

**Socialist Republic of Viet Nam**

**Rural Income Diversification Project in Tuyen Quang Province**

PROJECT PERFORMANCE ASSESSMENT







Enabling poor rural people  
to overcome poverty

**Independent Office of Evaluation of IFAD**

**Socialist Republic of Viet Nam**

**Rural Income Diversification Project in Tuyen Quang Province**

**Project Performance Assessment**

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Photos

Front cover: Irrigation for paddy field.

Page vi: A rural woman working in a cottage workshop.

Back cover: A village ornamental plants nursery (left); Project information is communicated to villagers in various ways, including a public information corner at a commune development board (right).

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## Currency equivalents

*Currency Unit = Viet Nam Dong (VND)*

US\$ 1 = 20,638 VND

US\$ 1 = 0.675 EURO

(1 May 2011)

## Weights and measures

1 kilometre = 0.62 miles

1 hectare = 10,000m<sup>2</sup> (0.01km<sup>2</sup>)

1 quintal = 100 kg

## Abbreviations and acronyms

AWPB	Annual workplan and budget
CDB	commune development board
CPE	country programme evaluation
CPM	country portfolio manager
FLUC	forest land-use certificate
IFAD	International Fund for Agricultural Development
IOE	Independent Office of Evaluation of IFAD
M&E	monitoring and evaluation
PCR	project completion report
PCRv	project completion report validation
PETVTS	Provincial Economic, Technical and Vocation Training School
PMD	Programme Management Department
PPA	project performance appraisal
PPMU	provincial project management unit
PRA	participatory rural appraisal
RIDP	Rural Income Diversification Project in Tuyen Quang Province
SCG	savings and credit group
SIDA	Swedish International Development Cooperation Agency
UNOPS	United Nations Office for Project Services
VBSP	Viet Nam Bank for Social Policy
VDB	village development board
VIDF	Village Infrastructure Development Fund
WLF	Women's Livelihood Fund

## Preface

The Rural Income Diversification Project in Tuyen Quang Province (RIDP) represented a step forward in IFAD's country strategy, inasmuch as it moved away from focusing on subsistence-level agricultural production to engaging in market-oriented production and enterprise development. The project performance assessment indicates that RIDP made remarkable achievements in terms of upgrading government services for market-oriented agriculture and rural development, and advancing smallholder farmers' progress in integrating with markets and eventually moving out of poverty. What underlays this success, among other things, was the Government's firm commitment to reducing rural poverty and promoting the market-based economy.

The assessment also acknowledges the tremendous challenges faced by the project in connecting smallholders to markets and generating employment opportunities, such as lack of familiarity with value chains and limited private-sector investment in the province. Based on the findings, key lessons are generated for future operations in respect of enhancing partnership with the private sector and focusing on the poverty pockets in ethnic minority areas.

The assessment was prepared by Jicheng Zhang, lead evaluator, with contributions from consultants: Basil Kavalsky, economist and Ganesh Shivakoti, agronomist; and Linda Danielsson, Evaluation Assistant.

Ashwani Muthoo, Deputy Director, and Cecile Berthaud, Evaluation Officer, from the Independent Office of Evaluation of IFAD, provided comments on the draft report.

This Office is grateful to IFAD's Asia and the Pacific Division for inputs provided throughout the evaluation process. Thanks are also due to the Government of the Socialist Republic of Viet Nam and to all stakeholders for their constructive collaboration.



Luciano Lavizzari  
Director  
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## Executive summary

1. During the implementation of the Rural Income Diversification Project in Tuyen Quang Province (RIDP), in 2002–2010, Viet Nam was still undergoing the fundamental transition from a centrally-planned to a market-based economy. After more than two decades of continuous rapid economic growth, Viet Nam was reclassified by the World Bank as a lower-middle-income economy in 2009. In tandem with economic restructuring, the Government's administrative reform devolved substantial authority for socio-economic development to subnational governments. While most parts of the country shared in this progress, the mountainous rural areas with large ethnic minority populations, including the Tuyen Quang Province, generally lagged behind.
2. RIDP's overall objective was to improve the socio-economic status of 49,000 poor households living in upland areas, especially ethnic minorities and women. The critical change the project intended to introduce was the enhanced linkage between small farms and markets, as well as support to crop and livestock production, building access roads to markets and providing vocational training for rural youth. The project also endeavoured to promote microenterprises with a view to moving local production up the value chain.
3. The design of RIDP represented a step forward in IFAD's country strategy, inasmuch as it moved away from focusing on subsistence-level agricultural production to engaging in market-oriented production and enterprise development. The present project performance assessment (PPA) describes RIDP's remarkable achievements in terms of upgrading government services for market-oriented agriculture and rural development, and advancing smallholder farmers' progress with regard to integrating with markets and eventually moving out of poverty. The PPA also acknowledges the tremendous challenges faced by the project in connecting smallholders to markets and generating employment opportunities. These challenges were the consequence of constraints – encountered during the early stages of the country's transformation into a market economy – such as lack of familiarity with market functioning and value chains, and limited private-sector investment in the province.
4. Project performance was assessed as satisfactory, a composite judgment based on satisfactory ratings for relevance and effectiveness and a moderately satisfactory rating for efficiency. With respect to relevance, the project design built on experience with a previous project in the province and took new steps to support market integration, which corresponded to the rising demand of project beneficiaries to address problems of limited non-farm and business market opportunities. The project also achieved synergy with the national rural poverty reduction programmes, because the approaches used in RIDP were included in the implementation guidelines for the National Target Programme for Socio-economic Development for Ethnic Minorities and Mountainous Areas. Regarding effectiveness, the project fully or largely achieved the objectives of: increasing capacity related to the decision-making process through decentralization and participation; enhancing food security and diversifying rural income opportunities through promotion of market-oriented farm and livestock production, supporting savings and credit, and building access roads to markets; improving sustainable use of forest resources by facilitating the issuance of land-use certificates to both wives and husbands; and providing support on forest land through a balance of production and protection. However, RIDP made no significant progress in microenterprise development, which evidences the challenges faced in supporting the business development services of provincial and local governments, and engaging with the private sector. RIDP's performance in terms of efficiency was somewhat less impressive in that the implementation period was extended by one year. Moreover, comparisons of the effectiveness lag and average costs per beneficiary put RIDP below the average of



the country portfolio, despite experience gained with the previous project in Tuyen Quang Province.

5. The project's rural poverty reduction impact is rated as satisfactory based on positive performance in each impact domain. RIDP's contribution to social and human capital and empowerment has been particularly successful in that it helped to establish institutions and build capacity for the villagers, including the decentralized commune development boards, village development boards, grass-roots level village groups, business connections with banks, increased access to markets, and schools and kindergartens. Meetings of these village groups, in particular the savings and credit groups, together with the village development boards, have gradually evolved into informal forums for villagers to share concerns and formulate requests to be discussed with government agencies.
6. Given in particular the provincial government's efforts to replicate the decentralization approach piloted by RIDP in small-scale infrastructure and agricultural services, sustainability is rated as satisfactory, as are innovation and scaling up. A major innovative feature of RIDP was its piloting of full decentralization at the commune level and the strong possibility that exists for replicating its training approach for rural youth. The project was very successful in meeting national targets for women's advancement and gender equality and for the empowerment of ethnic minority women for poverty reduction, which is rated as highly satisfactory.
7. Looking forward, two important lessons should be considered when designing future projects for Viet Nam. One lesson relates to enhancing market integration through more active involvement with the private sector and investments in building physical markets. RIDP fell short in connecting farmers to markets, particularly in building physical markets in the communes, providing marketing information support and involving the private sector in creating market opportunities, though developing partnership with the private sector was not part of the project design. As concluded by the recent evaluation of IFAD's Private-Sector Development and Partnership Strategy, in future projects, IFAD-supported projects will need to join up more effectively with the private sector to create both business connections and marketing opportunities, and to ensure a sustainable local market mechanism with the active engagement of private market participants. The second lesson has to do with the need to explore a holistic approach to the development of ethnic minorities in upland areas. In particular, it will be important to avoid treating ethnic minorities as monolithic, but to adapt programmes to the socio-cultural specifics of individual ethnic minority groups. Above all, to promote the development of these areas, the approach will need to encompass education and health services, and increased computer literacy.
8. Overall, the PPA found that RIDP responded effectively to the country's economic and social evolution and that the shift to support for market-oriented production and enterprise development reflected both the needs of the rural poor and IFAD's comparative advantage. In the context of the country's rapidly evolving economic development, RIDP achieved the objective of improving the socio-economic status of poor households living in upland areas. What underlay this success, among other things, was the Government's firm commitment to reducing rural poverty and advancing the market-based economy. The Government appreciated IFAD for its promotion of a participatory rural development approach and supports the project's efforts to promoting decentralization and participation. A decisive factor in the success of RIDP was that the Tuyen Quang provincial government provided strong political and financial support. Starting from 2011 a new IFAD-funded project, focusing on market integration, will cover Tuyen Quang and two other provinces. The strong government commitment bodes well for the sustainability of the key pillars built by RIDP: decentralization and market-oriented production.



## I. Background, methodology and process

1. **Background.** In line with IFAD's Evaluation Policy of 2011<sup>1</sup> the Independent Office of Evaluation of IFAD (IOE) undertakes project completion report validations (PCRVs) and project performance assessments (PPAs). The purpose of PCRVs and PPAs is to assess the results and impact of IFAD-funded projects and to generate findings and recommendations that can inform other projects funded by IFAD.<sup>2</sup> PCRVs are mainly based on a desk review of documents; PPAs entail a limited amount of field work to collect additional data and information from in-country partners.
2. The Rural Income Diversification Project in Tuyen Quang Province (RIDP) was selected for a PPA, mainly because a Viet Nam country programme evaluation (CPE) was being undertaken by IOE in 2011 and the findings of the PPA would contribute to the CPE. Prior to the PPA, IOE conducted a PCRV for RIDP in February 2011, which highlighted areas in need of further information and evidence from the PPA exercise. These included the sustainability of support for decentralization; challenges faced in developing enterprises in ethnic minority areas; capacity-building of local institutions; and the need to develop non-farm income sources for smallholders.
3. **Methodology.** The PPA followed the IFAD Evaluation Manual<sup>3</sup> and Guidelines for PCRVs and PPAs. The PCRV exercise served as part of the preparatory work for the PPA, as it involved extensive desk research work that included reviewing the project appraisal report, President's Report to the Executive Board for approval of the project, mid-term review, supervision and implementation support reports, project completion report (PCR) and relevant IFAD policies.<sup>4</sup> Before undertaking the field mission for the PPA, the evaluator took stock of the available evaluative information by examining the findings of the PCRV and previous independent evaluations (see appendix 3), and identified the key areas and data gaps to be focused on during the country visit. Primary data was collected in the field in order to validate the findings and conclusions of the PCRV and to allow for an independent assessment of project performance. Because of time constraints, a qualitative approach was adopted for data collection. Data collection methods comprised individual interviews and focus group discussions.
4. **Process.** The field mission<sup>5</sup> to Tuyen Quang Province was undertaken from 13 to 18 March 2011, during the course of the main Viet Nam CPE mission.<sup>6</sup> The mission was carried out in close collaboration with the central government and the provincial government in Tuyen Quang. Meetings were held with the central government – together with the CPE mission – on 2-4 March 2011; thereafter, interactions with stakeholders<sup>7</sup> and beneficiaries took place in Tuyen Quang town and in two districts (Na Hang and Chiem Hoa) of Tuyen Quang Province. A PPA wrap-up meeting with the provincial government, provincial project management unit (PPMU) and the country programme manager (CPM)<sup>8</sup> was held in Tuyen Quang town on 18 March. Based on data collected in the country and the findings of the PCRV, a draft PPA report was prepared by IOE and shared with IFAD's Programme

<sup>1</sup> Available at: <http://www.ifad.org/gbdocs/eb/102/e/EB-2011-102-R-7-Rev-1.pdf>.

<sup>2</sup> IOE validates a selected number of PCRs prepared in a given year. A number of projects for which a PCRV has been conducted will be selected for a PPA, based on a clearly defined set of criteria. Consistent with the practice in other international financial institutions, around 20-30 per cent of projects covered by PCRVs will be subject to PPAs.

<sup>3</sup> Available at: [http://www.ifad.org/evaluation/process\\_methodology/doc/manual.pdf](http://www.ifad.org/evaluation/process_methodology/doc/manual.pdf).

<sup>4</sup> A complete list of documents reviewed appears in appendix 3.

<sup>5</sup> The mission to the project area was led by Jicheng Zhang, with support from Ganash Shivakoti, agriculture specialist and consultants' team leader of the Viet Nam CPE; Basil Kavalsky, provided advice during the field visits and served as advisor in reviewing the draft PPA report.

<sup>6</sup> The main Viet Nam CPE mission was conducted from 3 to 24 March 2011.

<sup>7</sup> Main interlocutors in Tuyen Quang Province included the Provincial People's Committee; Departments of Planning and Investment, Agriculture and Rural Development, and Forest Protection; Women's Union; Agricultural Extension Centre; Provincial Economic, Technical and Vocational Training School; Viet Nam Bank for Social Policy; PPMU, commune development boards, village development boards, savings and credit groups and beneficiaries.

<sup>8</sup> Ms Atsuko Toda was appointed as CPM for Viet Nam in 2006.

Management Department (PMD) and the Government for comment. The CPM for Viet Nam was regularly consulted and informed during preparation of the PCRV and PPA.

#### **Key points**

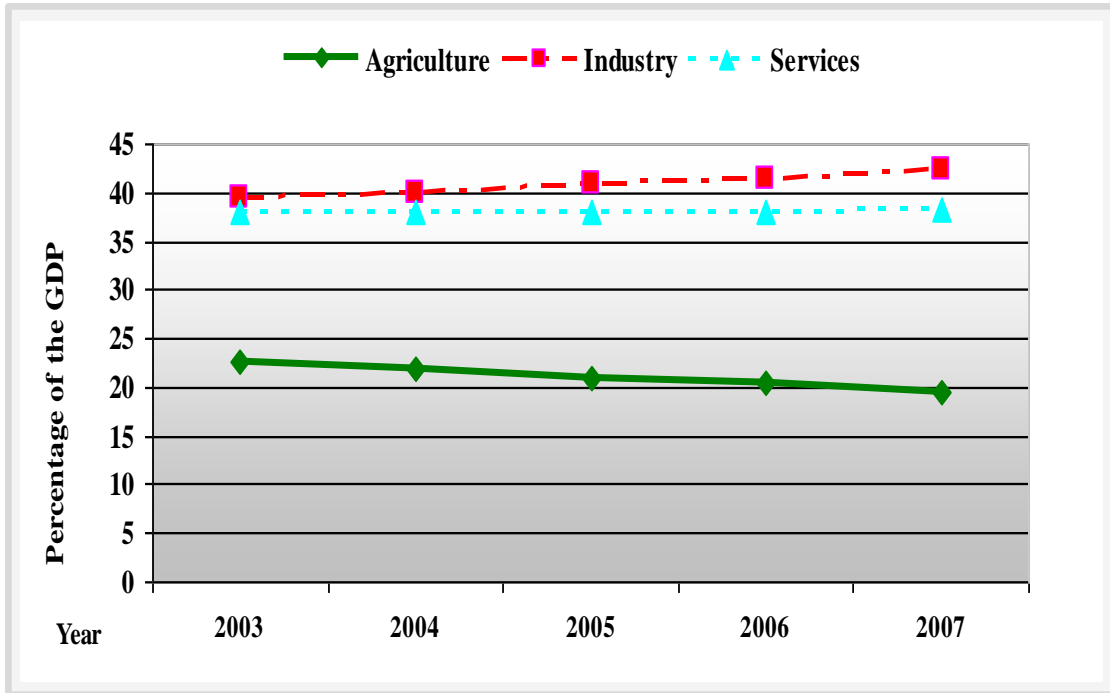
- PCRV and PPA are the new forms of project-level evaluation undertaken by IOE.
- RIDP was selected for the PPA to build up an evidence base for the Viet Nam CPE undertaken in 2011.
- The PPA relied on the findings of the PCRV and the evaluative information of previous independent evaluations.
- The PPA mission was undertaken in March 2011, and a wrap-up meeting with key stakeholders was held in Tuyen Quang town on 18 March.

