area in the vicinity of the communes/villages would be around VND 100 000 per year. Table 4 below illustrates the benefits form forest development.

Table 4 Benefits of Forest Protection and Development

	1998	1999	2000	2001	2002	2003
Number of HHs (no)	267	3302	4112	4112	4112	4112
Area under forest coverage (ha)	1004	12274	20000	20000	20000	20000
Benefit/HH/year ('000 VND)	376	371	486	486	486	486
Total benefit/year (VND m)	1004	12274	20000	20000	20000	20000

Source: M&E Unit HPM

(v) Income Diversification Benefits

The component envisaged the development of on-farm and off-farm activities, which were intended to be small-scale businesses and enterprises with suitable income diversifications. These included building local capacity in technical small business skills, developing channels for the continuous identification of viable businesses and establishing linkages with the markets. Special emphasis was made on the participation of rural women in income diversification activities for which credit was made available. Savings and credit activity was a key element of the income diversification component. Through the credit facility, more opportunities have been created for the target groups and they could invest in their potential businesses to diversify their income and improve living standards.

It was observed that more than 60% of small businesses are traditional livestock enterprises, 25% are fruit and vegetable enterprises and about 3% are small trade. Table 5 below illustrates the benefits from income diversification projects.

Table 5 Benefits of Income Diversification

	1998	1999	2000	2001	2002	2003
Number of small businesses undertaken (no)			116	697	720	125
Average gross income/project/year (VND m)			1.1	1.25	1.5	1.5
Average net income/project/year (VND m)			0.3	0.45	0.7	0.7
Total net incremental income/year (VND m)			35	314	504	88

Source: M&E Unit HPM

(vi) Animal Health Benefits

The objective of the component was to improve veterinary support services of all villages in the province through the establishment of a grassroots veterinary worker network. This in turn was expected to strengthen the existing provincial veterinary organization. It was observed that through the system of trained veterinary workers the livestock health has improved. Although the benefits of the above activities have been well established it is extremely difficult to quantify the spill over effect of such benefits which would be accounted for due to the dissemination of improved technology. In 1999, 60 000 HHs have benefited by the vaccination programme carried out by the commune animal health worker programme and this number increased to 80 000 HHs by year 2003. As a result, income of the HHs would have increased due to higher survival rates and also the performance of the animals. This is illustrated in Table 6 overleaf.

Table 6 Increase in Income of HHs due to Improvement in Animal Health

	Number per HH	Unit value of animal sale ('000VND)	Number sold per year before Project	Number sold after Project @ 5% increase	Incremental value per HH (VND)
Buffalo	1	-	-	-	-
Cattle	1	4000	0.5	0.55	200000
Pigs	2	700	1.0	1.10	70000
Goats	1	400	1.0	1.10	40000
Poultry	20	30	10.0	11.0	30000
Total gross incremental income/HH/year					340000

Source: Evaluation Mission data

In the absence of quantitative data per households/year, the incremental benefits of livestock development as a result of the animal health component have been estimated on the assumptions: that 25% of relevant households - 60 000 increasing to 80 000 - would have gained the full benefits as presented in Table 6, starting from the year 2000, reaching full impact in 2003, giving gross project benefits of VND 510m/year and VND 680m/year respectively; and that the additional costs of feeding, husbandry and management associated with enhanced output would be 50% of the increase in value.

Commune Development Funds CDF

(vii) Self-employment Benefits

The self-employment projects have been initiated as a result of the credit component implemented since 2001. The programme covered 60 communes and established 318 women credit and saving groups, covering 5 618 households. Simultaneously, skills training programmes have been carried out. However, the great majority of credit has been utilized for seasonal crops and benefits are estimated on the basis of rice cultivation as illustrated in table 7 below.

