

Socialist Republic of Viet Nam

Pro-Poor Partnerships for Agroforestry Development

Project

Project Performance Evaluation

Executive summary

Background

1. The Independent Office of Evaluation of IFAD undertook a project performance evaluation of the Pro-Poor Partnerships for Agroforestry Development (3PAD) project in Viet Nam in 2017. The main objectives of this evaluation were to: (i) provide an independent assessment of the results and impact of the project; (ii) generate findings and recommendations for the design and implementation of ongoing and future operations in Viet Nam; and (iii) identify issues of corporate, operational or strategic interest that merit further evaluative work.

The project

2. 3PAD (2008-2015) was implemented in Bac Kan, an upland province in northern Viet Nam, with a mostly indigenous population and the highest incidence of poverty in the country. The project covered three of the five districts, namely Ba Be, Pac Nam and Na Ri districts and all of their 48 communes. The goal of the project was to achieve sustainable and equitable poverty reduction and improved livelihoods for poor rural people in Bac Kan Province through enhanced forestland management. The purpose of the project was to establish a framework for sustainable and profitable agroforestry development in Bac Kan Province that targets poor rural households. The beneficiaries included both poor and near-poor communities.
3. The project comprised four components: (i) sustainable and equitable forestland management; (ii) generating income opportunities for the rural poor; (iii) innovative environmental opportunities; and (iv) project management. Three main categories of activities were implemented: (i) issuance of land use rights certificates (LURCs) to households on forestland; (ii) a community development fund (CDF) supporting small infrastructure, small loans for women and capacity building through farmer groups; and (iii) investment grants through an agricultural promotion investment fund (APIF) for agribusinesses committing to source some of their supply from project-supported farmer groups. In parallel, a range of technical assistance and capacity-building activities took place. New initiatives were piloted in eco-tourism in a national park, as well as payment of environmental services and the introduction of fodder grass in farming systems.
4. Analysis in this evaluation is supported by an ex-post reconstructed theory of change. This allowed the evaluation team to better understand and capture the various impact pathways and the implementation process, and to assess the extent to which the project's goal and objectives were effectively achieved.

Main evaluation findings

5. **Relevance.** The project's objectives and components were in line with national policies and strategies, local needs and the IFAD Country Strategic Opportunities Programme of 2008 and 2012. The original design was ambitious and complex, and the logical framework had multiple flaws, making it hard to operationalize the design in practise. Three rounds of revisions provided significant improvements, yet monitoring and evaluation (M&E) remained an issue throughout the project. Moreover, the coordination, synergies and sequencing of activities were assessed as challenging and the approach and interventions adopted for developing pro-poor partnerships were inadequate. These factors, together with the necessary focus on food security and technical development in its first phase, resulted in the delay of market-based value chain development.