## **II. The project**

### **A. The project context**

5. IFAD started operations in Viet Nam in 1993, when the country was still at an early stage of transition from a centrally-planned to market-based economy. Since 1986, Viet Nam has gradually introduced free-market elements into the predominantly state-run economy. The economic reforms were undertaken in tandem with political reform as the country initiated a decentralization process in the 1990s, which created a subnational government framework. The subnational governments play dominant roles in agriculture, forestry, irrigation, fisheries, power, water, education and health. Within this context the central government abandoned the Soviet approach to agriculture, which was based on central planning and production subsidies, and turned to providing support for small-scale farmers to access markets, credit and business services, so that rural residents and ethnic minorities could overcome their poverty by participating in the market economy. Since the 1990s, this change in agriculture policy has been consistently reflected in the central government's five-year socio-economic development plans.
6. Since 2009 the World Bank has classified Viet Nam as a lower-middle-income economy, with GNI per capita standing at US\$1,010. With the process of industrialization advancing in the country, the share of agriculture in GDP declined from 27 per cent to 21 per cent between 1995 and 2005, while that of industry rose from 29 per cent to 41 per cent during the same period. Although the industrialization process has accelerated, agriculture still plays a key role in the livelihoods of most of the population because more than 70 per cent still live in rural areas. Exports of primary agricultural products, such as rice, coffee bean, coconut and fishery products have been among the main drivers of economic growth. Furthermore, the main manufacturing exports, including garments, footwear and wood products, are directly built on the material base of domestic agricultural production, which also reflects Viet Nam's comparative advantage as a low-wage economy. The country has become increasingly integrated into the world economy and became a member of the World Trade Organization in January 2007. Figure 1 shows the downward trend of agriculture's contribution to GDP as the share of industry has grown.

Figure 1  
**Economic structure in Viet Nam, 2003-2007**  
 (per cent share of GDP by sector)



Source: Economist Intelligence Unit, country data.

7. During the project implementation period (2002-2010), Viet Nam's political situation was stable and there was strong economic growth. The transition from a centrally-planned to market-based economy has accelerated. Among other things, the Law on Enterprises, promulgated in 2000, was an important turning point for developing private-sector enterprises, particularly for small and medium enterprises. In 2008, the global economic recession affected the country's exports and economic growth – albeit to a limited extent.
8. Located in the northern mountainous areas, Tuyen Quang is one of the poorest provinces in the country. Ethnic minorities account for 52 per cent of the population and 73 per cent of the poor in the province. RIDP is the second IFAD-funded project in the province, following completion of the Participatory Resource Management Project in Tuyen Quang (1993-2001), which invested mainly in agricultural production to address food shortages. In continuation of the first project's targeting strategy, the RIDP target groups consisted of poor families in the 66 poorest communes in the mountainous areas, for a total of 49,000 households. Targeting focused on ethnic minorities and women, and the main intervention areas were agricultural and livestock production and access roads to markets. With the completion of RIDP, another IFAD-funded project<sup>9</sup> – focusing on market integration in Tuyen Quang and two other provinces – was approved by the Executive Board in December 2010.

<sup>9</sup> The Agriculture, Farmers and Rural Areas Support Project in Gia Lai, Ninh Thuan and Tuyen Quang Provinces.

Box 1

**Basic project information**

Approval date: 6 December 2001  
Effectiveness date: 21 August 2002  
Loan closing date: 31 March 2010 (actual); 31 March 2009 (in approval)  
Total cost: US\$30.93 million  
IFAD loan: US\$23.62 million, on highly concessional terms  
Contribution of Government: US\$3.71 million  
Contribution of beneficiaries: US\$1.80 million  
Cofinancing: Swedish International Development Cooperation Agency –  
US\$1.80 million (actual)  
Cooperating Institution: United Nations Office for Project Services (until end-2007)  
Target groups: poor households, ethnic minorities, women in Tuyen Quang Province  
Number of direct beneficiaries: 49,000 households

9. **Rationale of the intervention.** The project was intended to address the pervasive poverty and food insecurity of the rural poor, particularly ethnic minorities in upland areas. As forest land, a major natural resource in the province, was controlled and protected by the Government, farmers were unable to take advantage of forest resources to raise their standards of living and were limited to subsistence-level farming on small-scale and marginal farms. The other key challenges facing the rural poor included low agricultural productivity, inadequate infrastructure, limited market opportunities, lack of finance channels and exposure to hygiene-related risks.<sup>10</sup> RIDP aimed to improve food security and household incomes by diversifying the income sources of poor families, and, to that end, invested in increasing crop and livestock production, building village roads to markets, forming savings and credit groups (SCGs), and providing vocational training for rural youth. The critical change that the project intended to introduce was enhanced links between small farms and markets; therefore, as well as interventions in on-farm production and vocational training, the project also endeavoured to promote microenterprises to move local production up the value chain. The initial design highlighted the difference between RIDP and the previous project: the new project (RIDP) was to focus on post-production activities, including storage, processing, transportation, and marketing and rural enterprises.
10. The stated objective of RIDP was to improve the socio-economic status of 49,000 poor households living in upland areas, especially ethnic minorities and women, by increasing their capacity for, and role in, decision-making, enhancing food security, promoting the diversification of rural income opportunities, and encouraging the sustainable use of natural resources.
11. The project was structured around the following components: food security and income diversification; gender issues and women's livelihoods; village infrastructure development; and project management. The cost allocations for each component and subcomponent are given in table 1 below.

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<sup>10</sup> Exposure to sources of human and livestock epidemics.

Table 1  
**Project components, subcomponents and cost allocation**

<i>Components and subcomponents</i>	<i>Percentage of base costs</i>	<i>Costs (US\$ '000)</i>
A. Food security and income diversification	31	8,489
Microfinance and microenterprise development	8	2,266
Upland farming systems extension and research	7	1,782
Livestock improvement and animal health	3	929
Forest land management	4	1,129
Vocational training	9	2,383
B. Gender issues and women's livelihoods	10	2,639
C. Village infrastructure development	40	10,942
D. Project management	8	2,292
Reserve funds	10	2,750
Total base costs	100	27,111
Total project costs, with contingencies	112	30,433

Source: Report and Recommendation of the President to the Executive Board, 2001

## **B. Project implementation**

12. **Coordination and implementation arrangements.** Given Viet Nam's decentralized government structure, responsibility for implementing development programmes rests mainly with the subnational governments. The Tuyen Quang provincial government was responsible for implementation of the project. A provincial project steering committee (to provide policy-level guidance) and PPMU (to guide and coordinate implementation operations among the provincial line agencies, other implementation agencies and local governments) were set up. It is worth noting that the PPMU was an institution outside the provincial administrative structure. The provincial line agencies, including the Department of Agriculture and Rural Development, Forest Protection Branch and other implementation agencies, including the Provincial Economic, Technical and Vocation Training School (PETVTS), Viet Nam Bank for Social Policy (VBSP) and Women's Union, had control of the technical content of activities falling within their respective areas of responsibility.
13. At the sub-provincial level, five district project coordination units (DPCUs) were set up to coordinate activities implemented across communes. The DPCUs were directly responsible for implementing project activities, but focused on accounting and on monitoring and evaluation (M&E). Below the district level, each of the 66 project communes set up a commune development board (CDB), and the 823 villages each set up a village development board (VDB) to implement commune- and village-level activities. Aligning with the administrative framework, the CDB was the basic operational unit in the project management structure, as the commune-level government is at the lowest level in the government hierarchical structure. However, each commune covers 10 to 15 villages; therefore, in project implementation, VDB was the basic coordination unit for implementing activities at the village level.
14. **Major changes in implementation.** Start-up was seriously delayed during the first year owing to slow release of funds by IFAD and SIDA and the complex, time-consuming process of setting up and organizing implementation arrangements at various levels across the province, mainly in districts and communes with limited

infrastructure. Owing to delayed effectiveness of the loan, the project completion date was extended by one year without extra funding.

15. With regard to cofinancing, in 2005 – three years into project implementation – SIDA withdrew from the cofinancing plan, thereby reducing its contribution from US\$5.03 million to the US\$1.80 million already disbursed. As a result, IFAD was obliged to reallocate part of the loan's reserve funds to fill the financing gap.
16. Another factor that had a direct bearing on the pace of project implementation concerned the forestry component. In 2005, the central government instructed provinces to reclassify forest land into three forest types: special-use forestry land; forestry protection land; and production forestry land. The need to complete the reclassification prior to allocating forest lands slowed down both implementation of the component and, in some communes, the awarding of forest land-use certificates (FLUCs).
17. During the latter phase of implementation, responsibility for supervision shifted from UNOPS to IFAD in line with the new corporate policy, adopted in 2007, of undertaking direct supervision of IFAD-financed projects.
18. **Decentralization.** Piloting decentralization of agricultural and rural development services was a key theme of the project. The PPMU had specific responsibility for ensuring the maximum degree of decentralization, as stipulated in the project design. In RIDP, most activities were fully decentralized to implementing agencies and communes in terms of planning, implementation, contracting and financial management. Activities relating to food security and income diversification were implemented by provincial implementing agencies, which worked with CDBs, VDBs and village groups to build up the communes' and villages' ownership of project-supported activities. The project-supported activities of the Women's Livelihood Fund (WLF) and Village Infrastructure Development Fund (VIDF) were fully decentralized to communes. A pilot of full decentralization, covering the activities of extension services, livestock support, women's livelihood activities and village infrastructure schemes, was carried out in a phased manner, starting in five communes in 2006 and increasing to 15 by 2009. The decentralization of project activities, particularly women's livelihood activities and village infrastructure development, enabled communes and villages to take an active role in identifying needs, planning, implementing and maintaining village infrastructures and other public assets.
19. **Participation.** The participatory rural appraisal (PRA) approach was consistently adopted in commune- and village-level project activities, with the active involvement of target groups and villagers. This ensured that project activities were responsive to the priorities and needs of the target groups. In 2002, a PRA was conducted in all first-phase villages, and farmer families were classified into various livelihood categories based on the national definition for poverty.<sup>11</sup> In the early days of the project, 'top-down' decision-making was used for implementation so as to shortcut the beneficiaries' decision-making process.<sup>12</sup> This was rectified in the later stages of implementation. Over time, the village groups, including SCGs, women's livelihood groups and village infrastructure groups evolved into dynamic, active groups with a strong sense of solidarity and self-reliance for village development activities. The active participation of target groups and other rural constituencies in planning and implementation led the VDBs and CDBs to become active mechanisms for self-management of development programmes at the grass-roots level.
20. **Group formation.** In principle, RIDP supported only one SCG per village. Each SCG had around 20 members, the majority of whom were women from poor households. The project provided SCGs with training, basic materials and

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<sup>11</sup> The income definition provided by the Ministry of Labour, Invalids and Social Affairs.

<sup>12</sup> Mid-term review report.



equipment such as bicycles, calculators, mini-safes and recording books. An operations allowance of VND30,000 (around US\$1.5) per month was provided to each SCG in the first two years. Nine months after group formation, SCGs showing good performance were provided with a maximum matching grant of VND1.08 million (around US\$54) to increase the group common fund. Twelve months after group formation, VBSP conducted a group quality assessment: if a group was judged to be good, it received a first bank loan based on a 3:1 match with the group's own funds. Twenty-four months after group formation, the good SCGs were eligible for a second bank loan for investing in microenterprises up to a maximum of VND20 million (around US\$1,000) per SCG.

21. **Capacity-building.** The project provided three types of training as envisaged in project design. Management training was conducted for project staff to meet essential needs for management and implementation. In cooperation with PETVTS, the project supported vocational training in extension techniques, livestock raising, agricultural machinery, accounting and other subjects, to qualify rural youth rural people for non-farm employment. As part of agricultural and livestock support, the project organized farmers' field schools and field demonstrations to transfer new farming techniques to farmers, and trained village animal health workers to provide veterinary services.

#### Key points

- Since 1986, Viet Nam has gradually introduced free-market elements into the predominantly central-planning economy and, in 2009, the country was classified as a lower-middle-income economy.
- In tandem with the economic reform, the country initiated a decentralization process to devolve development responsibilities to subnational governments.
- The objective of RIDP was to improve the socio-economic status of 49,000 poor households living in upland areas, especially ethnic minorities and women.
- The project was structured around the following components: food security and income diversification (including agriculture, livestock, forest land use and enterprise development); gender issues and women's livelihoods; village infrastructure development; and project management.
- The project completion date was extended by one year without extra funding due to a delay in start-up. Most targets were achieved, with the exception of those for microenterprise development.

### III. Review of findings by criterion

#### A. Project performance

##### Relevance

22. The objectives of the project were in line with the Government's rural development strategies and with IFAD strategies for the country. The project was well aligned with IFAD's 1996 country strategy, with explicit focus on enhancing food security and diversifying the income sources of poor people in mountainous areas. The Government had been engaged in agricultural and rural development since unification, and poverty reduction was one of the major objectives of the economic reforms launched in 1986. The Fund's approach to rural development in previous projects was appreciated by the Government, which incorporated elements of the successful experience into various government programmes. IFAD had been supporting the Government's programmes for rural development. In particular, RIDP formed strong synergies with the National Target Programme for Socio-economic Development for Ethnic Minorities and Mountainous Areas 1999–2005 (Programme 135) by piloting decentralization and integrating project experience into government programmes.