Table 7 Benefits of On-farm Development under CDF Programme

	1998	1999	2000	2001	2002	2003
Number of households (no)				1224	2032	906
Number of micro-projects undertaken (no)				50	83	37
Extent of spring crop cultivated (ha) - Paddy				621	1031	460
Production of spring crop (kg/ha)				3500	3500	3500
Total production (t)				2174	3609	1610
Benefits (VND m)				4348	7218	3220
Extent of summer crop cultivated (ha)				621	1031	460
Production of summer crop (kg/ha)				4300	4300	4300
Total production (t)				2670	4433	1978
Gross Benefits (VND m)				5340	8866	3956
Less: Original crop revenue foregone -- no of ha rainfed paddy @ 2.5t/ha @ VND2m/t				3105	5155	2300
Benefits (net VND m)				2235	3711	1656
Total benefits (VND m)				6583	10929	4876

Source: M&E Unit HPM

F. Individual CDF Development Investments

Investments of the CDF thus far have mainly been in rural roads, irrigation, drinking water supply, education and livelihood support. Those were all identified and chosen for investment by the local people. Although the scope of the projects is small and investment per-commune is quite small, the component has been able to meet some of the most pressing demands of the beneficiaries. More important than that, the component has quite successfully demonstrated the value of flexible funding

mechanism for meeting the priority needs of the beneficiaries. The CDF has also funded a series of small individual investments under credit provision, the details of the numbers and values associated with which are given in Table 8. The gross figures of additional revenues shown are used for projection of the IERR with the assumption that they would have been obtained by incurring additional costs estimated at 50% of the added value.

Table 8 Incremental Benefits from Individual Development Investments

	1998	1999	2000	2001	2002	2003
Number of income generating activities (no)				5	5	4
Number of HHs involved (no)				348	10234	3585
Net benefit per HH per year ('000 VND)				120	1578	1448
Total gross benefit/year (VND million)				42	16149	5191

Source: M&E Unit HPM

G. Non-quantifiable Benefits

In the long run, Rural Infrastructure Development which includes construction of pedestrian pathways and suspension bridges in remote upland areas and construction and upgrading of village water supplies may be the most important component of the Project that would generate benefits. The roads and bridges sub-component has facilitated travel for 19 communes in 7 districts in remote upland areas of Ha Giang. Village water supply schemes were implemented in the 25 most difficult communes of Zone 1, which face severe water shortages during the dry winter months. Water User Groups were established for Gravity Flow Schemes and trained in operating, maintaining water supply projects. This sub-component has contributed in minimizing the water shortages in these 25 communes. After completion of schemes, they have been all handed over to the local authorities for operation and maintenance.

Most of the constructed roads connect the communes with each other and links different clusters of residential and cultivation areas together. This has facilitated travelling and exchange of economic, social and cultural ties among different areas, especially in upland communes. Rural roads which run through residential areas have brought about a significant change in the rural conditions. These road links have facilitated the construction of communes' infrastructures such as schools, clinic centres, power line systems and other facilities. The construction of roads and bridges, have encouraged local people to procure various means of transportation such as bicycles, motorcycles. This facilitated quicker travel and commodity haulage by the local people. In addition during construction, roads have created more job opportunities for local people, and helped them diversify their income.

H. Inflation Indices

The values of costs and benefits used for the analysis are based on actual prices. These prices need to be adjusted to the prevailing values up to year 2003 using the local inflator factors, using the Wholesale Food Price Index figures provided by the Statistical Department of Ha Giang Province shown in Table 9 below.

Table 9 Inflation Indices for Local Costs and Benefits

Year	Wholesale Price (Food) Index 1996=100	2003=100	VND Inflator	Derived VND Inflator
1997	100.09	101	1.01	0.99
1998	102.36	103	1.03	0.97
1999	99.63	100	1.00	1.00
2000	97.81	98	0.98	1.02
2001	100.40	101	1.01	0.99
2002	100.98	102	1.02	0.98
2003	99.39	100	1.00	1.00

Source: National Statistics

I. Financial Performance

Table 10 below shows the total financial performance of the Project from 1998 to 2003 by component.

Table 10 Financial Performance from 1998 to 2003 (VND million)

No	Category	1998	1999	2000	2001	2002	2003	Total
1.	Rural Roads	119	4487	9566	4582	691	176	19620
2.	Domestic Water Supply	545	1387	2643	3936	2392	578	11483
3.	Irrigation	495	2000	4803	11714	7213	2874	29099
4.	Farmer Extension	2575	4800	3227	1795	2613	1679	16687
5.	Animal Health	1024	1970	994	1764	1024	770	7545
6.	Forest Component	311	2004	1095	2824	1395	1141	8770
7.	Education	367	7024	12765	8271	1750	616	30792
8.	Health	601	3866	5259	3105	1108	1635	15574
9.	Income Diversification	432	1162	1313	2918	3191	131	9155
10.	Project Management	7931	5901	5295	6058	3094	2696	30976
11.	CDF				4444	16407	32509	53360
	Total	14401	34601	46960	51411	40878	44805	233060

