

Socialist Republic of Viet Nam
Rural Income Diversification Project in Tuyen Quang Province

Project Completion Report Validation

A. Basic Data

A. 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 (gov't)	2.67	9%	3.71	12%
Type of project (sub-sector)	Rural Development	Co-financier 1 SIDA	5.03	17%	1.80	6%
Financing Type	F	Co-financier 2				
Lending Terms¹	HC	Co-financier 3				
Date of Approval	6 December 2001	Co-financier 4				
Date of Loan Signature	18 February 2002	From Beneficiaries	1.83	6%	1.80	6%
Date of Effectiveness	21 Aug 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 ² T. Elhaut	Mid-Term Review			July 2005	
PCR Reviewer	J. Zhang	IFAD Loan Disbursement at project completion (%)			95% (in SDR terms)	
PCR Quality Control Panel	A. Muthoo A-M. Lambert					
Please provide any comment if required:						

Sources of this table: President's report, PCR, PPMS, LGS, MTR, Appraisal Report, Supervision reports.

¹ According to IFAD's Lending Policies and Criteria, there are three types of lending terms: highly concessional (HI), intermediate (I) and ordinary (O). The conditions for these are as follows: (i) special loans on highly concessional terms shall be free of interest but bear a service charge of three fourths of one per cent (0.75 per cent) per annum and have a maturity period of forty (40) years, including a grace period of ten (10) years; (ii) loans on intermediate terms shall have a rate of interest per annum equivalent to fifty per cent (50 per cent) of the variable reference interest rate, and a maturity period of twenty (20) years, including a grace period of five (5) years; (iii) loans on ordinary terms shall have a rate of interest per annum equivalent to one hundred per cent (100 per cent) of the variable reference interest rate, and a maturity period of fifteen (15) to eighteen (18) years, including a grace period of three (3) years.

² Former Officer-in-Charge.

B. Project Outline

1. The Rural Income Diversification Project in Tuyen Quang Province (RIDP) is the second IFAD-funded project in the province, following the completion of the Participatory Resource Management Project in Tuyen Quang (1993 – 2001). The target groups were the poor families in the 66 poorest communes in mountainous areas, including 49,000 households, and the focus was on the ethnic minorities and women. Ethnic minorities accounted for 52 per cent of the population and 73 per cent of the poor in Tuyen Quang province.

2. **Rationale of the intervention.** The project intended to address the pervasive poverty and food insecurity of the ethnic minorities in upland areas. The key challenges facing the target groups were low agricultural productivity, lack of access to forest resources, inadequate infrastructure, limited market opportunities, exposure to disasters and hygiene-related risks, and depletion of natural resources and deforestation. The project aimed to improve food security and household income by diversifying income sources of the poor families. For these purposes, the project would invest in increasing crop productivity, building new roads, constructing drinking water sites, hatching micro enterprises, linking farm production to markets, and empowering women. The initial design highlighted the difference between this project and the previous one: the new project would focus on post-production activities including storage, processing, transporting, and marketing and 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.

3. 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.

4. The project **components and cost allocations** may be seen in the below table.

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

5. **Major changes in political and economic context.** During 2002-2009 period, Viet Nam experienced stable political context and steady economic growth. The country joined the World Trade Organization in 2007. In 2008, the global economic recession hurt the country's economic growth but only to a limited extent. However, in 2005, the Prime Minister instructed provinces to reclassify three forest types. This had the effect of slowing down the progress of some forest land allocation and the subsequent awarding of land use certificates in some project communes. Besides, the merger of some villages reduced the number of villages in project areas by 113 as compared to the number in project design.

C. Main Assessment – Review of Findings by Criterion³

Project Performance

C.1 Relevance

6. Food security and poverty reduction were the apparent needs of the target groups – rural poor in the upland areas, and the objectives of the project were coherent with the government’s rural development strategies and the IFAD strategies in the country. The project was well positioned in the context of the government decentralisation and poverty reduction programmes, and the project would leverage this decentralisation momentum in piloting, enhancing and promoting the participatory approach in rural development. The participation and ownership of sub-national institutions including provincial, district, commune and village-level institutions were taken into consideration in the design, and as being stated, the commune and village institutions would be entrusted in needs-assessment, planning, implementation, monitoring and maintenance. Particularly, the commune development board would have full decentralisation in terms of local funding and contracting authority.