23. The project reflected a clear demand from Tuyen Quang Province to address the problems of poverty and food shortages in upland areas. Based on the previous project's achievements in terms of agricultural production, RIDP focused more on diversifying the income sources of poor families with small landholdings. Interventions included village infrastructures (roads, irrigation, drinking water), microfinance and microenterprise development, upland farming, livestock production and animal health, sustainable use of forest resources and vocational training. Expected synergies between components reflected IFAD's traditional integrated rural development model, and were well aligned with the overall objectives of the project. Given the nature of multi-sectoral interventions in rural development, at first glance the composition of the project seemed too scattered. However, closer examination showed that it was well aligned with IFAD's capacity and comparative advantage in delivering multi-component agricultural and rural development services; the synergies among components, for example, irrigation, road, extension and vocational training, were achievable and, during implementation, generated direct contributions to income diversification.
24. RIDP was also well aligned with the central and provincial governments' decentralization initiatives to devolve the responsibility for local development programmes to provincial, district and commune governments. The project leveraged the decentralization momentum in delivering agricultural and rural development services, piloted devolving decision-making authority to communes and villages, and provided feedback to the Government through policy dialogues. Decentralization was combined with emphasis on the ownership of subnational administrative institutions, including province-, district-, commune- and village-level institutions. The participation of communes, villages and target groups was enhanced in the decentralization process, in that the commune and village institutions were entrusted with responsibility for needs assessment, planning, implementation, monitoring and maintenance. In particular, the CDBs had full responsibility for managing local funding and contracting, and village groups for initiating and implementing village-level project activities.
25. **Targeting.** The main criteria used in project targeting were the focus on poor households and ethnic minorities and priority to women. The project followed these criteria systematically by selecting communes in ethnic-concentrated zones, defined by the National Committee for Ethnic Minorities and Mountainous Areas, and families falling into the poor and very poor household categories, identified on the basis of the national definition of household poverty.
26. **Gender mainstreaming.** The project developed a gender mainstreaming strategy for the purpose of empowering women from poor and ethnic minority communities to improve their access to and control of productive resources, thereby ensuring them equal opportunities in social and economic development. The SCGs and WLF mainly targeted women; in addition, women's empowerment was both emphasized and implemented across all project activities, including production, training and project management.
27. RIDP design integrated the lesson learned from the previous project – that sustainable poverty reduction needs to go beyond increasing the production of basic food staples – and focused on diversifying the income sources of households, supporting vocational training and rural education, enhancing market access and developing rural enterprises. In upgrading the achievements of the previous project, RIDP introduced new efforts for microenterprise development and marketing support. With hindsight, it is clear that the enterprise development design was not well adapted to the local economic environment. There was a lack of business development services in Tuyen Quang, and the local partner for enterprise development did not have the requisite experience/expertise in this respect. However, the overall effort to achieve greater market integration was a positive

step towards exploring non-farm opportunities for achieving sustainable poverty reduction in ethnic minority areas.

28. Based on the above assessment of alignment to country policies and IFAD strategies, relevance to the needs of the target groups, and synergies between the project and government programmes, IOE rates the relevance of the project as satisfactory (5). For the ratings, see annex 1.

### **Effectiveness**

29. As presented in the PCR, indicators of the components across the project showed that RIDP achieved its overall objective of improving the socio-economic status of the target groups. The assessment of effectiveness is structured in line with the specific objectives of the project: (i) increasing capacity in decision-making process; (ii) enhancing food security and promoting the diversification of rural income opportunities; and (iii) encouraging the sustainable use of natural resources (forest resources).
30. The objective of increasing capacities of rural poor in decision-making was mainly achieved through intensive efforts relating to decentralization, participation and training. On a pilot basis, the project implemented full decentralization (including planning, implementing and financial management) in 15 of the 66 project communes. As the local government and institutions were charged with planning and implementation, the project significantly improved the ownership and capacity of communes and villages to manage public projects. The project formed CDBs and VDBs, as well as village-based groups for identifying the needs of villagers and implementing project activities. In particular, responsibility for implementing village-level activities (such as intra-village roads, feeder roads connecting villages to the exterior, small-scale irrigation schemes, and household drinking water schemes) was fully devolved to village groups whose members were trained and supported by the implementing agencies. The village groups completed all project activities as planned and, thanks to training received during project implementation, many of these groups are proficient in prioritizing common needs, preparing annual workplans, and managing village public projects and assets. More importantly, as members of village groups met regularly, the meetings served as regular forums for sharing concerns and formulating requests to be reflected in interaction with government agencies. The SCGs held regular monthly meetings at which members deposited savings, made repayments, sanctioned loans and discussed issues relating to children, health care, education, farm production, market information, etc.
31. At the individual level, with gradual adoption of the participatory approach in various project activities, poor families were constantly involved in needs identification, planning and implementation. The awareness and participation of villagers were enhanced in tandem. Villagers were trained in both farming and livestock techniques and participating in village development issues such as collectively preparing annual workplans; and poor families participated in discussions on their issues and constraints and prioritization of their needs. To enhance women's role in decision-making and economic activities, the project applied a gender approach with a cross-cutting strategy over all components as well as specific activities (such as WLF) to empower women. At least one SCG was formed in each village, with an average of 76 per cent of women participants; and women were actively involved in all agriculture, livestock, training and village infrastructure activities. Achievements relating to women's empowerment are discussed under Gender Equality and Women's Empowerment in chapter III.
32. The capacity of the target groups, particularly rural youth, was enhanced also through vocational training and education, implemented by PETVTS with the added objective of improving the training capacity of local vocational schools. The training targeted rural youth from poor villages and was arranged at two levels: long-term courses for grade 9 students and short-term courses for potential skilled workers.

In particular, training activities tailored to better livestock and crop management practices, post-harvest quality control and other issues related to grading and standards for better market share, were popular and promising. By project completion, 2,973 persons had graduated from the training courses, against the target of 3,168. A survey on the jobs and incomes of graduate students showed that 267 long-term training graduates (47 per cent) had found employment in state offices and private enterprises, and that 303 (53 per cent) were engaged in farm work with average monthly incomes of VND706,500 – a considerable achievement compared with the average income of VND150,000 of target households in the project communes. Education support for children exceeded the target: by completion, 5,719 schoolchildren (of which 51 per cent were girls) had received support (against the target of 3,168). Some 74 per cent of pre-school age children attended village kindergartens.

33. The objectives of enhancing food security and promoting income diversification were achieved through a combination of on- and off-farm economic activities designed for individual households, including upland farming, livestock, microfinance and microenterprise, village infrastructures, market access, etc. Market-oriented production was the critical concept introduced by the project to the target groups; the project invested in both improving smallholder production and in connecting farm production to nearby markets.
34. *Upland farming and livestock.* The support to agricultural and livestock production greatly contributed to increasing food security. For the purpose of introducing new varieties and farming techniques, the project held field demonstrations (366 against 302 planned) and training sessions at farmers' field schools (2,689 training sessions against 2,735 planned). These demonstrations and field schools have proved to be an effective way of transferring technology to farmers and ethnic minorities. The demonstrations attracted around 10,000 farmers, of which 91 per cent were women. Comparatively, the farmers' field schools proved even more effective for adoption by farmers<sup>13</sup> and had a much broader coverage of target groups. As a consequence, hybrid paddy, maize and soybean cultivation were adopted extensively. Although adoption rates among farmers were unclear, around 40,000 households reported increases of 14-20 per cent in crop productivity, partly thanks to the demonstrations and farmers' field schools.
35. The project also tapped the potential for raising livestock to improve household nutrition and incomes. Apart from supporting backyard poultry- and pig-raising, the Department of Animal Health also introduced new cattle and buffalo breeds. It trained one village animal health worker for each project village and provided them with drug kits and a starting fund of VND500,000 (around US\$25). By project completion, 824 trained village animal health workers (against a target of 824) were operating. Access to animal treatment services increased by 562 per cent between 2003 and 2007, as a result of which livestock numbers per household increased by 10–37 per cent and 78.5 per cent of all households reported increased cash incomes from livestock production. However, little effort was made to address the specific needs of ethnic minorities; ethnic farmers urgently needed animal health-related training to ensure both that their produce would be quality certified and that they would have a better share of the consumer price. However, with the increased numbers of cattle and uncontrolled grazing practices, livestock could have a negative impact on the environment. In the context of climate change, landslides and soil erosion on fragile, steep slopes could be more frequent. Therefore, additional measures such as stall feeding, new forages and fodder promotion may well serve as sustainable farming practices, particularly in ethnic minority areas.

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<sup>13</sup> Based on the PCR and supervision reports.

36. *Adaptive research.* RIDP supported adaptive research for the purpose of replacing low-yield farming techniques and degraded local varieties. A mixed paddy-field, fish-raising model was tried out on a 5-ha field; simplified land preparation methodology was used on 10 ha of soybean land; special flavoured rice was tested on a 30-ha plot; indigenous forest tree species conservation was conducted over 4.3 ha; and imported *Acacia* and hybrid *Momordica cochinchinensis* were planted for seed production. Many of these new practices have good potential for diversifying rural incomes.



**Various new farming techniques were adopted in the project areas.**

37. *Market access and other infrastructure.* With project support, the newly paved or retrofitted village roads made a significant contribution to improving market access, and other newly-built small-scale infrastructure, such as improved irrigation, enabled farmers to grow higher-value products including seasonal vegetables, soybeans and new livestock breeds. In general, the project completed all the planned village infrastructure works and formed village operation and maintenance groups. The infrastructure included intra-village roads (813 km), canal routes (111 km), irrigation systems (114 schemes), drinking water supply schemes (62 units), and classrooms and kindergartens (257 units). The supervision and PPA missions found that the great majority of the schemes funded by VIDF were of good quality. By completion, 85–90 per cent of households had road access to markets, 60 per cent to stable irrigation water, 87 per cent to clean domestic water and 90 per cent to electricity. This infrastructure formed a sound basis for improving farm and non-farm production, and for exploring new market opportunities.
38. *Microfinance and microenterprise.* The project achieved its objective of establishing SCGs to enable the poorest households to take up the new crop and livestock activities introduced. The SCGs have basically achieved the objective of creating timely and convenient sources of credit for poor households; in most cases, savings were on lent to members immediately after their collection at meetings.<sup>14</sup> By completion, 1,005 SCGs had been formed (against an original target of 936) and most of them were functioning, which was an effective step forward in linking poor farmers to formal financial services. Among the 17,866 members of SCGs, 75.9 per cent were from ethnic minority groups and 76.1 per cent were women. SCG credits were mainly used for pig- and poultry-raising (51 per cent of the loans) and crop production (40 per cent),<sup>15</sup> and only a few were used for non-farm economic activities. A case study on SCG operations appears in the following box.

<sup>14</sup> Impact study on the SCGs, organized by the project, 2007.

<sup>15</sup> *idem.*

Box 2

**Case study of Na Noong village savings and credit groups**

Na Noong village is one of the few project villages where a second SCG was formed with the support of the Viet Nam Bank for Social Policy. As a general rule, the project supported only one 20-member SCG per village, and members that had risen out of poverty were normally replaced by new members from poor households. However, the success of the first group and strong demand among villagers persuaded VBSP to form a second group.

The first SCG in the village was formed in 2002, at the beginning of the project. Of the 20 members, 15 were women and five were men; among these, 13 were from poor households. Initially, each member contributed VND5,000 (around US\$0.25) per month, later increasing to VND10,000 (US\$0.50). At the present time (March 2011), the group's total funds amount to VND9.32 million (US\$466), including members' savings and counterpart funds from the project. The savings are used as a revolving fund for on lending to group members. Individual loan sizes are usually VND100,000 (US\$25) per month for two members based on decisions by the majority of members. So far, a total of ten loan cycles have been completed and there have been no cases of default. Loans are mainly used for buying inputs such as fertilizer and seed, and for raising chickens and pigs. In a few cases, the loans have been used for purchases of large livestock such as buffaloes.

Inspired by the active participation of members of the first SCG, the second one was set up in 2006. Following the same model, it consisted of 20 members: four men and 16 women. A group management board has been formed, and board members meet three times per month and the whole group once a month. Within nine months, the group had total savings of VND1.8 million (US\$90), with an equal amount of counterpart funding from IFAD. Since 2006, the second SCG has completed five cycles for a total of VND132.5 million (US\$6,625) in loans. As with the first group, there have been no cases of default. Apart from borrowing for farm production, the group is also actively engaged in seeking out market opportunities and in collectively trading produce on local markets.

39. Microenterprise development fell badly behind schedule, however. In all, 30 enterprises were supported or created by the project (some existed before the project). The under-achievement was the result of insufficient emphasis on this activity within the overall design of the project and the implementation arrangements. In project design, microfinance and microenterprise support were bundled together as one component; therefore, the project entrusted responsibility for implementation of this component to VBSP, which proved effective in forming and supervising SCGs but was not equipped for enterprise development services. In addition, the province generally lagged behind the rest of the country in terms of developing local enterprises and producing higher-value processed products. There was a clear lack of local services for business development, and enterprise at the village level was still a new concept for most rural families. It is worth noting that microenterprise development, as an endeavour to explore income diversification opportunities and generate lessons, was not a critical project investment area for either food security or income diversification. Therefore the under-performance of this activity did not significantly affect overall effectiveness of the project.
40. The objective of improving sustainable use of forest resources was achieved through supporting the Government's policy of issuing forest land use certificates (FLUCs) to farmers. Productive use of forest resources, such as farming, growing non-timber forest products and producing bamboo chopsticks and handicrafts, also contributed to income diversification. RIDP provided training in forest management, utilization and planting to farmers with minimum allocations of forest land. In supporting the issuance of FLUCs, the project helped in the preparation of maps, review and collection of data obtained from remote sensing imagery in the field, and registration of cadastral documents in all 66 project communes. Over the project period, 40,000 FLUCs (against a target of 49,000) were awarded to 26,000 households. The main reason for the shortfall was the time required to respond to

the Government's reclassification of forest lands, which called for an assessment of the value of forest trees on each parcel of land. The initial impact assessment showed that the forest coverage rate of the province increased from 62 per cent to 69 per cent between 2004 and 2007, although this achievement should be partly attributed to the Government's policies and programmes for reclassifying the use of forest lands.

41. The project revealed the enormous potential for farmers to derive income from forest production, thereby farmers were motivated to invest in and tend forest land. The project also introduced a bamboo chopstick production model to over 200 farmers in Yen Son and Chiem Hoa Districts. By 2008, over 50 per cent of households that had had access to forest land for two-to-three years reported increased income from forest products and by-products.
42. In consideration of the above achievements in relation to each specific project objective – increasing the capacity of poor rural people for decision-making, enhancing food security and income diversification, and sustainable use of forest resources, while taking account of possible attribution issues owing to the country's overall economic take-off and government programmes in rural development and forest land use and protection – the IOE rating for effectiveness is satisfactory (5).

### **Efficiency**

43. RIDP was approved by the Executive Board in December 2001 and became effective in August 2002. While the effectiveness lag of 8.6 months is longer than that of other projects in the country project portfolio, it is still below the average of 9.2 months for the Asia and the Pacific region as a whole. Owing to the delayed start-up, it was decided in 2002 to extend the project for a period of one year so that it would be possible to implement all activities without extra funding. The decision to extend the completion date by one year was sound. This early decision also avoided potential problems that might be caused by hasty design changes at a late stage of the project, as sometimes seen in other IFAD-funded interventions, which could have led to compromises in implementation quality in order to meet deadlines.
44. The project completed almost all the activities foreseen within the revised period and planned budget, except for the microenterprise development subcomponent; and the quality of the various works, including on-farm production and infrastructures, was found to be up to local standards. Project management was effective in implementing the annual workplan and budget (AWPB). District and commune AWPBs were developed in a participatory manner, and physical and financial progress was on track. A decentralized M&E structure was established, prescribing various methods of data collection, analysis and reporting at the provincial, district, commune and village levels. Quarterly progress reports were submitted in a timely manner. Project management costs accounted for 8.3 per cent of total costs, which is lower than the average for the Viet Nam country portfolio.
45. At appraisal, the total number of project beneficiaries was estimated at around 215,600 (49,000 households) with an average cost per beneficiary of approximately US\$141, higher than the country average of US\$118 and regional average of US\$82. However, this does not mean that efficiency was low. The fact that a large number of people who were not formally part of the target group (commune and district officers receiving training and local people using the new roads) also benefited from project activities makes it difficult to arrive at meaningful unit costs per beneficiary or other denominators, particularly in view of the varied types of activities supported.
46. No economic internal rate of return has been calculated for the project. The PCR prepared by the PPMU noted that four of the five models developed by the project were economically efficient, with chicken, pig and fish production having very high

rates of return of 50.8 per cent, 88.6 per cent and 91.5 per cent, respectively. The returns on irrigation investments were estimated at 49.85 per cent, broadly similar to the expected value given in the project appraisal report (48.85 per cent). These high marginal rates of return provided substantial incentives for farmers to adopt the production models and take advantage of the extension and animal health services provided through the project. Some activities, however, showed unstable economic rates of return (such as pig-fattening and *Momordica cochinchinensis* cultivation)<sup>16</sup> as they were very sensitive to input and output price variations. This underlines the importance of providing market information to farmers with regard to quantities, quality, standards, etc.