Source: M&E Unit HPM

J. Internal Economic Rate of Return Results

The benefit streams accrued under the Project for all of the foregoing productive investments as set out in the relevant tables above were considered for the calculation of the economic rate of return. Similarly, cost streams were worked out for the crop production of paddy, maize and soybean and assumptions of costs of animal health and individual investments estimated. Investment Costs of the Project for 1998 to 2003 were considered. The O&M costs of irrigation were considered after project completion beyond year 2003. All costs and benefits for the respective project years were changed into year 2003 values, by using the inflation indices for the respective years (refer Table 9). The incremental cost and benefit streams were projected as illustrated in Table 11, overleaf. Based on the above quantifiable Project benefits, costs and incremental benefits achieved, the overall IERR for the Project has been calculated. The resulting **Internal Economic Rate of Return is 15%.**

Table 11 Cost/Benefit Projection and IERR Calculation

	1998	1999	2000	2001	2002	2003	2004?
A. BENEFITS (million VND)							
Crop Development under Irrigation			5961	5961	5961	5961	5961
Crop Development with Farmer Extension	156	355	1338	939	773	212	212
Natural Products from Forests	1004	12274	20000	20000	20000	20000	20000
Income Diversification/Small Businesses (net)			35	314	504	88	88
Animal Health (25% of HHs @ +10% output)			510	553	595	680	680
CDF:							
Individual Development Activities (assume revenues)				42	16149	5191	5191
On-farm Crop Development with Credit				6583	10929	4876	4876
TOTAL (A)	1125	12629	28401	34048	53813	37008	37008
B. COSTS (million VND)							
Investment Costs	14401	34601	46960	51411	40878	44805	
O&M Irrigation (@ 7% of capital cost)							2037
Crop Development under Irrigation			3278	3278	3278	3278	3278
Crop Development with Farmer Extension	124	297	1050	777	556	152	152
Income Diversification/Small Businesses			0	0	0	0	0
Animal Health (@ 50% of output)	0	0	255	276	298	340	340
CDF:							
Individual Development Activities (@ 50% of revenues)				21	8075	2596	2596
On-farm Crop Development (@50% of revenues)				3353	5567	2484	2484
TOTAL (B)	14090	34898	52574	58525	57479	53655	10887
INCREMENTAL BENEFIT (A-B)	-12964	-22269	-24173	-24478	-3666	-16647	26121
IERR	15%						

The matrix shown overleaf comprises the final consensus of the Mission members as to the performance of the principal elements of the Project. It consists of the Impact Matrix sheet, with some additional information from the Performance and Effectiveness sheet, which itself was not able to be completed in sufficient detail to make it worth presenting. However, the various principal factors of performance and effectiveness are fully expounded in Chapter V of the text of this Main Report, albeit not with reference to individual aspects of poverty impact.

The Matrix presented takes full account of the similar matrix provided in the HPM Self-assessment Report; and two other matrixes, one that was completed in discussion with a female Extension Officer in one district, and the other that was completed in a focus group of beneficiaries in a Project village.