7. It is commendable that women’s empowerment was emphasized and implemented in all the project activities including project management. The expected synergies between the project components – farm and livestock support, vocational training, women’s empowerment, and village infrastructure (road and water engineer works) - were sound and aligned to the overall objectives of the project.

8. The project design integrated lessons from the previous project in Tuyen Quang province, and focused on diversifying the income sources of households and supporting rural education and training, market access, clean water supply, and developing rural enterprises. In upgrading the achievements of the previous project, the project highlighted the new efforts in micro-enterprise development and marketing support. With hindsight, the enterprise development design proved not fitting the local macroeconomic environment, partly because the local farm productivity was still at subsistence level, and farmers were not able to produce extra amount to supply the markets beyond the villages. The design of the enterprise development was not customized to the needs of the local entrepreneurs in ethnic areas. However this effort represented a signal achievement in promoting market-oriented production among ethnic minority areas. IOE rating of the relevance is satisfactory (5).

C.2 Effectiveness

9. As presented in the project completion report, the indicators of the components across the project showed that the project has achieved the overall objective of improving the socio-economic status of the target groups.

10. The objective of **increasing capacities of rural poor in decision making** was achieved through intensive efforts of decentralisation, participation and training. On a pilot basis, the project had implemented full decentralisation (including planning, implementing and financial management) in 15 of all the 66 communes. The project formed commune and village development boards as well as village based groups for carrying out the project activities; and the implementation of identified village activities, funded by women’s livelihood fund and village infrastructure development fund, were devolved to village organisations. With the gradually improved participatory approach, the poor families were constantly involved in need identification, planning, and implementation. Villagers were trained to prepare annual work plans, and all farmer families participated in discussion on their issues and constraints and the prioritization of their needs. For enhancing women’s role in decision making and economic activities, the project applied a gender approach with a cross cutting strategy in all components as well as specific activities to empower women. In each village at least one savings and

³ For definition of and guidance on the criteria, please refer to the Evaluation Manual: http://www.ifad.org/evaluation/process_methodology/doc/manual.pdf.

credit group was formed with an average of 76.1 per cent of participants being women, and women were actively involved in all the agriculture, livestock, training, and village infrastructure activities.

11. The capacities of the rural poor were also enhanced through vocational training and education. The vocational training was planned at two levels, the long term courses for grade 9 students, and the short term courses for potential skilled workers. By project completion 2 973 graduated from the training, against the target of 3168. A survey on jobs and incomes of graduate students showed that 267 long-term training graduates (47 per cent) got employment in state offices and private enterprises and 303 (53 per cent) are doing farm work with average monthly income of VND706,500, which is a convincing achievement compared with the average income per household VND150,000. The education support overachieved its target; by completion 5 719 school children were given support (against target of 3,168), and among them 51 per cent were girl pupils; and 74 per cent under age children had been sent to kindergartens.

12. The objectives of **enhancing food security and promoting income diversification** were achieved through the activities of upland farming and livestock, microfinance and micro enterprise, village infrastructure and market access, etc. Improved village roads made a significant contribution to market access. The project has completed all the planned village infrastructure works and formed village operation and maintenance groups. The great majority of the schemes funded by the village infrastructure fund were of good quality. The infrastructures largely included intra-village roads, transport facilities, and improvement and extension of irrigation systems. By completion, 85 – 90 per cent households had road access to markets, 60 per cent had access to stable irrigation water, 87 per cent had access to clean domestic water, and 90 per cent had access to electricity. These infrastructures formed a good base for improving farm and non-farm productions.

13. Upland farming and livestock. The project has completed all the planned field demonstrations (366 against 302 planned) and trainings at the farmers' field school (2,689 training sessions against 2,735 planned). The demonstrations and field schools have proven to be effective approaches for technology transfer to and adoption by farmers of ethnic minorities. The demonstrations attracted around 10 000 farmers and among which 91 per cent were women. Comparatively, the farmers' field school proved more effective and popular, and had much broader coverage of target groups. As consequence, hybrid paddy, chicken fattening, maize and soybean cultivation were adopted extensively. Though the adoption rates among farmers were unclear, around 40 000 household reported productivity increase of 14-20 per cent via demonstrations and field schools. The project also explored the potential of raising livestock to increase nutrition and incomes of households. By completion, 824 village animal health workers trained by the project (against target 824) were operating. The access to service for animal treatment had increased by 562 per cent between 2003 and 2007. A survey done in December 2007 showed that 78.5 per cent of household reported an increase in cash income from livestock production.

