

**PARTICIPATORY WATERSHED MANAGEMENT
PROJECT IN HOANH BO DISTRICT,
QUANG NINH PROVINCE
GCP/VIE/023/BEL**

**REPORT OF
TRIPARTITE MID-TERM REVIEW MISSION**

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List of Abbreviations

APO	Associate Professional Officer(s)
CCMB	Commune Credit Management Board
CDF	Commune Development Framework
CDP	Commune Development Plan
DCMB	District Credit Management Board
DES	District Extension Station
DPC	District People's Committee
DPPC	District Plant Production Centre
5MHRP	Five Million Hectare Reforestation Programme
FLA	Forest Land Allocation
IPM	Integrated Pest Management
M&E	Monitoring and Evaluation
NIPP	National Institute of Plant Protection
NPD	National Project Director
PPC	Provincial People's Committee
RIFAV	Research Institute of Fruits and Vegetable
S&C	Savings and Credit
VBARD	Vietnam Bank for Agriculture and Rural Development
VBP	Vietnam Bank for the Poor
VDP	Village Development Plan

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Executive Summary

- i. The mid-term review mission visited the project during 1-21 October 2001 to assess the progress made in the implementation of the project (GCP/VIE/023/BEL - "Participatory Watershed Management in Hoanh Bo District, Quang Ninh Province", see paras. 6-10) and to provide recommendations for the future of the second phase. The mission's terms of reference and its itinerary are given in Annexes 1 and 2. Following discussions with the project staff and visits to five of the seven communes (three communes under the first phase and two in the second), the mission had in-depth discussions with the district and provincial authorities on its main findings and recommendations, and particularly on key issues. These discussions, also attended by the donor representative from the Embassy and FAO Representative as well as by some national government officials, helped clear up many of the issues. The international members of the mission had a debriefing at the FAO Regional Office in Bangkok on 22 October, where the Regional Representative, in particular, expressed strong support to the project, including full technical and operational backstopping from his office.
- ii. The mission found the project to be very relevant to the government's policy priority in support of self-reliant development of poor communities in mountainous areas as well as the felt needs of the some 2,200 poor households in 31 villages in 7 watershed communes covered by the project. In particular, the project's objective to promote participatory development of these villages for enhanced livelihood and sustainable management of natural resources through appropriate technologies and capacity-building is much appreciated by the stakeholders at all levels (para.12). Further, the implementation approach has been carefully formulated through in-depth reviews of the experience of the first phase as well as the needs and constraints of the four mountainous communes, on which the second phase is focused (para.13).
- iii. However, the project implementation is faced with a number of serious constraints. The project design has serious flaws. It is very much under-resourced, with insufficient duration: its budget and duration were substantially reduced from the levels originally proposed but without reduction in its objective nor outputs. In fact, while the first phase covered only three communes in five years with a larger budget, this phase covers additional four communes in more remote mountain areas for a duration of three years with smaller budget – the post of CTA is provided only for 22 of 36 months (para.14). Moreover, while the project is being implemented by the district government in line with the government's decentralization policy, the local capacity for implementation has been inadequate, including that of the local project team. At the same time, the provincial government, which is a signatory to the project document and which has much greater technical and managerial capacity, has not taken sufficient interest in ensuring satisfactory project implementation, including the project's integration into other national and provincial programmes (para.19). The implementation has been facilitated through services from a large number of national, provincial and district agencies of technical excellence under service contracts and Letters of Agreements provided by the project. Although this arrangement has many positive features, it is not conducive to developing sustainable capacity at the district level (para.16).
- iv. At the mid-point in its period, the project has made generally satisfactory progress, especially in qualitative terms. In the new four communes, all five components are being implemented based

on priorities identified through village and commune development plans, with field work beginning for the 2000 summer season in Dong Lam and Tan Dan, and one year later for Dong Son and Hoa Binh. Continued support has also been provided to the three communes of the first phase, particularly in irrigation (some unfinished work in the first phase), savings and credit scheme (S&C scheme - monitoring and support to village groups), village para-veterinarians (para-vets) and forest protection groups. Many farmer groups newly formed in the four communes have also visited their counterpart groups in the first phase communes, including those for crops, horticulture, livestock, forestry and S&C scheme (Chapter III, Section C).