6. While the design allowed the project to apply a more equitable targeting strategy, the social complexity of the target groups and the different needs between the poor and the near-poor could not always be addressed and influenced the level of impact that could be reached. The revision of the design also brought important adjustments that raised effectiveness and impact to the extent possible, among which: (i) the participatory and simplified activities and guidelines; (ii) the decentralization of activities, which encouraged bottom-up approaches; (iii) an improved method to re-issue LURCs; and (iv) the participation of agribusinesses in upland areas.
7. **Effectiveness.** The project objectives and expected outcomes were achieved, with the LURCs and CDF development paths being the most effective ones. A high share of rural households in the three project districts, in one of the most difficult provinces in Viet Nam's northern uplands, now have secure rights on their sloped land, have built individual and collective skills through farmer groups, raised their environmental awareness, invested in small-scale infrastructure and/or have started accessing small loans for simple crop and animal production.
8. Decentralization to district and commune levels allowed a high coverage in an efficient manner, while building skills among local government agencies. Yet due to the fragmented approach, the synergy between LURCs issuance, common interest groups (CIGs) and small loans from the CDF was only partially achieved, and only a small portion of respondents have benefitted all three activities. Business management skills and access to market information require further attention.
9. The APIF has made initial progress despite a short implementation period. It tested the option to connect business enterprises with farmers through contracts and highlighted the potential for upland products with higher environmental quality. The scale is modest. Much remains to be done to actually create value for a larger number of households, including poorer ones. The outcome of the environmental pilots – payment for environmental services (PES) and eco-tourism – are very modest.
10. **Efficiency.** The process from loan approval to effectiveness was fast and the project closed on schedule. This is noteworthy for a project that faced various redesigning phases and delays in the implementation of activities and disbursements. The latter were overcome through the revision of the Annual Work Plan and Budget. The project management costs remained at a reasonable level (14 per cent), and the individual activities generated high internal rates of return.
11. **Rural poverty impact.** There is visible contribution to two impact domains, "human and social capital and empowerment" and "institutions and policies". The capacity-building activities took place at all levels and were repeated over a sufficient number of years in order to generate visible impact. The shift towards decentralized and more participatory planning resulted in a better balance between the forestry and agriculture sectors, and more accessible services were supported.
12. Impact on improved incomes and assets, agricultural productivity, food security and reduced malnutrition are modest, lack hard data or have conflicting data. Moreover, it is not easy to attribute changes to 3PAD, since several government programmes were implemented in parallel with 3PAD. For food security and malnutrition, the difference between project area and non-project area results is marginal and it is unclear if this difference is statistically significant.
13. **Sustainability of benefits.** The government is committed to continue its support in maintaining and further improving 3PAD's benefits, inter alia through a well-formulated exit strategy and the continuity of the same implementation team, project partners and microfinance fund in the follow-up Commercial Smallholder Support Project (CSSP). Even if the new phase is about to kick-off implementation, 3PAD's sustainability of benefits is currently fragile. The level of farmer-to-farmer

training activities is now reduced and many CIGs are not performing well. This particularly counts for the groups – often located in remote upland areas – that don't function well and lack (institutionalized) support, business skills and good market connection. Mechanisms to maintain and develop CIGs are therefore still needed, as is the allocation of timber stand rights to ensure long-term environmental sustainability and the insurance of benefits from timber harvest.

14. A number of constraints prevent the sustainability and the expansion of eco-tourism services. The association of tourism operators has ceased, there is no formal partner, and there is competition with the Ba Be national park. While the PES for upstream was discontinued, the "landscape beauty" scheme, equivalent to a tourism tax, is very promising. However, no budget is currently available for such support.
15. **Innovation.** Many 3PAD approaches were new in Bac Kan Province even if they had already been successfully tested in neighbouring provinces. Among the ideas that were tested and new to the province and/or to IFAD in Viet Nam, two have the status of non-technical innovation: (i) the creation of a network of farmer-to-farmer trainers for demand-driven agricultural extension; and (ii) integrated management of an IFAD project and a government programme.
16. The piloting of innovative environmental options for PES and community-based eco-tourism as well as the testing of APIF were relevant and appreciated, but also ambitious. The flawed design, insufficient financial support and short implementation time limited the scope and impact. APIF in 3PAD was a useful first step that will continue further under the follow-up project.
17. **Scaling up.** Three processes for scaling up were established: (i) several technical packages tested under 3PAD have been officially recognized and deemed eligible for inclusion in the provincial programmes. A successful example is the farmer-to-farmer training approach, which already has been expanded throughout the project area and elsewhere in Viet Nam; (ii) the participatory allocation of LURCs, APIF and 3PAD's bottom-up planning processes are being scaled up through ongoing government programmes; and (iii) IFAD and the Government approved a follow-up project, CSSP, that will build on 3PAD. Even though CSSP will cover two provinces in a larger project area in Bac Kan, IFAD still covers the largest share of the total funding, and no funding from bilateral or multilateral donors has been attracted.
18. **Gender equality and women's empowerment.** The 3PAD gender activities were relevant and appreciated, and participation of women was strongly encouraged in all project activities. Although the absence of specific gender targets for the various project activities inhibit the comparison of actual achievements versus baselines, three means of promoting women's empowerment appear to have been effective: the CIGs; the emergence of male and female farmer-to-farmer trainers; and the provision of small loans. As the latter was only implemented towards project completion, its scale has been relatively small and the capacity of the Women's Union to manage the fund is still weak.
19. Despite the significant efforts, gender equality and women's empowerment remain a long-term challenge. Obstacles that poor women and women-headed households are still facing are, among others, difficulties in the final decision-making over important affairs, hard workload and gender disparity in access to and control over resources. These constraints have been taken up in the design of the follow-up project.
20. **Environment and natural resources management.** 3PAD has made a substantial contribution to the sustainable management of sloped land zoned for timber plantations. Capacity is built, poor communities from the various ethnic groups take responsibility to protect forestland, and they are supported to improve their crops, animals and timber plantations. In upper watersheds, farmers are more aware of their contribution to the protection of forest and water resources,