14. Micro finance and micro enterprise. The project made full achievement in building village saving and credit groups (SCGs). The project planned to form 936 SCGs, and by completion 1,005 SCGs were formed and have been functioning, which was an effective step in linking poor farmers to the 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. However, micro-enterprise development was far below the target. Enterprise at village level was a new venture for most farmer families; 30 enterprises were supported or created by the project and some of the enterprises existed already before the project intervention.

15. The objective of **improving sustainable use of forest resources** was achieved through the intervention in supporting government policy of issuing forest land use certificates (FLUC) to farmers. The forest coverage rate of the province increased from 62 per cent to 69 per cent between 2004 and 2007. The project intervention also had shown an enormous potential for farmer to derive income from forest production; therefore farmers were motivated to invest and attend their forest land. By 2008, over 50 per cent of the 15,083 households that had had access to forestland for 2-3 years reported income increase from forest product and by products. Over the project period, 40,000 FLUCs (against target of 49,000) had been awarded to 26,000 households. The main reason for the shortfall was that

the government reclassification of forest lands required an assessment of the value of the forest trees on the lands, a time consuming process.

16. In consideration of the above achievements in relation to each specific objective of the project, while taking into account possible attribution issues due to overall economic take-off of the country, the IOE rating for effectiveness is satisfactory (5).

C.3 Efficiency

17. The PCR contains very limited data for efficiency analysis. Based on the PCR, the project completed almost all the planned activities within the revised period and planned budget, and the quality of the works including infrastructures was up to local standards. The project management was effective in implementing the annual work programme and budget (AWPB). The district and commune AWPBs were reported being developed in a participatory manner, physical and financial progress against the AWPB had been on track, and a decentralised M&E structure has been established which prescribed varying degrees of data collection, analysis and reporting at provincial, district, commune, and village levels. The quarterly progress reports were submitted in a timely manner.

There was a delay in the start-up of the implementation due to late effectiveness of the loan; therefore the project was extended for one year to implement all the activities without extra funding. Within the extended implementation duration, the project had completed almost all the planned activities, except the micro-enterprise development subcomponent. The efficiency was also affected by the slow disbursement to the project.

18. 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 until they were paid to external agencies like contractors. This led to delay in disbursement and reduced the project efficiency. No EIRR has been calculated for this project. Based on above analysis, IOE rates moderately satisfactory (4) for the efficiency of the project.

Rural Poverty Impact

C.4 Impact

Household Income and Net Assets

19. Household income has diversified as more farmers were taking up more productive farming practices, rearing livestock, and productions in certified forest land. The PCR found that many farmers in the project area have managed to increase production as results of improved varieties of paddy, hybrid maize, and the second paddy crop. A survey conducted in 2007 reported that 35,000 households increased crop production. And 2,500 households reported increase in herd size, which led to increased income. Increase in production assets mainly consist of the 40,000 certified forest land use for 26,000 families. However, the planned enterprise development was not realised, and did not contribute to post-harvest processing and diversifying income sources of poor families. Rating: Satisfactory (5)

Human and Social Capital and Empowerment

20. The project created new human and social capitals for the villagers in the project areas. Apart from the commune and village development boards, which proved effective in need identification and implementing village development activities, the project has formed 1,005 savings and credit groups (SCGs) which increased the access of ethnic minorities and other rural poor to micro credit for taking up new small-scale farm activities. Human capital was also enhanced through vocational training and education provided by the project, as mentioned in paragraph 11. The project also partly financed the education of 5 719 school children, among which 51 per cent were girl pupils. The clean water supply

schemes and improved food supply contributed to the health benefits of villagers, though there was no health-related intervention supported by the project. Women's empowerment was a major achievement of the project as well, which is assessed under the criterion of gender equality and women's empowerment in section C 7. PMD rating for this criterion is highly satisfactory (6); however IOE found no evidence showing that the newly formed social capital significantly increased the negotiation power of the rural poor, women and ethnic minorities in interacting with the Government and participating in market. Rating: Satisfactory (5)