Table 12 Impact Evaluation Matrix

MAIN DOMAINS OF IMPACT	Key Questions for Impact Assessment in Rural Communities Affected by the project (changes to which the project has contributed)	Assessment of Change				Reach of Change				Dynamic Processes	Sustain Potent
		Presence and Direction of Change (+)(0)(-)	What has Changed (Indicators)	Extent of Change: How Much/Score		How Many (households)	Who (Poor/Most Poor/Better Off)	Who	Project	Score 4/3/2/1	Score 4/3/2/1
I. Physical and financial assets	1.1 Physical assets change: land, water, trees	+	cultivable area, livestock		3	40 000+	All	M	2	2	3
	1.2 Household assets houses, radios	+	radios, tv, roof materials, m/cs		3	40 000+	All	M/F	2	2	3
	1.3 Infrastructure/access to markets	+	roads, new market, goods avail		3	~30 000	All	M/F	3	3	2
	1.4 Financial assets	+	some savings, less debt		3	~1 600	P/BO	M/F	3	2	2
	1.5 Access to financial services	o/+	confusion: project/bank ethos		-	-	BO	F	-	-	1
II. Human assets	2.1 Access to potable water	+	jars, tanks, gravity supply		2	~8 400	P/BO	F	2	1	2
	2.2 Basic health and disease prevention	+	outreach, facilities, free drugs		3	~7 900	All	M/F	3	2	3
	2.3 Incidence of HIV infection	o	trained, awareness only		-	~1 000	-	-	-	-	-
	2.4 Maternal mortality	+	statistics, hospital attendance		2	~3 000	All	F	2	3	3
	2.5 Access to primary education	+	rolls, retention, pass %	Gov. Policy 4		~ 9 000	All	M/F	2	3	3
	2.6 Primary enrolment for girls	+	gender gap reduce		2/3	~3 000	P/MP	F	3	2	3
	2.7 Women and children workload	o/+	m/cs, roads, transport, water		2	?	All	F	2	1	½
	2.8 Adult literacy access to information	+	Training		1	1 000+	BO	F	2	1	2
III. Social capital and people empowerment	3.1 Rural organizations/institutions	+	poor represented, extension club		2	~6 000	P/BO	M	2	2	2
	3.2 Social cohesion, local self-help	o	vener only		-	-	-	-	-	-	-
	3.3 Gender equity/womens' conditions	+	CDB rep, women ++		2	1 000?	P/BO	F	2	2	2
	3.4 Rural people empowered govt	+	starting, but culture/social norm		1/2	~10 000	BO	M	2	3	3
	3.5 Rural producers empowered market	+	transport facilitn, more mkts		3	~ 30 000	All	M/F	3	3	2
IV. Food Security (Production, Income and Consumption)	4.1 Children nutritional status	+	statistics prove progress		3	"	MP/P	M/F	3	2	3
	4.2 Household food security	+	reduced hunger gap 4 > 2 mths		4	"	P/BO	M/F	3	3	3
	4.3 Farming technology and practices	+	input use, seeds, imp livestock		3	~40 000	All	M/F	3	2	2
	4.4 Frequency of food shortage	+	overall adequacy better		2	"	P/BO	M/F	3	3	3
	4.5 Agricultural production; area, yield, mix	+	significant cropping pattern, output change		4	"	P/BO	M/F	3	3	3
V. Env't & common resources	5.1 Natural resource base status	o/-	degradation despite protection		2	~4 000	All	M/F	4	3	2
	5.2 Exposure to environmental risks	-	replanting, water supply		3	~6 000	All	M/F	2	2	2
VI. Institutions, policies, and regulatory framework	6.1 Rural financial institutions	o	no real change		-	-	-	-	-	-	-
	6.2 Local public institutions and services	+	trainings, capacity building		2	~ 5 000	All	M/F	2	2	2
	6.3 National/sectoral policies rural poor	o	general enlightened progress		-	-	-	-	-	-	-
	6.4 Regulatory framework for rural poor	+	land tenure rights, forest protect pro-poor, decentralization		2	~10 000	All	M/F	2	2	3