v. In terms of progress made towards the project objective, the present status can be summarized as follows (Chapter IV, Section A):

- strengthening and institutionalizing participatory methods in the four communes – a good start has been made in introducing and applying an improved planning approach and new monitoring system at the village and commune levels. However, the process would need to be consolidated and fully internalized to become an insitutionalized process throughout the district, and this would require further sensitization and training of the stakeholders;
- increased productivity of land and other resources for food security, income-earning and sustainable environment – satisfctory start has also been made here by introducing improved and appropriate technologies in crop production, animal husbandry and veterinary care, horticulture and forest protection and management, including training of some 1,500 farmers. Local institutional capacity-building has been initiated for village-level extension and veterinary services, establishment of a district plant production centre for fruit trees and afforestation, networking of fruit growers, formation of village forest protection groups and that of village S&C groups. Transfer of forest lands to individual households is also assisted;
- enhanced and sustainable local capacity for planning and management, including monitoring and evaluation – although various related elements are being addressed, a holistic capacity development remains a distant prospect.

vi. After one and half years of implementation, the project is still at an early stage. Given the nature of challenge involved and in view of limited implementation capacity, the prospects for achieving the project objective within the present timeframe are very poor. In order to ensure achieving viable and sustainable results within the existing parameters of the project (its budget and duration), it would be essential to modify the project objective towars more limited, feasible results, rather than pursuing the existing objective, which is most likely to lead to unsustainable results. For this purpose, a more feasible objective within the framework of the existing objective would be to focus on building participatory, self-reliant capacity at village level where farmers have shown strong interest and commitment to the project approach. However, even such a modified objective may not be achievable within the present duration (by March 2003), and it would be prudent to review possibility for a limited extension of the project period, depending on the progress made and justification given for such an extension (Chapter IV, Section B).

vii. The mission had candid and in-depth discussions with the district and provincial authorities, especially on key issues that need to be addressed urgently. The authorities agreed to take action

on the main issues raised, including (a) the need to extend the CTA's tenure to the end of the project period, (b) strengthening the district capacity for implementation, (c) strengthening field extension capacity, (d) better integration of the project with district and provincial programmes, (e) greater involvement of the provincial government in the project, including the establishment of a special steering committee for the project at the provincial level to address various issues, and (f) ensuring effective project management team (Chapter IV, Section C).

viii. The key mission recommendations are summarized as follows:

- Overall recommendations for the remainder of the second phase:
 - a) the CTA's tenure, with the incumbent, should be extended to March 2003 with additional donor contribution (para.61);
 - b) follow-up actions be implemented by the district and provincial authorities as discussed and agreed with the mission, including strengthening the district implementation capacity, better integration of the project with the local programmes, strengthening field extension capacity, establishment of the project steering committee and ensuring the strengthened project management team work (para. 62);
 - c) the project objective for the remainder of this phase should be revised to creating a viable capacity at village level for participatory development, with particular emphasis on building and strengthening farmer-based extension capacity, which would entail a clear focus on this aim through training and capacity- building support as well as adjusting other project activities to this end to the extent possible (paras 63-64);
 - d) the three parties (the Government, donor and FAO) should review need for a limited extension of the project to the end of 2003 to ensure satisfactory achievement of the revised objective, and proposals to this effect, including workplans and budget, be submitted to the three parties in about June 2002 through the project steering committee (para.65).
- Recommendations on specific aspects (paras. 66-72).
 These cover participatory planning and M&E and the five technical components, including the rural finance component. For the latter, it is highlighted that the S&C scheme should play a complementary role to other rural financial sources available, should also be re-oriented to ensure group participation and ownership, targeting their operations on poor households, and should clarify legal aspects of the saving component. Regarding the guarantee fund facility established with the Vietnam Bank for Agricultural and Rural Development, this facility should not be renewed beyond the current period (ending 2001) and the rural population should be educated in the optimal use of other existing financing sources and mechanisms (para.72).