47. As mentioned in the supervision reports, financial management presented a challenge. The project repeatedly claimed reimbursement from IFAD on advances. However, IFAD only reimbursed actual expenditures and, as such, advances made by the project did not qualify as expenditures until they were paid to external agencies such as contractors, which led to delays in disbursement and reduced project efficiency. The situation was rectified during the latter part of project implementation. This problem is surprising given that RIDP was the second IFAD-financed project in Tuyen Quang Province and followed the first with virtually no break. The PPMU, built on that of the previous project, benefited from the previous implementation experience and part of its staff. Under the circumstances, one would have expected a substantial level of familiarity with IFAD procedures and relatively few teething problems in getting the project off the ground.
48. Although the project achieved most of its objectives within the budget with a one-year extension, and the decision to extend the completion date was sound, comparisons of the effectiveness lag and average cost per beneficiary put RIDP in the below-the-average league of the country portfolio – this, despite RIDP being a follow-up project with experienced staff. IOE therefore rates the efficiency of the project as moderately satisfactory (4).

## **B. Rural poverty impact**

### **Household income and assets**

49. In the project areas, the income sources of target households were significantly diversified as farmers adopted the models of market-oriented crops, new breeds of livestock, production of forest products, and took up on- and non-farm employment. Improved road access to markets also provided new business opportunities. The PPA mission confirmed that the target groups had managed to increase their incomes as a result of improved varieties of paddy, hybrid maize and the second paddy crop, and that there were increased numbers of livestock in households. The impact study conducted by the project in 2007 reported that 35,000 households had increased their crop production; 79 per cent of the households surveyed reported increased cash income from livestock production.<sup>17</sup>
50. Long-term user rights to forest lands constitute an important production asset for rural families; during the project period, 50,300 ha of forest lands were awarded to 26,000 households. In addition, the project provided financing to over 3,000 households for purchases of new agricultural implements and water pumps. Another major achievement is that the project significantly increased village common assets constructed under the VIDF and WLF, such as intra-village roads, irrigation schemes, potable water containers, wells, schools, kindergartens, drying grounds, pigsties, hygiene-standard latrines, etc. (see table 2 below). The irrigation schemes enabled 485 poor households to grow a second paddy crop, which effectively doubled their annual rice output. The above-mentioned impact survey showed that the number of households owning a television increased by 97 per cent during the seven-year project period, from 2,819 to 5,554. Obviously attribution to

<sup>16</sup> *Momordica cochinchinensis* is a fruit known in Viet Nam as *gac*, served at festivals and on special occasions.

<sup>17</sup> The PPA acknowledges the lack of conclusive findings regarding the extent of income increases.



the project of these achievements can be only partial, given the overall economic progress achieved by Viet Nam during the period in question.

Table 2  
**Village public assets constructed under WLF and VIDF**

<i>Indicator</i>	<i>Unit</i>	<i>Results</i>		
		<i>2001</i>	<i>2008</i>	<i>Increased/ Decreased</i>
<b>No. of construction projects</b>	<b>No.</b>	<b>99</b>	<b>261</b>	<b>162</b>
- Irrigated area	Ha	564	948	384
- No. of beneficiary households	HH	2,997	3,953	1,056
- Poor and very poor	HH	1,955	1,470	- 485
<b>No. potable water schemes</b>				
- No. of public safe water schemes	o.	60	178	118
- No. of HHs owning a safe water tank	HH	2,399	5,151	2,752
- No. of HHs with access to clean water	HH	3,847	5,989	2,142
- No. of HHs without access to clean water <sup>18</sup>	HH	2,160	551	- 1,609
<b>No. of hygiene-standard latrines</b>	<b>No.</b>	<b>1,842</b>	<b>3,563</b>	<b>1,721</b>

(HHs = households)

Source: Project Impact Survey, 2007

51. Although the vocational training provided by the project enabled some rural youth to find employment, income diversification achievements remained agriculture-based and very limited income was derived from non-farm activities. Because the main non-farm activity planned by the project - microenterprise development - was not realised, it did not contribute to either post-harvest processing or to diversifying poor families' sources of income. In spite of this, and given the project's major achievements in generating new incomes from farming and animal husbandry and increasing productive assets, the project is rated as satisfactory (5).

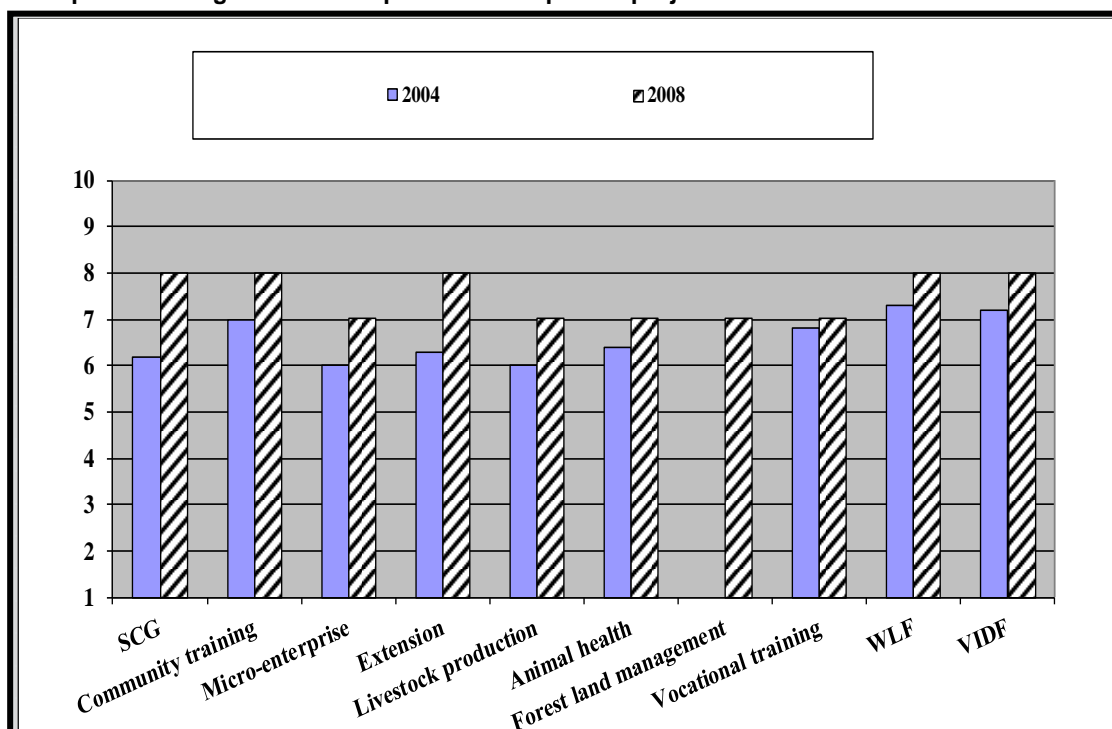
### **Human and social capital and empowerment**

52. The project created new human and social capital for villagers in the project areas, including decentralized CDBs, VDBs, various grass-roots level village groups, business connections with banks, and increased access to markets, schools and kindergartens. Apart from the CDBs and VDBs, which proved effective in identifying needs and implementing village development activities (including small-scale infrastructure and farm production), the project formed 1,005 SCGs that served as simple, rapid and reliable sources of credit for poor households, particularly ethnic minorities and women, to adopt new crops or for poultry-raising. The SCG meetings, together with the CDBs and VDBs, have gradually evolved into informal forums for villagers to share concerns and formulate requests to be reflected in interactions with government agencies. The project impact study conducted in 2008 indicated that the villagers greatly appreciated project support in decentralization, empowerment and community development, as also confirmed by observations and interviews with villagers during the PPA mission.
53. By implementing project activities both collectively and individually, many of the target group were able to take up new crop varieties and livestock breeds, produce forest products such as bamboo chopsticks, and familiarize themselves with basic hygiene requirements for human and animals, both in the field and in the home. Of even greater importance has been the increase in the collective capacity for planning and managing village infrastructure, such as roads, canals, irrigation,

<sup>18</sup> Owing to a small increase in the local population, there was a slight change in the numbers of households with and without access to clean water between 2001 and 2008.

drinking water, schools and latrines. The 2008 project impact survey showed that the villagers' perception of the empowerment impact was positive for almost all project activities (see figure 2 on next page).

Figure 2  
Perception of villagers on the empowerment impact of project activities



Source: Project Impact Survey, 2008

54. The human capital of target villages was also improved through vocational training and education provided by the project, as mentioned in the assessment of effectiveness (section B, chapter III). The project partially financed the education of 5,719 children, of which 51 per cent were girls. The clean water supply schemes and better food supplies contributed to improving the health of villagers, as the project areas were previously exposed to water-borne diseases caused by unhygienic use of water sources and disposal of animal faeces, etc., although there was no direct health-related intervention supported by the project. Women's empowerment was another major project achievement. This is assessed under the criterion of gender equality and women's empowerment (section E, chapter III).
55. The project appears to have made a limited contribution in the development of entrepreneurial and business management capacity. With hindsight, the project was not designed or prepared to develop partnerships with the private sector and to utilize potential service providers, despite their potential for working with the villagers in forming marketing groups to increase their market negotiating power.<sup>19</sup> There was no significant increase in interaction with markets or in the negotiating power of the rural poor.
56. The PMD rating for this criterion is highly satisfactory (6); however, given that the project fell short in terms of developing business and marketing capacities, IOE rates it as satisfactory (5).

### Food security and agricultural productivity

57. *The project has improved food security due to increased crop and livestock production. The average food per capita per year increased by 73 kg from 435 kg*

<sup>19</sup> Referring to the conclusions of the corporate-level evaluation on IFAD's Private-Sector Development and Partnership Strategy, 2011.

pre-project to 508 kg as of 2008. The expansion of plantation areas of paddy and maize, and the application of hybrid varieties, increased the yields of rice and maize, which contributed to better food security. Apart from maize and rice, the production of other crops and livestock increased significantly throughout the project area, especially pigs, cattle, poultry, peanut and soybean where increases ranged from 17 to 72 per cent (see table 3).<sup>20</sup>

58. The combination of new varieties, breeds, techniques and upgraded veterinary services increased the unit productivity of rice, maize, poultry, pigs, and cattle, etc. The average paddy yield rose from 53 to 58 quintals per ha,<sup>21</sup> and the average maize yield went from 31 to 35.9 quintals per ha. The increased productivity shown by the demonstration models encouraged more small-scale farmers to adopt new crop varieties and livestock activities. In particular, there was increased demand among communities for animal health services, as livestock generated more and more cash income for households.

**Table 3**  
**Increase in crop and livestock production and productivities**

<i>Activities</i>	<i>Unit</i>	<i>2004</i>	<i>2008</i>	<i>% increased</i>
<b>Crop production</b>				
Paddy planting area (whole year)	ha	2,288	2,400	5
-Hybrid	ha	1,104	1,421	29
Average yield	quintal/ha	53	58	9
Maize planting area (whole year)	ha	539	640	19
-Hybrid	ha	437	522	19
-Average yield	quintal/ha	31	36	16
Peanut planting area	ha	51	72	41
Soybean planting area	ha	36	62	72
Average food (paddy & maize)/capita/year	kg	435	508	17
<b>Livestock production</b>				
Total buffaloes	head	8,092	8,927	10
Total cattle	head	1,708	1,978	16
Pigs	head	18,676	25,165	35
Poultry	head	126,071	172,773	37

Source: Project Impact Survey, 2008

59. The PPA mission took note, however, of the continuous challenges involved in addressing food security problems in the project areas. Food insecurity was still one of the key concerns of the poor in project villages because average household land parcels in mountainous areas are generally small and less fertile. Regarding agricultural productivity, the project focused on introducing new crops and livestock breeds rather than on increasing productivity of value-added activities such as food processing and agri-processing.
60. The PMD rating for this criterion is highly satisfactory (6). In acknowledging the good achievements, the PPA takes account of existing challenges in addressing food insecurity as well as limited achievements in improving productivity of non-farm activities such as food processing and agri-processing. Therefore, the PPA rating is satisfactory (5).

<sup>20</sup> The PPA acknowledges that part of the achievement in this respect should be attributed to government programmes and subsidies in agricultural development.

<sup>21</sup> 1 quintal = 100 kg.

## **Natural resources and the environment and climate change**

61. The main activities of relevance to the environment relate to: forest land management, crop production and soil and water conservation, and irrigation and road construction. The project's major contribution in this respect is the support to sustainable use of forests resources, which is also one of main investment components of the project. The project intervention enhanced the balance of sustainable use of forest resources and conservation, and raised villagers' awareness of the importance of conserving natural resources. By completion, the forest land management was still at an early stage but the issuance of FLUCs encouraged sustainable use of and investment in forests land; early indications were positive as farmers started to invest in tree plantations. Also there was less illegal logging in the special-use and protection forests, as the allocated forest areas provided timber, fuelwood and non-timber forest products to meet household needs. The forest coverage rate of the province increased from 62 per cent to 69 per cent between 2004 and 2007.<sup>22</sup>
62. The crop production systems (such as paddy and maize) promoted by the project were not input-intensive, and the mixed use of fertilizer and organic inputs (such as compost) was emphasized in training and demonstrations, therefore there were limited negative environmental impact; and for health reasons, farmers learned how to compost with minimum negative environmental effects and to avoid contaminating streams and water sources with cattle faeces. Irrigation works supported by the project were small and dispersed, and roads were mostly short sections to improve accessibility to existing intra-village roads; therefore very few new land were opened up and the impact on environment was minimal. However, as observed by the supervision and evaluation missions, the crop production in the project communes seemed to spread from the valleys and lower slopes and increasingly encroached on steeper areas with related risks of erosion, which should be taken into consideration in future operations.
63. The PMD rating for this criterion is moderately satisfactory; in IOE's view, there were clear improvements in the use and conservation of forest land (one of the project's major investment areas), and the government has been committed in registering land rights of households for both production and protection purposes, also the villagers' awareness of the importance of conserving natural resources was enhanced. It is very likely that the environmental sustainability of forest land and of farm land use will be achieved, therefore the PPA increases the rating to satisfactory (5).

## **Institutions and policies**

64. RIDP enhanced the subnational government capacity in terms of delivering agricultural and rural development services to the grass-roots level. The project helped to streamline the delivery of services from the provincial to district, commune and village levels, and trained officials and technicians of implementation institutions. The success in building up the capacity of local government institutions was demonstrated by increased effectiveness of extension and animal husbandry services.
65. The project effectively supported government efforts in regard to decentralization and participation. Commune and village institutions were made responsible for needs identification, planning, implementation, monitoring and maintenance, and for financial management and procurement, with full decentralization in 15 of the 66 project communes. This approach strengthened the communes' and villages' capacity for infrastructure planning, operation and maintenance, and improved the provision of agriculture support services, as assessed in the section on effectiveness in chapter III.