even if the limited payments for PES from hydropower in Bac Kan are a limiting factor to build this awareness. The project also contributed to improve the forest coverage in the targeted districts through various activities.

21. **Adaptation to climate change.** There was no indication of contribution to climate change adaptation at design or over the life of 3PAD. Training and extension under 3PAD have nevertheless introduced some activities that increased environmental awareness and will indirectly help the project beneficiaries to become more resilient. As the effects of climate change are becoming more visible, there is need to shift attention from climate change mitigation through the forestry sector to mainstreaming climate change adaptation in agriculture and rural development to improve resilience of poor farmers and communities.

Recommendations

22. **Recommendation 1. The forestry sector should be fully mobilized for poverty reduction in ethnic minority areas.** In areas where allocation of secure rights on sloped land has not yet been finalized, 3PAD provides best-practices to implement this activity. In all upland areas, including Bac Kan, an immediate next step is to carry out allocation of rights on plantation timber to households. This should rely on community participation rather than on external consultants, using simplified forest inventory techniques in order to reduce costs and ensure that community members gain full knowledge on the status of their timber resources. Natural timber should be allocated to communities, not individual households. Pro-poor productive partnerships should cover not only cash crops but also smallholder timber plantations. This will require inviting enterprises from the wood-processing sector to engage with farmer groups. Since household timber plantations are small and low-intensity managed forests, forest stewardship council certification for sustainable timber is an opportunity to create value in Bac Kan Province. It deserves being piloted in CSSP.
23. **Recommendation 2. Improved transportation, irrigation, sustained capacity-building efforts and a differentiated approach are needed to build value chains in Viet Nam's upland areas.** Investment in small infrastructure, improved transportation means and irrigation should receive continued attention in upcoming projects in upland areas. There is now a well-established community development fund mechanism that deserves to continue to be supported through IFAD projects in parallel with the construction of upland value chains. Furthermore, ensuring that both poor and near-poor households benefit, in a context of diversified ethnic cultures with a number of remote communities, deserves a careful and differentiated approach, centred around the development of individual and collective capacities. The social risks associated with the entry of vulnerable communities into commercial relationships – such as sales of land use rights by the poor, or elite capture in farmer groups – need to be monitored as part of IFAD's Social, Environmental and Climate Assessment Procedures.
24. **Recommendation 3. Innovation in a project should mobilize formal partners around one well-defined challenge.** This will require, just as during 3PAD, a flexible approach during project implementation: opportunities for innovation identified at design stage may or may not prove to be relevant or feasible. Spreading efforts on several distinct challenges should be prevented. Innovation does not have to be technical, although technical innovation may also be needed. What is required is an appropriate mix between ideas coming from outside, especially from enterprises, and ideas identified by local partners through project implementation. The tourism sector should only be included if tourism stakeholders are formal project partners.
25. **Recommendation 4. More attention to the building blocks of a project is needed at design stage.** The design stage deserves being managed as a critical process to ensure quality of the project. The formulation of a small number of

outcomes deserves attention. A full M&E system must be ready before project launch and provide full information on coverage. Appropriate context indicators (land use, productive assets of the poor, and implementation of the national programme serving as the framework for the IFAD project) also deserve careful monitoring.