Chapter I. Introduction

A. General Development Background

1. Since the introduction of the Doi Moi policy in 1986, Vietnam has been under-going transition from a centrally planned to market-oriented economy. The policy change, supported by substantial external investment, led to a steady economic growth during the last decade and a half, contributing to considerable improvements in people's living standards. At the same time, the momentum of changes created by the Doi Moi policy internally and impact of external trade and globalization have resulted in pressures for further adjustments and changes in economic and other development policies. For example, despite rapid growth experienced by many urban areas, there continue to exist communities in rural areas, especially in remote mountain areas, which have been largely by-passed by the benefits of recent economic development. In particular, these communities suffer, *inter-alia*, from poverty and food insecurity, often forcing them to unsustainable use of natural resources on which their livelihood depends.

2. In recognition of these problems, high priority is being given by the national and provincial governments to private alleviation and food security, especially in under-developed areas as well as to promoting sustainable management of natural resources and environment, including those in critical watershed areas. Some of national and provincial programmes are specifically aimed at poor communities through provision of subsidized agricultural inputs and credits, as well as special technical and extension support. The national "Programme 135", for example, provides funds to poor communities for improved infrastructure. Similarly, many national and provincial agencies implement special support programmes aimed at the poor communes. At the same time, responsibility for implementing development projects is decentralized to provincial and district levels, and efforts are made to bring reforms in legal regime, such as for land tenure, forest laws and cooperative organizations.

3. In Quang Ninh province, development policy places emphasis, within the above general context, on integrated approach to development, participatory approach and capacity-building of the local communities and villages. It is also recognized that the existing technical capacity available in many of the districts is often limited, and that in the context of decentralization, this can be an important bottleneck for effective implementation of activities. This is further complicated by the on-going reforms in the state sector, including the freeze on the number of civil servants.

B. Project Area

4. The district of Hoanh Bo is predominantly mountainous, accounting for over one half of the total forest area of the Quang Ninh province. In particular, it contains several watersheds that are important to ensuring water and other natural resources for both urban and agricultural purposes. At the same time, the district is located strategically along the coast from north of Hai Phong to the Chinese border, and it is right next to the municipality of Ha Long (seat of the provincial capital) which is a major tourist centre and is now being developed as an important industrial growth centre as part of the Ha Noi, Hai Phong and southern Quang Ninh triangle, including as a major port for trade. Thus, the district has a dualistic economic structure with more

developed coastal low-land area near the city of Ha Long and under-developed communities scattered in vast mountainous interior with poor infrastructure.

5. Six of the seven communes covered by the project represent poor under-developed communes located in mid- and high hills. The exception is the commune of Quang La, which is located along a main road (unpaved), serving as local market centre. The three communes served by the project in its first phase (Quang La, Bang Ca and Dan Chu) represent more developed ones while all the four communes newly covered in the second phase (Dong Lam, Tan Dan, Dong Song and Hoa Binh) are much less developed, characterized by ethnic minorities with low educational level, subsistence agriculture, and reliance on forest resources for their livelihood. These communes are thus more difficult to reach not only in terms of physical access (many villages can be reached only by footpaths), but also due to social and cultural barriers in exposure to new development impulses. Nevertheless, these communes have a critical role in preventing further deterioration in natural environment and in ensuring sustainable management of the forest and other resources in the watershed areas.

C. The Project – Phases I and II

6. An FAO-executed and Belgium-funded project, GCP/VIE/014/BEL (Participatory Assistance and Forestry Management in Quang Ninh Province), carried out during early in the 1990s a series of studies regarding forest management, livelihood and social aspects. It also identified priority areas for possible assistance by Belgium, including a proposal for a participatory watershed management project in Hoanh Bo district, which became the first phase of the project, GCP/VIE/019/BEL (Participatory Watershed Management in Hoanh Bo District). The Government of Belgium agreed in 1995 to fund the project in the framework of trust fund arrangement with FAO. The project's aim was to support the development of participatory planning and integrated watershed management by focusing on productive resources management in selected pilot areas, especially through actions in five key components, i.e. (1) animal husbandry and veterinary extension, (2) irrigation renovation and management, (3) field crop and orchard extension, (4) forest management and protection, and (5) rural finance (savings and credit scheme and guarantee funds with the Vietnam Bank for Agriculture and Rural Development – VBARD) for mobilizing small-scale investments for new opportunities created by the project initiatives. The project initially focused only on one commune (Bang Ca), with a duration of three years and donor contribution of US\$1,426,905. It became operational in October 1995 with the province of Quang Ninh as the implementing agency. It was agreed at the first tripartite review in November 1996 to include two more communes nearby Bang Ca and to extend the project period by one year. The first phase was eventually terminated in October 1999.