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<sup>22</sup> The impact on forests resources should be partly attributed the government policies and programmes.

66. In terms of policy impact, the project directly contributed to formulation of the Inter-Ministerial Circular on Programme 135 Implementation Guidelines and Programme 135 Production Component Guidelines, which created an opportunity for implementing decentralized infrastructure schemes and agricultural service provision in other provinces. Furthermore, RIDP's advocacy on forest land management was accepted by the provincial government, and the central government took action to issue FLUCs.
67. The rating for institutions and policies is satisfactory (5).

**C. Other performance criteria**  
**Sustainability**

68. Sustainability of benefits in line with project objectives. The capacity of the beneficiaries in decision-making in both collective and individual activities is very likely to be further enhanced; this is because the provincial government has already taken actions in decentralizing small-scale infrastructure schemes and agricultural extension services, and the project-supported village groups are generally active and engaged in discussion of common concerns of villagers. The food security and income diversification activities undertaken by individual households will very likely be sustained and scaled up, as farmers are more adapted to producing for market and the national and local market channels are gradually expanding in rural areas. The use of forest resources is likely to be sustained as well, as assessed in the section on natural resources and the environment and climate change. Though the microenterprise sub-component was not expected to be sustained without external support, it has limited implication on the overall sustainability of project benefits, in that the microenterprise development was not a critical project investment area for either food security or income diversification.
69. Institutional sustainability. The key achievements of RIDP in decentralisation, institutional support and empowerment are very likely to be sustained. In recognition of RIDP's success in piloting decentralization, the provincial government of Tuyen Quang decided to decentralize the infrastructure schemes under Programme 135 to communes; and the provincial Department of Agriculture and Rural Development initially committed to decentralizing agriculture services to 50 per cent of Programme 135 communes by 2010. The project supported institutional development within the government systems and in project villages through training and implementing collective activities. It was observed by the supervision and evaluation missions that the government agencies were more adept in delivering agricultural and rural development services and the village groups were active in implementing project activities and engaging villagers in discussion of common issues; therefore the sustainability of these institutions is also likely.
70. The valuable achievements in terms of women's empowerment should certainly be continued both in the communities at large and within the family – not only because gender awareness has been significantly raised and women have made great achievements through women's livelihood activities, but also because women and the Women's Union are able to leverage the legal and institutional framework to ensure gender equality in health, education, access to resources, employment and training.
71. Economic and market sustainability. The on-farm and forest land economic activities supported by the project are very likely to be maintained and further improved by the village groups and households due to the increased market access and growing local market demands. With regard to village infrastructure, operation and maintenance groups were formed for each public infrastructure scheme and many have been functioning effectively; the use and maintenance of village infrastructure is therefore likely to be sustained. The agricultural and livestock services should be sustained by government programmes, but that will also depend on the quality of the services and farmers' willingness to pay for them once the

project subsidy no longer applies. Forest land management should be ensured as land use is protected by certificates for long-term use, although farmers may need additional technical support. But microenterprise development will need some rethinking, both with regard to the implementation approach and in terms of needs identification. With hindsight, the project was not engaged in building up the capacity of marketing associations or entrepreneur associations, which could have contributed to the market sustainability of beneficiaries.

72. Due to VBSP's commitment to promoting the SCG approach using its own resources in both project and non-project villages, the SCGs are very likely to continue developing and to build further links with the formal financial system. Equally importantly, these groups have become regular forums where villagers can discuss their concerns and consolidate their requests to be reflected in dialogue with government. However, the PPA mission noticed that one group had ceased savings activities after project completion – although the regular group meeting was still carried on, which is a testimony to the value of groups as a forum for discussions on issues of mutual concern.
73. The PMD rating for sustainability is moderately satisfactory. However, based on the above assessment, especially given the institutional sustainability of decentralization and empowerment, and the sustainability of income diversification activities, IOE increases the rating to satisfactory (5).

#### **Innovation and scaling up**

74. In general, the project introduced limited technical innovations. The key innovative feature was the piloting of full decentralization and participatory planning at the commune and village levels. Although the previous project in Tuyen Quang tested the initiative of decentralization by delegating part of the responsibility to implementing agencies, there were no specific activities to support full decentralization to the commune level. The full decentralization piloted by RIDP in 15 communes enhanced the capacity of local government and institutions; this achievement convinced the provincial government to decentralize the management of infrastructure schemes to all communes covered by Programme 135. The Department of Agriculture and Rural Development also committed to decentralizing agricultural support services to 50 per cent of Programme 135 communes in 2010.
75. Another innovative feature, in the context of mountainous regions with large ethnic minority populations, is the promotion of market-oriented production. The project supported farmers to produce for markets in order to increase their incomes. To that end, it introduced new varieties of crops and vegetables and livestock breeds suitable to the needs of local markets, and built village roads for easy transportation to local markets. The project also sought to develop microenterprises in ethnic minority areas and other mountainous areas. Although microenterprise development under-performed, as assessed in the section on effectiveness in chapter III, the endeavour to support microenterprise development among the rural poor, especially better educated rural youth, should not be discouraged as it has proved effective for diversifying rural incomes and reducing rural poverty in IFAD operations in other countries, such as Ghana and India.<sup>23</sup>
76. With regard to replicability the RIDP intervention models show good potential for replication in other areas, such as full decentralization to the commune level, training for rural youth, SCG formation, farmers' field schools and farm demonstrations. While some of these activities did not originate with RIDP, the successful experience of the project contributed to promoting these approaches. In particular, cooperation with the local vocational training school (PETVTS) in providing training to rural youth for off-farm employment and business

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<sup>23</sup> Reference to Ghana may be seen in the evaluation of IFAD's Private-Sector Development and Partnership Strategy of 2011 and the Ghana country working paper; that of India may be seen in the India CPE of 2010.

development proved popular and successful; therefore this approach could serve as a good model for replication in other projects.

77. The PMD rating for this evaluation criterion is highly satisfactory. In IOE's view, the project made significant achievements in terms of piloting and promoting decentralization, which was the major innovative feature of the project; and the replicability of some intervention models is high. However, regarding the promotion of market-oriented production, the project fell short with regard to providing effective support for enterprise development and market information systems, which were of key importance for market integration. Rating: satisfactory (5).

### **Gender equality and women's empowerment**

78. RIDP achieved a major success in meeting national targets for women's advancement and gender equality, and for empowerment of ethnic minority women for poverty reduction. Viet Nam has a strong legal and policy framework on gender equality. Equal rights of men and women with respect to economic opportunities, political participation, education and information, health, family and household property ownership are protected by law. However, before the project, women's rights were not always respected by traditional social mores in remote rural areas, as women's ownership of land and other production assets was not formally recognized and they had fewer opportunities for training, education and employment. In cooperation with the Women's Union, the project formed a well-developed gender strategy that was both cross-cutting across all components and had a specific thrust, with activities designed to directly empower women (WLF). Thus gender equality and protection of women's rights were significantly enhanced in the project areas.
79. The gender approach adopted by RIDP was in accordance with the three overarching objectives set out in IFAD's Gender Plan of Action (2003–2006)<sup>24</sup> and the country-specific gender strategy developed by the COSOP of 2002<sup>25</sup> in terms of:
- (i) Increasing women's access to and ownership and control of productive resources, mainly through promoting the joint titling of husband and wife on certificates for land and forest use;
  - (ii) Increasing women's access to financial services through development of saving-credit groups, pro-poor microfinance institutions and services;
  - (iii) Empowering women to increase their community management capacities;
  - (iv) Empowering women to negotiate more favourable terms in the gender distribution of labour
  - (v) Enhancing women's visibility as economic agents, thereby improving their position in the community and household; and
  - (vi) Combating domestic violence through social mobilization.
80. The 2008 project impact study revealed that the role and participation of women in family and community activities had changed for the better, with men participating in activities usually performed by women (e.g. domestic chores), and with women spending less time on agricultural labour (e.g. soil preparation) and more on training, village meetings and marketing (see Table 4). The PPA mission observed women's active participation in group meetings in the villages; and a woman district project officer said she was confident that her rights were protected and she was no longer afraid of her husband, either at home or in public.

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<sup>24</sup> Referring to the corporate-level evaluation on IFAD's performance with regard to gender equality and women's empowerment, the overarching objectives set out in the Gender Plan of Action (2003-2006) were used as key criteria in gauging IFAD's operations in gender equality and women's empowerment in that period. The three objectives are to: (i) expand women's access to and control over fundamental assets – capital, land, knowledge and technologies; (ii) strengthen women's agencies – their decision-making role in community affairs and representation in local institutions; and (iii) improve women's well-being and ease their workloads by facilitating access to basic rural services and infrastructures.

<sup>25</sup> The 2002 COSOP made a commendable effort to develop a gender strategy to address the practical and strategic needs of women, thereby increasing the impact of interventions on poverty and gender inequalities.

81. The gender and WLF component included training for men on gender awareness (37 per cent of participants). The fund specifically targeted women with a menu of options to support their felt needs and ease their workloads. The vocational training provided by the project benefited men and women almost equally, and land-use certificates were awarded in the names of both husband and wife. In SCG activities, 76 per cent of participants were women; in the extension services activities, 29 per cent of extension workers and 43 per cent of key farmers were women; women participants in field demonstrations and field schools comprised 91 per cent and 67 per cent, respectively; and 47 per cent of the beneficiaries of livestock support were women.
82. Based on the above assessment, it is clear that RIDP implemented an explicit gender strategy in overall implementation and that most project activities were gender-sensitive. The rating for gender equality and women's empowerment is highly satisfactory (6).

Table 4  
Division of labour in the household

Activities	Undertaken by								
	Women			Men			Children		
	2004	2008	+ or -	2004	2008	+ or -	2004	2008	+ or -
	%	%	%	%	%	%	%	%	%
<b>Rice production</b>									
Soil preparation (by cattle & buff.)	47	43	-9	50	57	14	3	0	-100
Sowing, seedling transplanting	64	62	-3	29.3	34	16	6.7	4	-40
Harvest, drying	51.6	51	-1	38	42	11	10.4	7	-33
Selling	49.6	56	13	50.4	44	-13	0	0	-1
<b>Cattle and buffalo production</b>									
Grazing	48	45	-6	34	36	6	18	19	6
Shed washing	43	47	9	45	35	-22	12	18	50
<b>Housework</b>									
Clean water fetching	53.9	48	-11	34	42	24	12.1	10	-17
Cooking	62.6	56.4	-10	26	33	27	11.4	10.6	-7
Washing	71.4	65.4	-8	19.7	26	32	8.9	8.6	-4
Child care	68.6	60	-12	31	40	29	0.4	0	-45
Houser repairs	28.8	29.2	2	71	71	0	0.2	-0.2	-44
<b>Social activities</b>									
Repair of public schemes	38	39.3	3	62	61	-2	0	-0.3	-32
Participating in village meeting	46	54	17	54	46	-15	0	0	0
Participating in training	49	56	14	51	44	-14	0	0	0
Visiting neighbours	53	54	1.9	47	46	-2	0	0	0

Source: Project Impact Survey, 2008

## D. Performance of partners

### IFAD

83. RIDP was the second IFAD-funded project in Tuyen Quang Province. The Fund integrated lessons from the previous operation focusing on farm production and took steps to enhance decentralization and market-oriented production, which proved highly relevant to the needs of the rural poor in the province. The early decision to extend the completion date by one year, to allow sufficient time for the project to complete all the planned activities, was sound. On the other hand, the



extension of the closing date reflected insufficient consideration in initial project design and complexity of the start-up phase. The early decision to extend avoided potential problems that could have been caused by hasty design changes in the later years of the project (as sometimes seen in other IFAD-funded projects), which could have compromised the quality of implementation for the sake of meeting deadlines. The project staff saw IFAD's direct supervision and the mid-term review as adding value to project implementation. IFAD also made appropriate use of the project's reserve funds when SIDA decided to withdraw from cofinancing (the reason given was that SIDA was not convinced that the implementation of decentralization was in place; however, the implementation results suggest that the project effectively accelerated the decentralization process in Tuyen Quang).

84. Nonetheless, it is reasonable to question whether the design and implementation arrangements for the enterprise development subcomponent were relevant to the local economic environment and the needs of potential entrepreneurs among rural households and ethnic minorities. The under-achievement in enterprise development was caused by insufficient emphasis on this activity within the overall composition of the project<sup>26</sup> and the complex implementation arrangements. As indicated earlier, as enterprise development was bundled together with microfinance, VBSP was engaged in implementing the subcomponent. This arrangement was appropriate for microfinance but not for enterprise development because VBSP was not equipped to support these types of activities. IFAD should be held partly accountable for under-achievement in this respect. Also, the quality of the project's financial management was questioned by supervision missions, as project staff misunderstood the concept of eligible expenditures for IFAD reimbursement. That partly reflected inadequate up-front financial management training on the part of IFAD. On balance, the rating for IFAD's performance is moderately satisfactory (4).

### **Government**

85. The Government has consistently demonstrated its commitment to reducing rural poverty in the mountainous areas, where most of the ethnic minorities reside. This generated a favourable political and legal environment for subnational governments and international donors to explore various approaches to poverty reduction and rural development. In the case of Tuyen Quang Province, the central government appreciated the effectiveness of IFAD's participatory approach to rural development and therefore engaged in a second IFAD-funded project in the same province so as to upgrade previous achievements. Prior to the first project, Tuyen Quang Province was covered by Programme 135. RIDP leveraged the momentum created by the earlier project and Programme 135, and took it further by piloting decentralization.
86. During implementation, the Tuyen Quang provincial government showed strong ownership and leadership in enhancing agricultural and rural development services for poverty reduction, and was actively engaged in implementing decentralization and participatory planning through various project activities. Project management was commended by supervision missions with regard to implementation progress, the M&E system, gender and poverty focus, and the piloting of full-scale decentralization at the commune and village levels. The provincial authority also took measures both to scale up decentralization and sustain the services of extension and livestock support. While the Government's counterpart funding (US\$3.7 million) was 40 per cent more than that planned (US\$2.6 million) its overall financial contribution was 12 per cent of the total project cost, a rather modest contribution compared with that of other partner countries in IFAD-financed projects.<sup>27</sup>

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<sup>26</sup> As enterprise development was the major investment area of the project.

<sup>27</sup> Referring to the draft Viet Nam CPE report 2011, the percentage of government funding as part of the total cost of IFAD-supported portfolio in other selected middle-income countries are: 42 per cent in Brazil, 49 per cent in China, 34 per cent in Egypt, 20 per cent in Ghana, 23 per cent in India, and 40 per cent in Nigeria, etc.

87. Apart from the strong positive factors, one minor negative point had to do with fiduciary aspects inasmuch as the project did not fully comply with IFAD's financial management requirements. This was partly because of inconsistencies between the Government's and IFAD's procurement requirements. In addition there is still space for the Government to sharpen the strategy for addressing the poverty of ethnic minorities in remote areas. The rating for government support is satisfactory (5), which incorporates a satisfactory rating for the central government and a satisfactory rating for the provincial government.

### **Cooperating institution**

88. UNOPS was the cooperating institution responsible for project supervision and fiduciary administration from 2002 to 2007, and was generally appreciated by project staff. During that period, it provided feedback on the AWP/B, responded to project proposals and processed withdrawal applications and disbursements in a timely manner. UNOPS supervision reports were generally to acceptable standards. However, project staff felt that there were too many changes in UNOPS country managers and members of supervision missions, which led to inconsistent recommendations and confusion. In line with its policy on direct supervision, IFAD suspended the supervision agreement with UNOPS at the end of 2007 and began direct supervision in 2008. The rating for the cooperating institution is moderately satisfactory (4).