Food Security and Agricultural Productivity

21. The project has made an obvious impact on food security, with an increase of 72 kg in average food availability per capita in the project areas as reported in 2009 supervision report. Overall agricultural productivity had increased throughout the project area, especially for hybrid rice, pigs, cattle, poultry, peanut and soybean where the increase ranged from 17 to 72 per cent reported by the 2009 supervision mission. The increased productivity presented by the demonstration models motivated more small-scale farmers to adopt new crop varieties and livestock activities. Particularly, there was an increasing demand among the communities for the services of the village animal health workers, as smallholder livestock was very important in increasing household income, food security and savings; and there was a space for IFAD and the government to enhance the livestock and processing support in mountainous areas. PMD rating for this criterion is highly satisfactory (6); however IOE noticed that food insecurity was still one of the key concerns of the poorest in the project villages; and the production support was focused on introducing new crops and livestock, with very limited efforts on increasing productivity of value-added activities such as food and agri-processing. Rating: Satisfactory (5)

Natural Resources and Environment (including climate change issues)

22. The activities in concern have introduced crop production and soil quality, irrigation work and land use, road construction and land use, and forest land management. Compared with crop production, the production systems being promoted were not input intensive, and the mixed use of fertilizers and organic inputs were emphasized. However the crop production in valleys and lower slopes appeared to be increasing encroachment into steeper areas. No instances of conservation system being applied in hillside agricultural were observed by supervisions. Irrigation works were small and dispersed, and roads were primarily short section to improve accessibility on existing inter-village roads, therefore no new land were opened up. Finally, forest management was still in early stage, but the issuance of land use certificates secured access and use of forest lands; the early indication were positive, as farmer started to invest in tree plantations. The forest coverage rate of the province increased from 62 per cent to 69 per cent between 2004 and 2007. The environmental sustainability is likely to be achieved. Ratings: Moderately Satisfactory (4)

Institutions and Policies

23. The project provided effective support to piloting decentralisation at commune level and participatory planning and implementation. Commune and village institutions were delegated with need assessment, planning, implementation, monitoring and maintenance, and financial management and procurement, with full decentralization, consisting of decentralization of funds for works and agricultural services and contracting authority, in 15 of the 66 project communes. It is reported that this approach had strengthened the communes' capacity in infrastructure planning, operation and maintenance and had improved the provision of agriculture support services. In terms of policy impact, the project experience directly contributed to the formulation of the Inter-Ministerial Circular on Program 135 Implementation Guidelines and Program 135 Production Component Guidelines, which formally created the opportunity for decentralized infrastructure schemes and agricultural service provision in other provinces. Rating: Satisfactory (5).

Other Performance Criteria

C.5 Sustainability

24. As the decentralisation would further be enhanced and replicated in other areas in Tuyen Quang province by the Government, the overall project activities and impact are expected to be sustained. The project supported institutional development within the government systems and in the project villages through training and implementing collective activities. The institutional sustainability was therefore enhanced. However, the project involved less in market and private sector-led institutional development, as it was short in building the capacity of marketing associations or entrepreneur associations and enhancing the local market information system. Particularly, the local private sector market players were not actively engaged in project activities, which limited the project achievement in supporting a sustainable local market; therefore the sustainability of market participation was not convincing.

25. In terms of village infrastructure, village operation and maintenance groups were formed for each public infrastructure scheme, and these village groups have been effective, therefore the use and maintenance of village infrastructures in general would be sustained. The savings and credit groups would continue to develop and build further links with formal financial system. But the micro-enterprise development would need rethinking on both design and needs assessment. The agricultural and livestock support would be sustained by the government programmes, but also pending on farmer's understanding of paying the cost for the services. Forest land management would be ensured for short and medium term as the land use is protected by the certificates, though farmers may need technical support on forest land use. The valuable achievement in women's empowerment would be certainly sustained in society and family livelihoods, because the gender awareness are significantly raised, women have made great achievements, and women could further leverage the legal and institutional framework in ensuring gender equality. The PMD rating for sustainability is moderately satisfactory; based on the above positive assessments, especially the institutional sustainability of decentralisation and participatory planning, IOE increases the rating to satisfactory. Rating: Satisfactory (5)

C.6 Pro-Poor Innovation, Replication and Scaling up

26. Though there are limited technical innovations in the project, the key innovation feature of the project is piloting decentralisation and participatory planning and implementation at commune and village levels. The full decentralisation piloted by the project in 15 communes proved effective in enhancing local government and institution capacity; and this achievement convinced the provincial government to decentralise the management of infrastructure schemes to all the communes covered by the national Programme 135; and the Department of Agriculture and Rural Development has committed to decentralize agricultural support services to 50 per cent of the national Program 135 communes in 2010. As the support to decentralisation is the key pillar of the project, the achievement in innovation and scaling up in this respect is significant. Another innovation feature in project design is the micro-enterprise development in ethnic minority areas, which was not realised by the project in implementation.