7. Based on the findings and recommendations of the terminal evaluation of the project (GCP/VIE/019/BEL) in December 1998, the donor, the Government and FAO decided in 1999 to undertake the current second phase of the project. The main purpose would be to consolidate and demonstrate the approach developed during the first phase as a relevant and effective model (including the emphasis on participatory approach and five main intervention components) for the development of poor communities in watershed areas in Vietnam. For this purpose, the number of target communities has been expanded to cover four additional new communes located in more

mountainous and remote areas, which represent the great majority of poor communities in the watershed areas in the district as well as in the province.

8. The present phase, thus, covers a total of 7 communes and 31 villages with 2,185 households and population of over 11,200 spread over an area of 47,360 acres; in comparison, the first phase covered 3 communes and 11 villages with 870 households and population of some 4,400 in an area of 8,500 acres. This means that the project would cover over one half of the district's territory and over 20% of its population. While the expansion in the target communes makes the coverage more relevant in term of developing a model approach, it has resulted in substantial enlargement of target communities (three times in the number of villages and nearly six times in areas). Furthermore, the focus on the four new communes has meant that apart from more substantial difficulties in logistics and communications, the challenges in capacity- building and identifying appropriate technologies have become much more complex than under the first phase.

9. The second phase project has the overall objective "to create a visible, measurable and sustainable impact on the watershed conditions in the midland and upland areas of Hoan Bo through the introduction of a cost-effective and user-friendly participatory watershed management planning and implementation process that could ultimately represent a model for replication in other districts and provinces in Vietnam." "Immediate objectives" (specific objectives) include (1) to "strengthen, institutionalise and continue adaptation of participatory methodologies and techniques for watershed management developed during the project pilot phase", (2) "increase productivity of the land and allied resources including income earning opportunities within the watershed area through direct assistance in the implementation of proven best practices leading to improved environmental conditions and socio-economic settings in the disadvantaged project communes and villages", and (3) "enhance local capacity for planning, management information generation, monitoring and evaluation to facilitate continuation and replication of proven participatory watershed management concepts and practices." The project has essentially the same five components to support development action at the commune and village levels.

10. Originally, the project was proposed for a period of 4 years with a donor budget of US\$ 2.2 million. However, due to the funding constraints faced by the donor, it has been reduced to three years with budget of US\$1,319,558 (see Table 1 for the budget allocation). Despite the reduced project period and budget, the design of the project, including the objectives and main outputs have remained as originally proposed. A notable feature is that funding for the Chief Technical Adviser (CTA), the only full-time FAO officer serving the project, is limited for 22m/m only. The CTA is to be assisted by two Associate Professional Officers (APOs). The project is to be implemented, as for the first phase, by the Hoanh BO district government (District People's Committee - DPC) with a project management support unit, led by the National Project Director (NPD) and Deputy NPD and a core technical staff (6 officers), supplemented by 20 officers from the line district agencies. The provincial government of Quang Ninh (Provincial People's Committee - PPC), which is the signatory to the project agreement, is to ensure sound implementation of the project, including the responsibility for providing the national fund contribution and adequate technical support through provincial agencies.

11. Following a period of nine months without an FAO CTA during transition from the first to second phase, when the project was virtually run by the Deputy NPD and FAO administrative assistant, the project became operational in March 2000.

Chapter II. Assessment of Project Design

A. Relevance of the Project

12. The project is very relevant, both in its objective and design, to the government development policy thrusts as well as the needs of the target communities. This includes, in particular, the stress on participatory approach involving the villages and farmers in identifying priority activities, capacity-building at the grass-root levels through training and demonstration, and on selecting appropriate package of technical intervention aimed at improving local food production and supply, diversifying production capacity and sustainable use of forest resources through the five components. The emphasis on participatory approach and capacity building at village level is critical to ensuring ownership of development initiatives promoted by the project and to maximising the sustainability of its benefits. The villagers and officials met by the mission confirmed unanimously the relevance of the project objective and the usefulness of its outputs and services.