### **Cofinancing partner: SIDA**

89. The planned commitment of SIDA was US\$5.3 million to support agriculture extension and project management. Project start-up was delayed during the first year. However, when project implementation later accelerated, coming on stream in line with the appraisal plan, SIDA decided, in October 2004, to withdraw its participation in the project. The main reason for SIDA's decision was that, in its view, project implementation was not sufficiently based on the principle of decentralized decision-making. SIDA's actual financial contribution was US\$1.8 million. Its withdrawal disrupted implementation but, with the benefit of hindsight, support for decentralization may be considered as a major achievement of the project.

#### **Key points**

- The relevance and effectiveness of RIDP are rated as satisfactory based on its alignment with government and IFAD rural development strategies, the need of the rural poor for enhanced market integration, and the level of achievements in building up local capacity, increasing food security and income, and enhancing sustainable use of forest resources.
- Efficiency is assessed as moderately satisfactory given the extension of the loan closing date and the initial challenges in financial management — although the project completed most of the activities, except microenterprise development, within the extended duration and without extra funding.
- Rural poverty reduction impact is rated as satisfactory based on RIDP's significant achievements in increasing incomes and food security, improving forest land use, empowering women, and enhancing the capacity of local government and grass-roots organizations by supporting decentralization and participation.
- A major innovative feature of RIDP is its piloting of full decentralization at the commune level and the high replicability of training for rural youth, which justified a rating of satisfactory. Given the provincial government's efforts to replicate the decentralization approach piloted by RIDP in small-scale infrastructure and agricultural and livestock services, sustainability is rated as satisfactory.
- RIDP was particularly successful in meeting national targets for women's advancement and gender equality, and for the empowerment of ethnic minority women for poverty reduction.
- The performance of IFAD is rated as moderately satisfactory, and that of the Government is rated as satisfactory.

## IV. Overall achievement

90. Based on the assessments in previous sections, RIDP largely achieved its overall objective of improving the socio-economic status of 49,000 poor households living in upland areas, especially ethnic minorities and women. The achievements in devolving decision-making and financial management to communes and village institutions are highly commendable and convinced the provincial government to promote decentralization of small-scale infrastructure and agricultural services to all communes of the province. Concrete development progress was also made in the areas of agricultural and livestock production, forest land use, savings and credit groups, intravillage infrastructure, and education and rural youth training. Another far-reaching achievement in terms of social development relates to women's empowerment. Women were ensured equal involvement in all project activities and their forest land-use rights were guaranteed as the land right certificates carried the names of both the wife and the husband. However, the project fell short with regard to marketing and enterprise development, with no significant progress made, which reflected design problems with this component. The rating for overall project performance is satisfactory (5). See annex 1 for detailed ratings.

## V. Conclusions and recommendations

### A. Conclusions

91. During the period of project implementation (2002–2008), Viet Nam was still in the throes of a fundamental transformation from a centrally-planned to market-based economy, which started in 1986. In tandem with the economic restructuring, there was the administrative reform of devolving substantial authority for socio-economic development to subnational governments. After more than two decades of impressive economic growth, in 2009 Viet Nam was reclassified by the World Bank as a lower-middle-income economy. Despite this progress, the mountainous rural areas with large ethnic minority populations, including Tuyen Quang Province, generally lagged behind the rest of the country.
92. The present PPA demonstrates the remarkable success of RIDP in terms of upgrading government services for market-oriented agriculture and rural development and advancing smallholder farmer progress in integrating with markets and eventually moving out of poverty. The PPA also acknowledges the tremendous challenges the project had to face in connecting smallholders to markets and generating employment opportunities, because of constraints encountered at the early stage of the country's transformation and limited private-sector investments. Building on experience under the previous IFAD-funded project for improving food production in Tuyen Quang Province, RIDP represented a step forward in IFAD's strategic thinking in the country, in that the project moved away from focusing on subsistence-level agricultural production to engaging in rural income diversification and enterprise development.
93. **Decentralization and participation.** The central government's decentralization initiative provided IFAD with a legitimate channel to deliver project services to the grass-roots level through provincial, district and commune structures, and to enhance institutional capacity for delivering public services. On a pilot basis, the project implemented unprecedented full decentralization - including planning, implementation and financial management - in 15 of the 66 project communes. The project formed commune and village development boards as well as village-based groups both for identifying the needs of villagers and for planning and managing project activities. In particular, implementation responsibility for village-level project activities, such as intravillage roads, feeder roads connecting villages to the exterior, small-scale irrigation systems, and collective or household drinking water schemes, was fully devolved to grass-roots-level self-governing groups, whose members were trained and supported by the project. As RIDP's pilot experience

proved that decentralization could be an effective approach to delivering rural development services, the provincial government decided to decentralize the management of infrastructure schemes to all communes covered by Programme 135. Furthermore, the Department of Agriculture and Rural Development committed itself to decentralizing agricultural services to 50 per cent of Programme 135 communes in 2010 (see paragraphs 24, 30, 64-66, 68).

94. Equally important, village group meetings, together with the commune development boards and village development boards, have gradually evolved into informal forums where villagers discuss and formulate requests to be reflected in interaction with government agencies. These channels, which allowed for collective interaction with government institutions, were highly appreciated by villagers, especially ethnic minority groups and women (see paragraphs 31-32, 52-54, and 69).
95. **Market-oriented production** was the new development concept introduced by RIDP, both to smallholder farmers in Tuyen Quang and to local government. The project addressed the questions of improving the production of crops and livestock and connecting farm production to nearby markets. RIDP also boosted on-farm production through a traditional package of agricultural and livestock support, including small-scale irrigation and roads, farmers' field schools, field demonstrations, livestock breeding, veterinary services, etc. The savings and credit groups supported by the project provided a reliable, simple and rapid source of credit for the poorest villagers, so that they could take up the crop and livestock activities introduced by the project. Increased outputs of hybrid paddy, maize, poultry, pigs and cattle significantly enhanced food security; and the sale of surplus quantities and other market-oriented products generated additional income for households. In addition, the project invested in long-term vocational training for rural youth to qualify them for non-farm employment. This training proved effective and there is good potential for its replication and scaling up (see paragraphs 34-36 and 57-59).
96. **Market access and enterprise development** has been a critical factor in diversifying income sources and achieving sustainable poverty reduction. RIDP invested in paving and retrofitting village roads and constructing other small-scale infrastructure to facilitate transportation between villages and local markets, thereby boosting trade between villagers and the exterior. With hindsight, what RIDP missed in the process of connecting farmers to markets was greater focus on building physical markets in the communes, providing marketing information support, seeking out market opportunities and involving private-sector investors in project activities. As observed by the PPA mission, even with improved feeder roads, the markets were still 10-20 km away from many villages and some still had no feeder road connections. Marketing opportunities for farm produce were still very limited in some areas, and vegetables produced by farmers were used mainly for family consumption.
97. Microenterprise development fell far below the target as the implementing agency (VBSP) was not equipped to provide enterprise development services and the local economic environment was not yet adapted to supporting formal enterprise development. Enterprise at the village level was still a new venture for most rural families. The project intended to 'hatch' micro and small enterprises in remote mountainous areas where there were very limited market connections and external investments. The concept of developing enterprises was legitimate, because rural microenterprise development has proved, in many projects supported by IFAD in other countries, to be an effective way of generating rural income, creating employment, improving the quality of local produce, and moving local production up the value chain. However, there was a lack of business development services in Tuyen Quang and, more critically, the project was over-reliant on government agencies to develop small businesses, without the involvement of the private

sector; local governments were still not yet fully adapted to the market economy and had no experience of supporting small business development. The design of enterprise development seems not to have been well-suited to the needs of local entrepreneurs, and there was little demand for RIDP enterprise support.

98. RIDP was not designed to involve in partnering with private-sector investors in enterprise development or marketing, which limited the contracting or marketing opportunities of potential enterprises. This highlighted the challenges of enhancing market access and developing microenterprises in mountainous areas with ethnic minorities, and pointed up the necessity of partnering with the private sector in developing contracting or marketing opportunities for target groups (see paragraphs 27, 37-39, 55 and 68).
99. **Forest land allocation.** Abundant forest resources are among the major advantages of Tuyen Quang Province. RIDP tapped the economic benefit of this dormant natural asset by promoting sustainable use of forest resources as a way of increasing household incomes. The project supported the Government's policy of issuing forest land use certificates to farmers with recognized user rights to forest land, and provided them with training in forest management, utilization and planting. The project demonstrated that there was considerable potential for farmers to derive income from forestry production, which motivated them to invest in and tend forest lands. In Yen Son and Chiem Hoa Districts, the project introduced a bamboo chopstick production model for export. In addition, improved forest management reduced illegal logging in protected forest areas, as the allocated production forest areas provided sufficient timber, fuelwood and non-timber forest products to meet household needs (see paragraphs 40-41, 61 and 71).
100. **Women's empowerment.** Another significant project achievement was the progress it made in women's advancement and gender equality, and in the empowerment of ethnic minority women for poverty reduction. Women's advancement was strategically aligned with the overall goal of the project, and women's equal rights were well respected in each and every aspect of project activity. In cooperation with the Women's Union, the project formed a well-developed gender strategy that was cross-cutting over all components, with activities specifically designed to empower women. Over the project period, the role and participation of women in family and community activities changed for the better, with men participating in activities usually performed by women (e.g. domestic chores) and women spending less time on agricultural labour (e.g. soil preparation) and more on training, village meetings and marketing (see paragraphs 26, 31 and 78-81).
101. **Targeting ethnic minorities.** RIDP explicitly targeted the ethnic minorities in Tuyen Quang, a major part of the rural poor in the province, and the M&E system captured the participation of ethnic minorities in all activities. However, few activities were specifically designed to adapt to the cultivation culture or daily life preferences of ethnic minorities. Most of them were suitable for the ethnic majority (Kinh), and the same activities were promoted in all project communities. This approach to targeting the poor, but with less emphasis on ethnic differences, was applicable when poverty was pervasive among all ethnic groups; therefore the poverty gap between ethnic groups was less significant. However, the poverty gap between ethnic groups is growing; as the residents in the mountainous regions are mostly ethnic minorities with little education and limited market opportunities, the targeting of such minorities should be reflected in the future country strategy and project design (see paragraphs 25 and 35).
102. Overall, the PPA found that RIDP had responded effectively to the country's evolution and that the shift to support for market-oriented production and enterprise development reflected both the needs of the rural poor and IFAD's comparative advantage. Within the rapidly evolving economic development context

of the country, RIDP has achieved the objective of improving the socio-economic status of poor households living in upland areas, especially ethnic minorities and women. What underlay this success is the Government's commitment to reducing rural poverty and advancing the market-based economy. The Government appreciated IFAD's participatory rural development approach and has supported its efforts to promote decentralization and participation. A decisive factor in the success of this intervention was the Tuyen Quang provincial government's strong political and financial support to RIDP, which created the necessary legal and policy conditions to ensure that it could be implemented at various administrative levels. Partly thanks to the strong demand of Tuyen Quang Province, from 2011 a new IFAD-funded project focusing on market integration will cover Tuyen Quang and two other provinces. This strong commitment on the part of the Government indicates the likelihood of sustainability of the key pillars built by RIDP: decentralization and market-oriented production.

## **B. Recommendations**

103. In line with the World Bank classification, in 2009 Viet Nam graduated from the status of a low-income economy to a lower-middle-income economy. Against this transitional context, it is important to ask whether the intervention approaches that IFAD deployed in RIDP and other projects since it began operations in Viet Nam remain relevant to the very different country that Viet Nam has become. These recommendations are based mainly on the findings of the PPA, and relate to current and future challenges facing the Government: creating competitive advantages in agricultural production and processing; moving local production up the value chains; promoting the growth of agriculture and the rural sector at a pace that will permit farming and rural enterprises to be viable options for rural poor; preventing the marginalization of ethnic minorities; and engaging the private sector in creating marketing and business opportunities for the rural poor.
104. **Alignment with government programmes.** By supporting its decentralization policy and poverty reduction programmes, RIDP secured the Government's political and financial support, which set a sound basis for achieving project objectives. In future, IFAD will need to ensure that its programmes and modalities are aligned with, and support the efficient functioning of, government programmes. IFAD will also need to ensure that the participatory planning process forms an integral part of the local socio-economic development plan, and to re-examine some of its procurement and disbursement practices to make them more consistent with those of the Government. In particular the relation between IFAD's support for infrastructure and the Government's Programme 135 will need to be carefully managed (see paragraphs 93 and 94).
105. **Rethinking the approach to developing rural enterprises.** One key lesson learned from RIDP's failure to develop rural enterprises is that an appropriate implementation partner is needed for this challenging task. Based on feedback from the project and experience under other interventions, the Investment Promotion Centre and the Department of Industries and Commerce might well serve this purpose. However, IFAD should probably limit its reliance on government arms in developing enterprises, as it has not been the strength of many local governments. IFAD should explore approaches to partnering with NGOs, private companies and business service providers that are more experienced in business development and have the capacity to move local production up the value chain (see paragraph 97).
106. **Engagement with the private sector.** RIDP was not engaged in mobilizing the private sector to enhance market opportunities for farmers and create business connections for local microentrepreneurs. As concluded in the independent evaluation of IFAD's Private-Sector Development and Partnership Strategy, 2011, in future projects IFAD will need to partner more effectively with the private sector so as to create business connections and marketing opportunities and ensure a sustainable local market mechanism. In RIDP, the private sector was not involved

in the design of such programmes; the sector was not represented on the provincial steering committees; and there was little outreach to medium-scale processors and traders who were located in market towns and could work with small producers. IFAD's programmes in other countries have shown that this is a potential win-win situation where both parties benefit (see paragraph 98).

107. **Targeting ethnic minorities.** The need for a holistic approach to the development of ethnic minorities in upland areas is warranted, because the poverty pockets in the country are likely to focus eventually on the mountainous areas mostly populated by ethnic minorities. In particular, it is important not to treat ethnic minorities as monolithic but to adapt programmes to the socio-cultural specifics of individual ethnic minority groups. Above all, if these areas are not to fall further behind, the approach will need to encompass education, health services and increased computer literacy (see paragraph 101).

## Rating comparisons

<i>Criterion</i>	<i>IFAD-PMD ratings<sup>a</sup></i>	<i>PPA rating</i>	<i>Rating disconnect</i>
<b>Project performance</b>			
Relevance	5	5	0
Effectiveness	5	5	0
Efficiency	4	4	0
<b>Project performance<sup>b</sup></b>	<b>n.p.</b>	<b>4.67</b>	<b>n.a.</b>
<b>Rural poverty impact</b>			
(a) Household income and assets	5	5	0
(b) Human, social capital and empowerment	6	5	-1
(c) Food security and agricultural productivity	6	5	-1
(d) Natural resources and the environment and climate change	4	5	1
(e) Institutions and policies	5	5	0
<b>Rural poverty impact<sup>c</sup></b>	<b>5</b>	<b>5</b>	<b>0</b>
<b>Other performance criteria</b>			
Sustainability	4	5	1
Innovation and scaling up	6	5	-1
Gender equality and women's empowerment	6	6	0
<b>Overall project achievement<sup>d</sup></b>			
	<b>5</b>	<b>5</b>	<b>0</b>
<b>Performance of partners</b>			
(a) IFAD's performance	4	4	0
(b) Government's performance	5	5	0
(c) Cooperating institution	4	4	0
(d) Cofinancing partner – SIDA		-	n.a.
<b>Average net disconnect</b>			<b>-0.0625</b>

<sup>a/</sup> Rating scale: 1 = highly unsatisfactory; 2 = unsatisfactory; 3 = moderately unsatisfactory; 4 = moderately satisfactory; 5 = satisfactory; 6 = highly satisfactory; n.p. = not provided; n.a. = not applicable.