27. The PMD rating for this evaluation criterion is highly satisfactory. In IOE's view, the project made significant achievement in piloting and promoting decentralisation, which was the major innovation feature and key pillar of the project; however the project fell short in supporting innovations regarding enterprise development and market access, which were of critical importance for diversifying incomes of rural households. Rating: Satisfactory (5)

C.7 Gender Equality and Women's Empowerment

28. Women's empowerment was a major achievement of the project. The project had a well-developed gender strategy that was both cross-cutting in all components as well as having a specific

component with activities designed to directly empower women, therefore the awareness of gender equality and protections of women's rights are significantly enhanced in the project areas. The 2007 survey commissioned by the project reported that the roles and participation of women in family and community activities were being favourably changed, with men participating more in activities dominantly done by women before (e.g. domestic chores), and women spending less time on agricultural labour (e.g. soil preparation), and more time in training, village meetings, and marketing.

29. The vocational training provided by the project had almost equally benefited men and women, and land use certificates were awarded in the names of both wife and husband. In the savings and credit group activities 76.1 per cent of participants were women; in the extension services activities, 29 per cent of extension workers and 43 percent of key farmers were women; women participants in field demonstrations and field schools had comprised 91 per cent and 67 per cent respectively, and beneficiaries of livestock support had been 47 per cent women. The Gender and Women Livelihoods Fund (WLF) component had included training for men on gender awareness (37 per cent of participants), and the WLF specifically targeted women with a menu of options to support their felt needs and ease women's workloads. Rating: Highly Satisfactory (6)

C.8 Performance of Partners

IFAD's Performance

30. This project was the second IFAD-funded project in Tuyen Quang province. IFAD integrated lessons from the past operations focusing on farm production, and took one step further to support decentralisation and market access, which proved highly relevant to the needs of the rural poor in mountainous areas. The supervision missions and the MTR were timely and instrumental for project implementation. The decision made in the early stage of the project on extending one year implementation to allow sufficient time for the project to complete all the planned activities was a forward-looking decision. This early decision avoided potential problems from hasty design changes in the last years of the project, as seen often in IFAD-funded projects, which could have led to compromised implementation quality only for meeting the implementation deadlines. Also, IFAD made appropriate use of the project Development Reserve Fund when SIDA decided to withdraw co-financing from the project on the reason that SIDA was not convinced that the implementation of decentralisation was in place.

31. However, it is reasonable to question whether the design and arrangement of enterprise development was relevant to the local economic environment and the needs of potential entrepreneurs among the ethnic minorities. The under-achievement in enterprise development was partly due to the insufficient emphasis on this activity within the overall composition of the project, and to the implementation arrangement. As in the project design the enterprise development was packed together with the microfinance, the Viet Nam Bank for Social Policy (VBSP) was engaged in implementing this subcomponent of microfinance and enterprise development. This arrangement was appropriate for the microfinance activity, but not for the enterprise development as the VBSP was not equipped for enterprise activities. IFAD should be partly held accountable for the under-achievement in this respect. Also, the quality of the financial management of the project was questioned by the supervisions, as the project staff misunderstood the concept of eligible expenditures for IFAD reimbursement; this partly reflected that IFAD's support for financial management was not in place or not sufficient. Rating: Moderately Satisfactory (4)

Government's Performance

32. The Government showed strong ownership and active leadership in implementing decentralisation and participatory planning in rural development in ethnic minority areas. The actual counterpart funding of the government (US\$3.7 million) was 40 per cent more than the planned share (US\$2.6 million). Particularly, the project management was commended by the supervisions and PCR, in terms of implementation progress, monitoring and evaluation system, gender focus, poverty focus, and piloting full scale decentralisation at commune and village levels. Also the province authority has taken measures to scale up the decentralisation and sustain the practices of farm production and

extension and livestock support. One minor negative point is in relation to the fiduciary aspect, as the project did not fully abide by IFAD's financial management requirements in claiming reimbursement, which may partly due to IFAD's negligence in financial management training. Rating: Satisfactory (5).