MAIN DOMAINS OF IMPACT	Key Questions for Impact Assessment	Expectation of Impact (Project Stated Objectives)				Effectiveness Rating (Achievement Against Stated Objectives) 4/3/2/1			
		Reach Who?	Change What?	Change How Much?	Reach how Many?	Reach Who?	Change What?	Change How Much? (Score)	Reach how Many? - HHs
I. Physical and financial assets	1.1 Physical assets change: land, water trees	all target gp	irrig land, trees, livestock	1246 ha prov 130 sch micro 1 300 FFS 3 750 groups	nt 162 comms	tgt gp	land++ water ++	3 Prov Irr 1 Micro 4 Extn	12 750 Irrign 22 340 Extn
	1.2 Household assets houses, radios	“	“	“	“	“	“	“	“
	1.3 Infrastructure/access to markets	selected communes	roads bridges	105 km 7 (= 640m)	19 comms 195 vills	ditto	ditto	2/3 525 km (inc CDF)	37 000 HHs
	1.4 Financial assets	all	savings, less debt	nt	nt	na	na	2/3	1 600 HHs??
	1.5 Access to financial services	women	savings/credit gps; loans	60 communes USD 450k credit	2 250 HHs	women	ditto	1 USD290k loans	1 600 HHs
II. Human assets	2.1 Access to potable water	24 communes	gravity systems and tanks	12 gfs 288 tank/jars	nt	selected communes	water supply	2 12 gfs/ 6 100 tank/jars (inc CDF)	8 4000 HHs
	2.2 Basic health and disease prevention	Zone I vills	train VHWs centres/hosp	770 workers 5/4 upgrade	56 coms 703 vills	as planned 100%	as planned 100%	3	7 900 HHs
	2.3 Incidence of HIV infection	all	rate of infection	nt	nt	all	rate infection	0	~1 000 aware only
	2.4 Maternal mortality	mothers	death rate	nt	nt	mothers	ditto	2	~3 000
	2.5 Access to primary education	primary pupils	classrooms, centres training	140 rooms 7 dist centres	70 communes	pupils	ditto	3 144/7 sch/cen	9 340 pup -HH 6 120 train
	2.6 Primary enrolment for girls	girls	enroll/attend+	nt	nt	prim girls	gender gap --	2/3	~3 000
	2.7 Women and children workload	women/chil dren	access to water, fuel, market	nt	nt	women/children	ditto	2	na
	2.8 Adult literacy access to information	all, mostly women	training, kinh literacy/numeracy	nt	nt	all, mostly women	literacy/numera cy	1	1 000+
III Social capital and people empowerment	3.1 Rural organizations/institutions	all villages	groups, clubs, user committees	nt	nt	all CDF villages	CBOs, VCUs, CDBs	2	~6 000 but sustain??
	3.2 Social cohesion, local self-help	all villages	Ditto	nt	nt	all villages	CBOs	0	façade
	3.3 Gender equity/womens' conditions	women/girl	status, involve, access water, services, extension	nt	nt	few women	CDB member participate, skills train	2	1 000?

	3.4 Rural people empowered v govt	all	status, say affairs	nt	nt	some men	aware/memb	1/2	~10 000
	3.5 Rural producers empowered market	all	access, returns	nt	nt	all/farmers	transport, roads, mkts	3	~30 000
IV. Food Security (Production, Income and Consumption)	4.1 Children nutritional status	all children	food qnty/quality, health	nt	nt	children	food suffic, health	3	~40 000
	4.2 Household food security	all	food quantity, qlty, purchase income	nt	nt	families	output, quality surplus/sale, hunger gap --	4	~ 40 000
	4.3 Farming technology and practices	all farmers	technology, husbandry, managemt	162 comms 5 050 gps	nt	farmers	FFSs, clubs, village extn network, inputs, seeds livestock, irrign water+	4	~40 000
	4.4 Frequency of food shortage	all families	hunger gap occurrence	nt	nt	all families	yield, output, seasonality	2 still persist worst areas	~20-30 000?
	4.5 Agricultural production; area, yield, mix	all farmers	productivity	as 1.1, 2.3 above	as 1.1, 2.3 above	beneficiary farmers	crop pattern, yield, output	4	~40 000
V. Env't and common resources	5.1 Natural resource base status	peri-forest villages	forest exploitation, land degradation	20 000 ha forest	nt	forest villages, people	forest & ntfps, degrade persist	2	~ 4 100
	5.2 Exposure to environmental risks	all communes	flood, drought, degrade	“	nt	all communes	forest replant, water hygiene	3	~ 6 000
VI. Institutions, policies, and regulatory framework	6.1 Rural financial institutions	women, farmers, VBARD	credit avail, agric outreach	as 1.5 above	as 1.5 above	no effective outreach, bank understanding	no effective change	0	-
	6.2 Local public institutions and services	province, districts depts, agencies	training, capacity building	nt	nt	PCUs and depts. affected+	tech/managmt skills, PRAs participation	2	~ 5 000
	6.3 National/sectoral policies rural poor	na	na	nt	nt	na	sound policies already in place	0	-
	6.4 Regulatory framework for rural poor	the poor/tgt group, political authorities	provincial policies, devpt scenarios	nt	nt	target groups, legislators/auth-orities	land tenure rights, forest access/protect, pro-poor, decent dvpt	2	~10 000?

Notes: nt = no target given

na = not applicable/not available

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