<sup>b/</sup> Arithmetic average of ratings for relevance, effectiveness and efficiency.

<sup>c/</sup> This is not an average of ratings of individual impact domains.

<sup>d/</sup> This is not an average of ratings of individual evaluation criteria. Moreover, the rating for partners' performance is not a component of the overall assessment ratings.

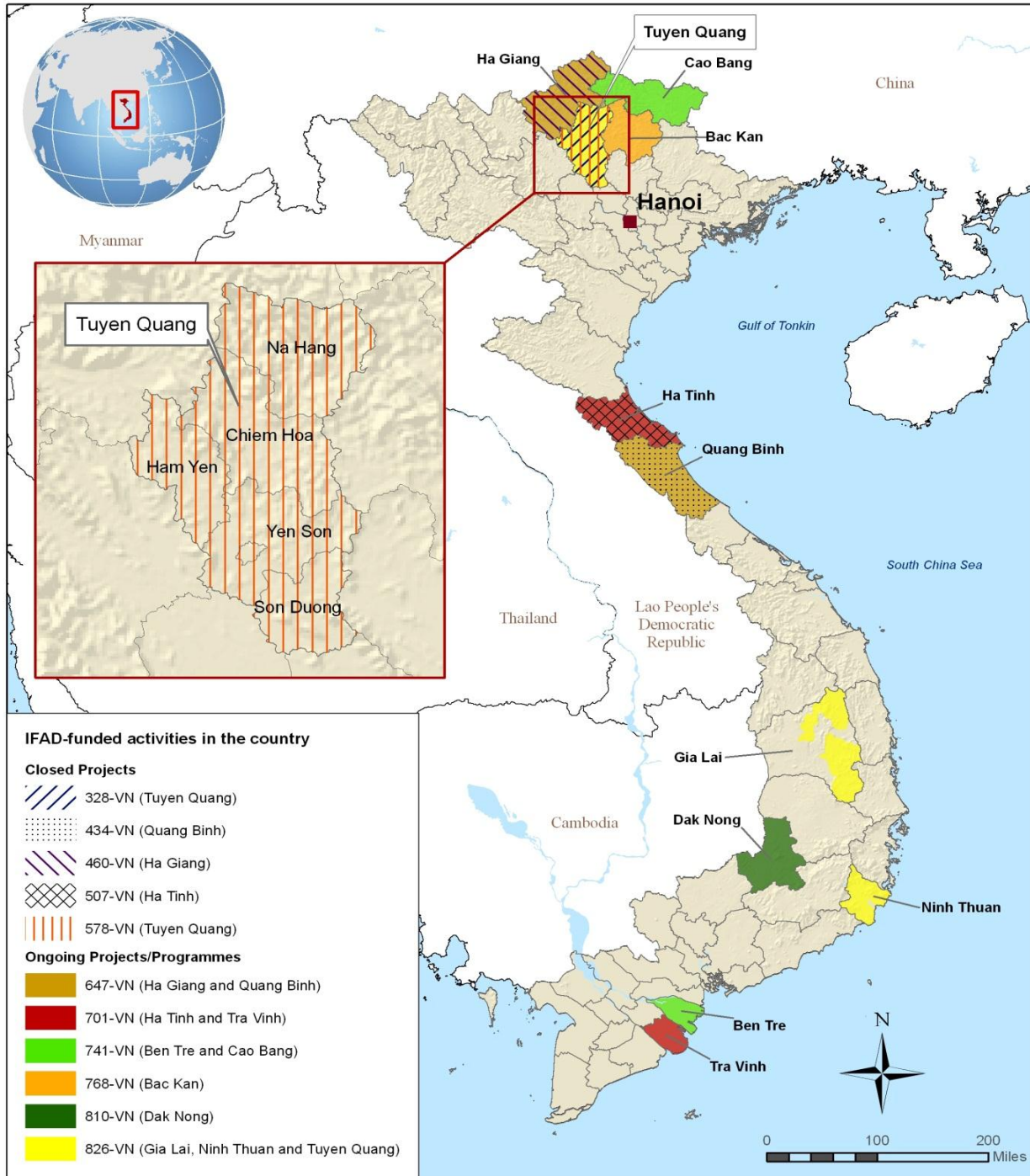


# Map of the project area

## Socialist Republic of Viet Nam

### Rural Income Diversification Project in Tuyen Quang Province

*Project performance assessment*



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.

Map compiled by IFAD

25-5-2011

## Basic project data

			Approval (US\$ m)		Actual (US\$ m)	
Region/province	Tuyen Quang	Total project costs	30.43		30.93	
Country	Viet Nam	IFAD loan and % of total	20.91	69%	23.62	76%
Loan number	578-VN	Borrower (govt.)	2.67	9%	3.71	12%
Type of project (subsector)	Rural Development	Cofinancier 1 SIDA	5.03	17%	1.80	6%
Financing type	F	Cofinancier 2				
Lending terms	HC	Cofinancier 3				
Date of approval	6 Dec 2001	Cofinancier 4				
Date of loan signature	18 Feb 2002	From beneficiaries	1.83	6%	1.80	6%
Date of effectiveness	21 August 2002	From other sources:				
Loan amendments	1 (23 March 2007)	Number of beneficiaries (if appropriate, specify if direct or indirect)	49,000 households		75,790 beneficiaries (49,110 direct, 26,680 indirect; 49,410 women; 54,750 ethnic minorities )	
Loan closure extensions	1	Cooperating institution	UNOPS		UNOPS (until 2007)	
Country programme managers	M. Prayer Galletti A. Toda	Loan closing date	31 March 2009		31 March 2010	
Regional director(s)	E. Martens <sup>a</sup> T. Elhaut	Mid-term review			July 2005	
		IFAD loan disbursement at project completion (%)			95% (in SDR terms)	
Sources of this table: <i>President's Report 2001, PCR, PPMS, LGS, MTR, Appraisal Report, Supervision Reports.</i>						

<sup>a/</sup> Former Officer-in-Charge.

## Terms of reference

### I. Background

1. The 2010 Peer Review of the IFAD's Evaluation System conducted by the Evaluation Cooperation Group recommended the Office of Evaluation to discontinue the full-fledged project evaluations and to conduct instead Project Completion Report Validation (PCRVR) and a limited number of Project Performance Assessments (PPA). The PPA is a more concise form of project-level evaluation which supersedes the traditional IOE project evaluation. In general, PPAs will be based on the findings from PCRVR, further desk review and interviews at headquarters, and a field visit to the concerned country.
2. The PPAs are to be conducted on a sample of projects that have already been exposed to a project completion report validation. The projects will be selected taking into consideration the following criteria: (i) synergies with forthcoming or ongoing high-level evaluations (CPEs or CLEs); (ii) major information gaps in the project completion report; (iii) novel project approaches; and (iv) geographic balance.
3. The Rural Income Diversification Project in Tuyen Quang Province (RIDP), Socialist Republic of Viet Nam, has been selected for PPA, which would contribute to the Viet Nam CPE which is being conducted by IOE in 2010-2011.
4. **Project description.** The RIDP is the sixth IFAD-financed project in Vietnam and the second project in Tuyen Quang province, following the Participatory Resource Management Project in Tuyen Quang (1993 – 2001). The project was designed to be implemented from 2002 to 2008, with a total budget of US\$ 30.43 million, jointly funded by an IFAD loan of US\$ 20.91 million (69 per cent of the total cost), a SIDA grant of US\$ 5.03 million (17 per cent), counterpart funding of the Government of Vietnam US\$ 2.67 million (9 per cent), and contributions from beneficiaries US\$ 1.83 million (6 per cent). The target groups are the poor families in the 66 poorest communes in mountainous areas, including 49 000 households, and the focus are on the ethnic minorities and women. Ethnic minority accounted for 52 per cent of the population and 73 of the poor in Tuyen Quang province.
5. **Rationale of the intervention.** The project intended to address the pervasive poverty and food insecurity of the ethnic minorities in upland areas. To diversify incomes, the project would invest in empowering women, increasing farm production, building new roads, constructing drinking water sites, hatching rural enterprises, and linking farm production to markets. The initial design highlighted the difference of this project from the previous one; the new project would focus on post-production activities including storage, processing, transporting and marketing and developing rural enterprises. However, the implementation showed that the dominant priority of the target groups was still food security and households could not produce extra amount of farm products for markets.
6. The stated **project objective** was to improve the socio-economic status of 49,000 poor households living in upland areas, especially ethnic minorities and women, by increasing their capacities for, and role in, the decision making process; enhancing food security; promoting the diversification of rural income opportunities; and encouraging the sustainable use of natural resources.
7. The project **components and cost allocations** are seen in the table below.

(USD '000)

<i>Components</i>	<i>Local</i>	<i>Foreign</i>	<i>Total</i>	<i>Percentage of foreign exchange</i>	<i>Percentage of base costs</i>
<b>A. Food security and income diversification</b>					
Microfinance and microenterprise development	1 960	306	2 266	14	8
Upland Farming systems extension and research	1 558	223	1 782	13	7
Livestock improvement and animal health	803	126	929	14	3
Forest land management	825	305	1 129	27	4
Vocational training	1 974	409	2 383	17	9
<b>Subtotal</b>	<b>7 120</b>	<b>1 369</b>	<b>8 489</b>	<b>16</b>	<b>31</b>
<b>B. Gender issues and women's livelihoods</b>					
	2 329	309	2 639	12	10
<b>C. Village infrastructure development</b>					
	10 464	478	10 942	4	40
<b>D. Project management</b>					
Project management	1 609	682	2 292	30	8
Reserve funds (IFAD and SIDA)	2 475	275	2 750	10	10
<b>Subtotal</b>	<b>4 084</b>	<b>957</b>	<b>5 042</b>	<b>19</b>	<b>19</b>
<b>Total base costs</b>	<b>23 997</b>	<b>3 114</b>	<b>27 111</b>	<b>11</b>	<b>100</b>
Physical contingencies	287	22	310	7	1
Price contingencies	2 767	245	3 012	8	11
<b>Total project costs</b>	<b>27 052</b>	<b>3 381</b>	<b>30 433</b>	<b>11</b>	<b>112</b>

Discrepancies in totals are due to rounding.

## II. Methodology

8. **Objectives.** The main objectives of the PPA are to assess the performance and results of the project based on the findings from the PCRV and the country mission. Due to the time and budget limits, the PPA would not investigate the full spectrum of project activities and achievements, rather to gather additional evidence only on the major information gaps of the PCR and the issues deserving further investigation in the context of the Viet Nam CPE.
9. **Evaluation criteria.** The PPA would follow the evaluation criteria outlined in the Evaluation Manual of IFAD (2009) and the newly added evaluation criteria (2010),<sup>1</sup> and the IOE Guidelines for PCRV and PPA (Jan 2011). Given the limited resources (staff and non-staff) for a PPA, the scope of the assessment will be selective and the emphasis given to each criterion will depend on the PCRV assessment as well as on emerging findings during the PPA process. The key evaluation criteria in the PPA would include:
  - relevance
  - effectiveness
  - efficiency
  - rural poverty impact (including climate change as part of the natural resources and environment)
  - gender
  - sustainability
  - innovation/scaling up
10. **Data collection.** The initial findings would be retrieved from the PCRV. During the PPA mission, additional primary and secondary data will be collected to reach an independent assessment of the performance and results. Data collection methods will mostly include qualitative participatory techniques. The methods deployed will

<sup>1</sup> Gender, climate change, and scaling up.

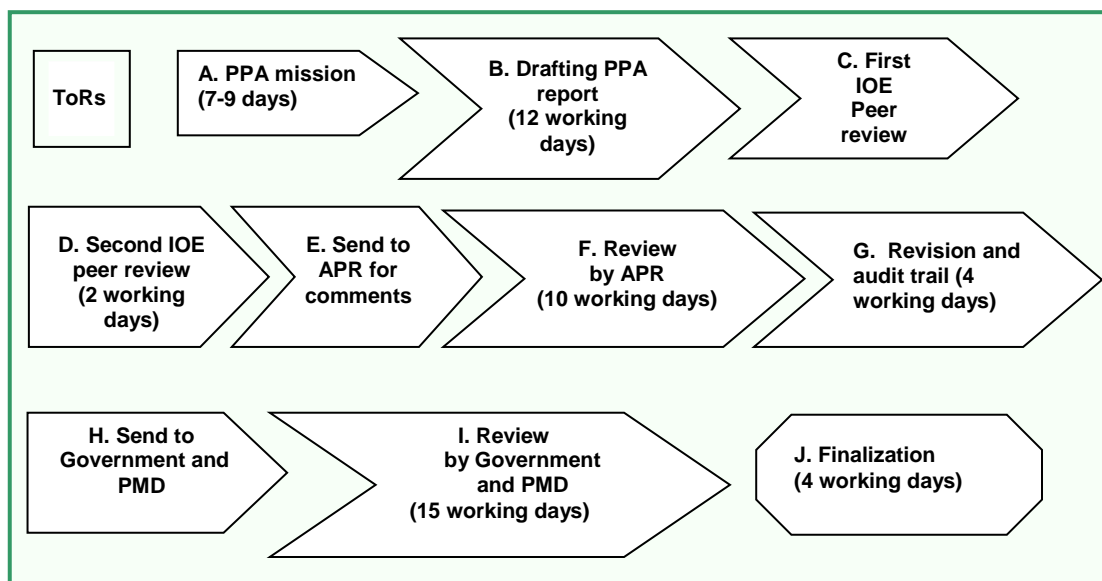
be individual and group interviews, focus-group discussions with beneficiaries, and direct observation. Questionnaire-based surveys are not applicable, because short duration of the mission would not allow the generation of an adequate sample size. The PPA will also make use – where applicable – of the additional data available through the project M&E system. Triangulation will be applied to verify findings emerging from different information sources.

11. **Participation.** In compliance with the Evaluation Policy but taking into consideration the different nature of the PPA compared to full-fledged evaluations, the main stakeholders of the RIDP will be involved throughout the evaluation to ensure that the key concerns of the stakeholders are taken into account in the PPA process, and the evaluators fully understand the context in which the project was implemented, the opportunities and the constraints faced by the implementing organizations. Regular cooperation and communication will be established with the APR and the Government. Formal and informal opportunities will be explored for discussing findings, recommendations and lessons during the process.