Cooperating Institution

33. From 2002 to 2007, UNOPS was commissioned by IFAD to conduct supervision and financial administration of the project. In general, UNOPS made a team of around 3 specialists for an annual supervision of 10 to 12 days. The supervisions undertaken by UNOPS were timely, and the quality of the supervision reports submitted by UNOPS was acceptable. However the frequent changes of the supervision team members led to inconsistent and even irrelevant recommendations, such as the inconsistent recommendations on enterprise development made by 2006 and 2007 supervision. In line with IFAD's direct supervision policy, IFAD suspended supervision agreement with UNOPS by the end of 2007 and started direct supervision in 2008, the overall role of the UNOPS in this project was significantly marginalised. Rating: Moderately Satisfactory (4)

SIDA

34. The planned commitment of SIDA was US\$5.3 million to support agriculture extension and project management. The project start-up was delayed during the first year. However, in 2004 when project implementation accelerated, coming on stream in line with the appraisal plans, SIDA decided, in October 2004, to withdraw its participation in the project. The main reasons for the SIDA decision was that in its view, the project implementation did not show sufficient degree of decentralisation in decision making. The actual financial contribution of SIDA was US\$1.6 million. This withdrawal disrupted the implementation; and with hindsight, the support of the decentralisation is a major achievement of the project, as the project convinced the province authority to promote concrete decentralisation in all the communes of the province after the completion of the project.

C.9 Overall Assessment of Project Achievement

35. The Rural Income Diversification Project in Tuyen Quang Province represented a step forward in IFAD's operations in the country, as the project moved away from supporting agricultural production for subsistence economy to engaging in decentralisation, participatory planning, women's empowerment, and market access and enterprise development.

36. The project, with good reason, extended one year due to the late start up, and it completed all the planned activities, except the micro-enterprise development, in revised term and within budget. Concrete development progress were made in the areas of agricultural and livestock production, forest land use, village savings and credit groups, intra-village infrastructure, children education and youth training, and women's mainstreaming in all the activities. The achievement in devolving decision making and financial management to communes and village institutions are highly commendable, which convinced the province government to promote decentralisation of infrastructure and agricultural services to all the communes in the province. Another far-reaching achievement is women's empowerment which was a cross-cutting issue and also a focus component in the project. Women were ensured equal involvement in training, farming, livestock, savings and credit support, and village infrastructure development, and women's land right was guaranteed as the land use certificates signed with both wife and husband's names. However, the project fall short in marketing and enterprise development, with no significant progress made, which may reflect design problem of this component. It's noteworthy that these lessons should be seen in the rural development context of Viet Nam; based on these lessons, the synergy of the social development and marketing development should be enhanced in the future operations. The rating for the overall performance is Satisfactory (5).

D. Assessment of the PCR Quality

Scope

37. The PCR followed the annotated outline for PCR as indicated in the Guidelines of Project Completion (2006), and it covered most of the key aspects of the programme design, implementation, management, and key criteria of performance and impact. In general, it provided an account of the implementation and achievements in relation to agriculture extension, forest land management, women's empowerment, and village infrastructure development. However, the PCR is lacking descriptions on the project management, and it was scant of analysis on the under-performance of micro-enterprise development, which as one of the new features in project design. The section of Performance of Partners provided only a few lines on the provincial government's performance, with no information on the performance of other key partners including central government, IFAD, cooperation institution (UNOPS), and co-financier (SIDA), etc. The scope of the PCR is rated as moderately unsatisfactory (3) by the validation.

(i) Quality (methods, data, participatory process).

38. Though the PCR provided relevant data on the project's achievements in relation to most of the project components, the assessment methods applied in the PCR were significantly different from the evaluation methodology of IFAD. The assessment on relevance contained only partial information on project design, without analysis on the relevance of project objectives, management arrangements, coherence of components, etc; the section of efficiency was literally a part of project effectiveness, without analysis on cost and benefit, quality of the project works, management and administrative costs, extension of the project implementation, etc; the section of effectiveness was lacking alignment to project objectives; and the assessment on impact contained only information regarding food security and income and very limited analysis on water, education, and empowerment. As aforementioned, the analysis on the performance of partners was very incomprehensive too. The PMD rating for this criterion is moderately unsatisfactory; however, from the perspective of evaluation, the assessments on relevance, effectiveness, efficiency and impact were either irrelevant or incomprehensive, and therefore not convincing. The quality of the report is rated by IOE as unsatisfactory (2).

(ii) Lessons.