B. Coherence of the Project Design

13. Substantively, the design is generally coherent, with adequate linkage between the objective, outputs and activities planned. The five components have shown their usefulness during the first phase and appear generally appropriate for the second phase, including the rural finance component. In particular, the implementation strategy has been carefully worked out by the CTA and the project team. The strategy has been formulated by refining and adapting the design of the first phase to the emerging needs of the new communities to be covered. This has been pursued through in-depth review of the first phase experience as well as study of prospective needs, assisted by international and national consultants. Similarly, through contracts with some 18 technical agencies at national, provincial and district levels, the project is designed to make the maximum use of the expertise and knowledge available nationally and locally for formulating and implementing the component programmes. While this is partly a response to the limited technical capacity available at the district level, it also represents a cost-effective solution under the circumstances. This also provides an opportunity for creating a much-needed interface between the project and programmes of various agencies in the project area.

14. However, there are important aspects where the project design lacks coherence as well as realism. This largely stems from the fact that the original project budget and duration were drastically reduced without adjusting the substance of its design. Although the project remains very relevant and conceptually attractive, it is very much under-resourced, including a very unrealistic project duration. Limiting the CTA's tenure to 22 months out of 36 is a glaring example, which is highly surprising, given the experience of the first phase: the terminal evaluation of the first phase also highlighted weaknesses in the local technical and management capacity. Similarly, given the likely slower implementation pace in the new four communes, it was unrealistic to expect to complete successfully the project throughout the seven communes in a shorter time than the first phase. Another area concerns the institutional arrangements for project implementation. Despite the documented difficulties experienced during the first phase, weakness in field extension capacity as well as those of the district capacity, within the project team and line

agencies involved, were not addressed in the implementation arrangements. This included the role of the provincial government in buttressing the district's capacity. Given the more demanding nature of the second phase, it is clear in retrospect that the measures should have been taken to bolster the local implementation capacity, including the establishment of a steering mechanism at provincial level to monitor and guide the implementation process, especially to help solve emerging difficulties.

Chapter III. Assessment of Project Implementation

A. Overall Status

15. The project implementation began in March 2000 and the first months were dedicated to establishing the general approach to this phase. The Launching Workshop in March 2000 provided an extensive review of the experience of the first phase with inputs of the senior officers from the district and provincial agencies as well as the orientation for the second phase, including formulation of updated participatory planning at the village, commune and district level. The main focus was to assist the four communes (Tan Dan, Dong Lam, Dong Son and Hoa Binh), with some activities continued with less intensity in the three communes covered by the first phase. The latter included: (a) several irrigation schemes unfinished in the first phase; (b) follow-up to forestry protection and management (especially the effective transfer to households of the forest land allocation) and horticulture development; (c) on-going support to the rural finance component (including the savings and credit scheme); and (d) strengthening of field extension system, including refresher training of the village para-vets. In view of the wide geographical spread of the four target communes and limited implementation capacity, it was decided to initiate project activities in Tan Dan and Dong Lam first. The participatory planning process was completed in the two communes during April-May in time for commencement of field work for the summer crop season of 2000. Similar implementation process was repeated for Dong Son and Hoa Binh in 2001, main field work starting for the summer crop season.

16. As in the first phase, the project is being implemented with the assistance of 17 institutions of technical excellence at the national, provincial and district levels through 16 contracts for various components and activities (see Annex 3 for list of these institutions). This arrangement makes up for the limitations on the technical capacity at the project staff and district level and it also facilitates access to up-to-date, appropriate technical knowledge and experience, including some staff training. On the other hand, apart from its cost (some 11% of the project budget), the arrangement is not conducive to building and leaving behind the capacity necessary for self-reliant development. Although there exists a core staff of six officers, their technical strength is variable and not adequate as the group as a whole, while some 20 technical counterpart officers originally envisaged have not materialized. In addition, the arrangements have entailed considerable work for preparing, negotiating and monitoring the contractual work. In some cases, the contracts are seen by the institutions in purely commercial terms rather than development collaboration as originally intended.