### III. Processes

12. The overall processes of the PPA include five (5) phases: desk work (PCRIV) phase, country work phase, drafting report and peer review phase, reviews by APR and Government phase, and the final phase of communication and dissemination.
13. **Desk work phase.** The PCRIV would derive the initial findings and the key issues to be investigated in the PPA. The first draft PCRIV is to be available by 28 February 2011. The draft would be peer reviewed within IOE by Mr Ashwani Muthoo, Deputy Director, and Ms Anne-Marie Lambert, Senior Evaluation Officer. The PCRIV would be commented by the Asia and the Pacific Division (APR) as well.
14. **Country work phase.** The PPA mission is scheduled from 13 – 18 March, integrated in the main mission of the Viet Nam CPE (3 -23 March), for leveraging the synergy of the CPE team. The mission would interact with Government, other partners, project staff, and project clients (beneficiaries). At the end of the PPA mission, a short wrap-up session will be held in Tuyen Quang Province to summarise the preliminary findings and the key strategic and operational issues.
15. **Drafting report and peer review.** At the conclusion of the field visit, a draft PPA report will be prepared and subject to IOE internal peer review for quality assurance.
16. **External review by APR and the Government.** The PPA report will be then shared with APR and thereafter the Government for comments. Upon receipt of Government's comments, IOE will finalise the report.
17. **Communication and dissemination.** The final report would be disseminated to stakeholders in the country and in IFAD, and the key deliverables of the PPA would post on the evaluation website of IFAD.

Figure 1  
Process of the RIDP PPA



#### IV. Key issues for investigation

18. Based on the findings from the PCRV, the indicators across the project components at the project completion showed that the project has achieved the main objectives of empowering ethnic minorities and women, enhancing food security, promoting income diversification, and improving sustainable use of forest resources. The achievements of each component are more or less equal to the planned targets, except for the development of micro-finance and micro-enterprise, which bore limited achievements compared with the planned target. For the PPA practice, a few issues are identified for in-depth investigation and the findings from the investigations would contribute to the ongoing Viet Nam CPE. Below are the proposed issues for further investigated, which may subject to change during the PPA process with new findings emerging.

##### **Enterprise development in ethnic minority areas**

19. The project intended to develop micro and small rural enterprises in the project area; however, this component did not make significant progress. Only 30 enterprises were supported or created by the project, and some of the 30 enterprises existed already before the project intervention. This under-performance was partly because of the economic environment, and partly may because the design was not suitable to the needs of local entrepreneurs. The challenges in enterprise development in indigenous areas deserve an in-depth study on the design of enterprise development of this project and in the country portfolio as well.

##### **Forest land management**

20. Forest land management is one of the constant intervention focuses of the IFAD portfolio in supporting ethnic minorities and upland rural development. The RIDP supported government policy of issuing forest land use certificates to farmers, which has shown an enormous potential for farmer to derive income from forest production. Facing the structural changes implied by the enhanced government strategy for Agriculture, Farmers and Rural Areas (2008), the land using rights for ethnic minorities would be one of the key factors for these disadvantage social groups to secure their production assets and benefit from increased economic opportunities. The PPA would further examine the achievements and lessons of forest land rights and land management.

##### **Financial management capacity**

21. There was a challenge in the financial management which was raised in the supervision reports. The project repeatedly claimed reimbursement from IFAD on advances. However, IFAD only reimbursed actual expenditures, and as such,

advances made under the project did not qualify as expenditures. This led to delays in disbursement and reduced the project efficiency. This problem partly reflects IFAD's insufficient training to the project staff on financial management. This assumption should be verified during the country visit phase and by cross-checking the performance of other projects in the country.

### **Other issues**

22. In addition to the above mentioned issues, the PPA would also devote attention to other selected issues which merit further verification and/or enquiry, including: (i) decentralisation and local capacity development; (ii) the impact on natural resource, environment and climate change; (iii) adapted extension and services for upland minority areas; (iv) marketing for ethnic minorities; and (v) gender equality and empowerment.

## **V. The PPA team**

23. Under the supervision of Ms Anne-Marie Lambert, Senior Evaluation Officer (IOE), Mr Jicheng Zhang, Evaluation Research Analyst (IOE), was appointed as lead evaluator for this exercise, and who is responsible for delivering the PCRV and the PPA reports. Mr Zhang would be assisted by one senior consultant, Mr Ganesh Shivakoti, rural development specialist, who would contribute to the draft PPA report with a write up on the findings and recommendations on forest land management, upland agriculture and livestock, rural infrastructure, and food security, etc. In addition, the team leader of the Viet Nam CPE, Mr Basil Kavalsky, economist, would work as a senior advisor for this PPA by providing advice in due course and comments on the draft report.

## **Background documents**

### **General references:**

IFAD, Viet Nam Country Programme Evaluation Approach Paper, 2010

The Economist Intelligence Unit, Viet Nam Profile, 2010

World Bank, World Development Indicators, 2010

World Bank, World Development Report 2008: Agriculture for Development, 2008

### **IFAD Strategy and Policy Documents:**

IFAD (2008), Country Strategic Opportunities Paper (COSOP)

IFAD (2003), Country Strategic Opportunities Paper (COSOP)

### **Project Documents:**

IFAD (2010), Project Completion Report

IFAD (2002), Report and Recommendation of the President to the Executive Board

IFAD (2002), Loan Agreement

IFAD (2006), Mid-Term Review

IFAD (2009), Supervision Report

IFAD (2008), Supervision Report

UNOPS (2007), Supervision Report

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UNOPS (2004), Supervision Report

UNOPS (2003), Supervision Report

## Definition of the evaluation criteria used by the Independent Office of Evaluation of IFAD

Criteria	Definition <sup>a</sup>
<b>Project performance</b>	
Relevance	The extent to which the objectives of a development intervention are consistent with beneficiaries' requirements, country needs, institutional priorities and partner and donor policies. It also entails an assessment of project design in achieving its objectives.
Effectiveness	The extent to which the development intervention's objectives were achieved, or are expected to be achieved, taking into account their relative importance.
Efficiency	A measure of how economically resources/inputs (funds, expertise, time, etc.) are converted into results.
<b>Rural poverty impact<sup>b</sup></b>	Impact is defined as the changes that have occurred or are expected to occur in the lives of the rural poor (whether positive or negative, direct or indirect, intended or unintended) as a result of development interventions.
<ul style="list-style-type: none"> <li>Household income and assets</li> </ul>	Household income provides a means of assessing the flow of economic benefits accruing to an individual or group, whereas assets relate to a stock of accumulated items of economic value.
<ul style="list-style-type: none"> <li>Human and social capital and empowerment</li> </ul>	Human and social capital and empowerment include an assessment of the changes that have occurred in the empowerment of individuals, the quality of grassroots organizations and institutions, and the poor's individual and collective capacity.
<ul style="list-style-type: none"> <li>Food security and agricultural productivity</li> </ul>	Changes in food security relate to availability, access to food and stability of access, whereas changes in agricultural productivity are measured in terms of yields.
<ul style="list-style-type: none"> <li>Natural resources and the environment and climate change</li> </ul>	The focus on natural resources and the environment involves assessing the extent to which a project contributes to changes in the protection, rehabilitation or depletion of natural resources and the environment as well as in mitigating the negative impact of climate change or promoting adaptation measures.
<ul style="list-style-type: none"> <li>Institutions and policies</li> </ul>	The criterion relating to institutions and policies is designed to assess changes in the quality and performance of institutions, policies and the regulatory framework that influence the lives of the poor.
<b>Other performance criteria</b>	
<ul style="list-style-type: none"> <li>Sustainability</li> </ul>	The likely continuation of net benefits from a development intervention beyond the phase of external funding support. It also includes an assessment of the likelihood that actual and anticipated results will be resilient to risks beyond the project's life.
<ul style="list-style-type: none"> <li>Promotion of pro-poor innovation and scaling up</li> </ul>	The extent to which IFAD development interventions have: (i) introduced innovative approaches to rural poverty reduction; and (ii) the extent to which these interventions have been (or are likely to be) scaled up by government authorities, donor organizations, the private sector and other agencies.
<ul style="list-style-type: none"> <li>Gender equality and women's empowerment</li> </ul>	Relevance of design in terms of gender equality and women's empowerment. Level of resources of the project dedicated to these dimensions. Changes promoted by the project at the household level (workload, nutrition status, women's influence on decision making). Adoption of gender-disaggregated indicators for monitoring, analysis of data and use of findings to correct project implementation and to disseminate lessons learned.
<b>Overall project achievement</b>	This provides an overarching assessment of the project, drawing upon the analysis made under the various evaluation criteria cited above.
<b>Performance of partners</b>	
<ul style="list-style-type: none"> <li>IFAD</li> <li>Government</li> <li>Cooperating institution</li> <li>NGO/community-based organization</li> </ul>	This criterion assesses the contribution of partners to project design, execution, monitoring and reporting, supervision and implementation support, and evaluation. The performance of each partner will be assessed on an individual basis with a view to the partner's expected role and responsibility in the project life cycle.

<sup>a</sup> These definitions have been taken from the OECD/DAC *Glossary of Key Terms in Evaluation and Results-Based Management* and from the IOE Evaluation Manual.

<sup>b</sup> It is important to underline that the IFAD Evaluation Manual also deals with the "lack of intervention". That is, no specific intervention may have been foreseen or intended with respect to one or more of the five impact domains. In spite of this, if positive or negative changes are detected and can be attributed in whole or in part to the project, a rating should be assigned to the particular impact domain. On the other hand, if no changes are detected and no intervention was foreseen or intended, then no rating (or the mention "not applicable") is assigned.



## List of persons met

<b>1- 25 March 2011</b>	
<b>A. People and key partners met in Hanoi</b>	
<b>Ministry of Planning and Investment - MPI</b>	
Ms Nguyen Yen Hai	Deputy director general, Foreign Economic Relations Department
Ms Nong Thi Hong Hanh	Head of International Organizations division
<b>Ministry of Finance</b>	
Ms Nguyen Thi Hong Yen	Deputy Director General, Debt Management- External Finance department
Ms Duong Quynh Le	Deputy Manager, Multilateral Division
<b>Ministry of Agriculture and Rural Department</b>	
Ms Ho Thi Minh Chau	Head, Division International Cooperation Department
Mr Tang Minh Loc	Director General, Department of Cooperative and Rural development
Mr Dang Van Cuong,	Officer, Department of Cooperative and Rural development
Mr. Tran Dinh Dung,	Deputy Head of Division, Farmer Organization and Farm promotion division
<b>Ministry of Natural Resources and Environment</b>	
Mr Pham Van Tan	Deputy director general, Department of International Cooperation Department
<b>Ministry of Labor and Invalids and Social Affairs</b>	
Ms Thanh	Officer, Hunger Eliminate and Poverty reduction programme
Ms Huyen	Department of Gender Equality
<b>Committee of Ethnic Minorities</b>	
Ms Van	Deputy Director, Ethnic Policy Department
<b>Farmer' Union</b>	
Mr Nguyen Manh Hung	Director, International Cooperation Department
Ms Nguyen Thi Ma	Director, Supporting fund for Farmers
Mr Vu Quoc Huy	Director, Ethnic Minority, Religion , National defense, Security Department
Ms Trieu Thi Bich Thuy	Director, Rural Environment Centre
Mr Nguyen Tien Vuong,	Vice Director, Personal Department
Mr Pham Huu Van	Vice Director, Economic Department
<b>Women's Union</b>	
Ms Cao Thi Hong Van	General Director, Supporting Women in Economic Development
Ms Dao Thi Minh Chau	General Director, Religion and Ethnic Department
Ms Tran Bich Thuy	Officer, Department of International Cooperation
<b>Chamber of Commerce and Industries</b>	
Dr Hang	Director, International Trade Center
<b>Vietnam Bank of Agriculture and Rural Development</b>	
Mr Nguyen Viet Tuc	Project Director
Mr Nghiem Duy Binh	Expert of Programme Management Department
<b>World Bank</b>	
Mr. Steven Jaffee	Rural Development Sector Coordinator

<b>UNDP</b>	
Ms Setsuko Yamazaki	Country Director
<b>B. Persons met in Tuyen Quang Province</b>	
Mr Nguyen Viet Hung	Officer, Department of Planning and Investment
Ms Nguyen Thi Dinh	Director, Department of Agriculture and Rural Development (DARD)
Mr Nguyen Tho Lai	Deputy Director, DARD
Ms Nguyen Thi Nam	Officer DARD
Mr Nguyen Van Cong	Director, Department of Animal Health
Mr Nguyen Van Nam	Deputy Director, Agricultural Extension Centre
Ms Nguyen Thi Hoi	Officer, Agricultural Extension Centre
Mr Nguyen Van Toan	Officer, Agricultural Extension Centre
Mr Tran Thanh Lich	Officer, Forest Protection Department
Mr Ha Van Binh	
Ms Luong Thi Giang	Officer, PETS
Mr Nguyen Van Thinh	Manager, PETS - Chiem Hoa
Mr Hoang Van Huong	Manager, PETS - Na Hang
Ms Vuong Thi Kim Ngan	Chairperson, Women's Union
Ms Nguyen Thi Dung	Deputy Director, Viet Nam Bank of Social Policy (VBSP)
Ms Nguyen Thi Van	Credit Officer, VBSP
Mr Nguyen Thi Nhung	Officer, VBSP
<b>C. Project management staff</b>	
Mr Ha Van Hoa	Project Director
Mr Ta Van Dung	Deputy Director
Ms Trinh Thi Thinh	Chief Accountant
Mr Le Thanh Bien	Senior M&E Officer
Ms Vu Thi Phuong	Planning Officer
Ms Bui Khac Hieu	M&E Officer
Mr Nong Canh Uong	Infrastructure Engineer
Ms Luong Ngoc Huong	Gender Officer
Ms Do Manh Thang	M&E Officer
Mr Nguyen Van Dinh	Administration Officer
<b>D. Persons met at districts, communes and villages</b>	
Mr Ha Phuc Du,	Activity Manager, Chiem Hoa District
Mr Dinh Viet Vu	Secretary, Chiem Hoa
Ms Ha Thi Cham	Community Development Facilitator, Chiem Hoa
Mr Ma Thi Luyen	Infrastructure Engineer, Chiem Hoa
Mr Le Xuan Huong	M&E Officer, Chiem Hoa
Mr Ha Van Lai	Activity Manager, Na Hang District
Ms Pham Hong Hanh	Community Development Facilitator, Na Hang
Mr Chau Van Canh	Infrastructure Officer, Na Hang
Mr Hoang Thi Truong	Na Hang Agricultural Extension Station
Mr Hoang Thi Hai	Na Hang Animal Health Station
Mr Le Ngoc Son	Chairman of CPC, Hung My Commune
Ms Hoang Thi Hoan	Chairwoman of Commune Women's Union, Hung My Commune
Ms Ma Thi Thoa	Hung My Commune
Ms Ma Van Tuyen	Hung My Commune
Mr Ma Van Chuong	Dinh Village, Hung My Commune
Ms Truong Thi Nguyet	Dinh Village
Mr Dao Van Chien	Dinh Village

Mr Ma Van Tuyen	Dinh Village
Ms Le Thi Tham	Dinh Village
Mr Nguyen Ngoc Son	Chairman of CPC, Nang Kha Commune
Mr Nguyen Van Chung	Vice Chairman of CPC, Nang Kha Commune
Ms Nong Thi Phan	Chairwoman of Commune Women's Union, Nang Kha
Mr Hoang Van Tich	Na Loong Village, Nang Kha Commune
Ms La Thi Nghi	Na Loong Village
Ms Hoang Thi Xuan	Na Loong Village
Ms Tam Thi Toan	Na Loong Village
Ms Nong Thi May	Na Loong Village

## **Bibliography**

### **Government of Viet Nam policies, strategies and programmes**

Viet Nam Socio-economic Development Plan (SEDP) 2006-2010

Forest Sector Development Strategy

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