39. The lessons and recommendations provided by the PCR were generally relevant but lack of clear focus in view of future operations; and the recommendations were not aligned to the national development policy and programmes and IFAD's country strategies. Also some of the lessons (e.g. consultancy work for infrastructure projects) were not generated from proper analysis in the report. The lessons are rated as moderately unsatisfactory (3).

(iii) Candour.

40. The validation found no significant issue in relation to the candour of the PCR. However, the PCR did not provide a comprehensive understanding on the negative performance of micro-enterprise development and the challenges for the sustainability of some key activities such as savings and credit groups, extension and livestock services, and village infrastructure works. For these shortcomings, the candour is rated as moderately satisfactory (4).

41. Based on the above analysis, the overall rating of the PCR quality is moderately unsatisfactory (3). This rating is not linked to the assessments of the project itself, and the assessments of the project in the validation were corroborated by the information from supervision reports, MTR and other documents.⁴

E. Final Remarks

E.1 Lessons Learned

⁴ This PCR is conducted based on the version of PCR rated by PMD. IOE acknowledges the more comprehensive scope and more thorough analysis contained in a different version of PCR prepared by the Project Management Unit; and the quality information and analysis contained in this referred version would be reflected in the upcoming PPA process.

42. **Enterprise development in ethnic minority areas.** The project intended to develop micro and small rural enterprises; however, this component did not make significant progress. During the project period, 30 enterprises were supported or created by the project, and some of these enterprises existed already before the project intervention. This under-performance was partly because of the low productivity and insufficient quality of local products for outside markets, and partly because the design was not suitable to the needs of local entrepreneurs. The challenges in developing micro enterprises in indigenous areas deserve an in-depth study in future project designs for the purpose of upgrading local production and integrating minorities into the rapid growing national economy.

43. **Enhanced investment in capacity building.** 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, but also shows the necessity of supporting capacity building of local intuitions. In further enhancing decentralisation implementation in the country, IFAD should increase investment proportion in capacity building; and this shifted focus should be embedded in the re-engineering of IFAD's country strategy as the country has moved up from low income country into a lower middle income country, and the government is in sharp demand of capacity building and knowledge transfer for realising the economic development ambition.

E.2 Issues for IOE Follow-up (if any)

44. Following the PCRV, a project performance assessment (PPA) of RIDP is being conducted by IOE in the context of the Viet Nam Country Programme Evaluation. The identified lessons and issues including marketing and enterprise development in indigenous areas and local capacity building will be treated in further depth, and the findings and analysis in these respects would inform the final report of the Country Programme Evaluation.

F. Rating Comparisons

Project ratings			
Criterion	PMD Rating ⁵	IOE Rating	Net Rating Disconnect (IOE PCRV - PMD)
Relevance	5	5	0
Effectiveness	5	5	0
Efficiency	4	4	0
Project Performance⁶		4.67	
Rural Poverty Impact			
(a) HH Income and Net Assets	5	5	0
(b) Human and Social Capital Empowerment	6	5	-1
(c) Food Security and Agricultural Productivity	6	5	-1
(d) Natural Resources and Environment (including climate change issues)	4	4	0
(e) Institutions and Policies	5	5	0
Overall rural poverty impact⁷	5	5	0
Sustainability	4	5	1
Pro-poor Innovation, Replication and Scaling up	6	5	-1
Gender equality and women's empowerment	6	6	0
Overall project achievement⁸	5	5	0
Performance of partners			
(a) IFAD	4	4	0
(b) Government	5	5	0
(c) Cooperating Institution	4	4	0
AVERAGE Net disconnect 0.125			
Ratings of the PCR document quality	PMD rating	IOE PCRV rating	Net disconnect
(a) Scope	3	3	0
(b) Quality (methods, data, participatory process)	3	2	-1
(c) Lessons	3	3	0
(d) Candour	4	4	0
Overall rating PCR document		3	

⁵ 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.

⁶ Arithmetic average of ratings for relevance, effectiveness and efficiency.

⁷ This is not an average of ratings of individual impact domains.

⁸ This is not an average of ratings of individual criteria. Moreover the rating for performance of partners is not a component of overall performance rating".

G. List of Sources used for PCR Validation

IFAD Strategy and Policy Documents:

IFAD (2007), IFAD Strategic Framework 2007-2010.

IFAD (2002), 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 (2003), Supervision Report.

General references:

The Economist Intelligence Unit, Viet Nam Profile, 2010.

World Bank, World Development Indicators, 2010.

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