17. At the time of visit of the mid-term review mission, the project implementation was about the half way point in its period. As shown in Section C below, considerable work has been done

(see also tabular summary in Annex 4), generally with satisfactory quality, but the present status leaves fairly limited time, especially for Dong Son and Hoa Binh communes which would have only two more crop seasons left during 2002 before the terminal date. Thus, vis-à-vis the plan, the progress to date is behind the pace required to achieve the planned outputs and results by March 2003. This being said, however, it is unrealistic to expect that the project could be implemented at any faster rate under the circumstances.

18. This operational status is also reflected in the budget expenditure – as of 30 September 2001, 54% of the project resources is estimated to have been disbursed or committed (see Table 1). The table also shows that expenditures have been higher for “all sector” component (65%, including staff salaries, travel and non-expendable equipment), while they have been slowest for irrigation component, preparatory work for which involves relatively long time. As noted above, the budget does not include funds for the CTA for the remaining period in 2002 and 2003 (January – March).

Table 1 - Status of Budget Expenditure*

Component	Total Allocation	2000 Expenditure	2001		2002	2003
			Allocation	Expenditure		
All sector	651,750	229,406	288,933	197,304	109,684	23,727
Irrigation	200,000	8,873	80,764	36,086	82,589	27,773
Crop	62,000	12,088	29,192	18,258	15,636	5,084
Horticulture	56,000	8,578	26,902	15,903	14,808	5,712
S&C	73,000	14,261	38,756	24,483	13,801	6,182
Livestock	44,000	8,231	20,677	12,559	11,313	3,779
Forestry	40,000	7,511	18,455	11,179	10,612	3,422
Planning/M&E	41,000	8,274	20,385	13,621	8,733	3,607
Sub-total	1,167,750	297,222	524,064	329,393	267,176	79,286
Support cost	151,808	38,639	68,128	42,821	34,733	10,307
Total	1,319,558	335,861	592,192	372,214	301,909	89,593

* First approximation. Needs to be compared with transaction listing.

B. Constraints Experienced during Implementation

19. As noted above, there are many justifiable reasons for somewhat slower pace of implementation achieved to date in comparison with the original projection assumed in the project duration – these were based on unrealistic and untenable assumptions. However, the implementation process has been affected negatively by some additional factors. These have included: (a) limited technical capacity available at the district level, both within the core staff and many of the district agencies involved; (b) in-sufficient integration of the project into the development programmes and activities of the province and district in the project area; (c) inadequate attention and involvement of the provincial government in project implementation, especially in providing the district with appropriate guidance and support; and (d) gaps in coordination among the provincial and district agencies (affecting especially the transfer of user right to individual households under Forest Land Allocation). The difficulties were exacerbated by (e) lack of team work for day-to-day project management on the national side, and (f) inadequate understanding and cooperation from the national team in managing and accounting for use of project resources.

20. While some progress has been and is being made in recent months, many of these factors continue to hinder satisfactory implementation of the project, with serious implications for the remainder of this phase. For this reason, some of these points are discussed further below (see Chapter on Issues and Recommendations). These problems notwithstanding, most of the core project staff have been cooperative and diligent, and this gives hope for further improvements in project efficiency when the overall capacity is strengthened with enhanced policy commitment by the government at district and provincial levels.

21. The FAO project staff has been performing well in the difficult circumstances under the CTA's experienced and committed leadership. The FAO Representative has been very supportive to the project. However, FAO technical and operational support has been very limited, and its administrative through the office of FAO Representative has been hampered by delays and difficulties arising from the on-going process of decentralizing the operational function to the FAO Representative's Office which is not yet sufficiently equipped for its new responsibility.

C. Main Progress To Date in Key Components

1) Participatory planning and M&E

22. An updated participatory community development planning approach has been formulated, based on the experiences of a similar approach in the first phase and taking into account of the special needs of promoting self-reliant development in more remote and poorer four communes. This was assisted by the same national consultant who provided the methodological support in the first phase. The approach includes many improvements over the one used in the first phase, including more holistic planning process at both village and commune levels, more systematic steps for appraisal at each stages (Commune Development Framework - CDF, Village Development Plan - VDP and Commune Development Plan - CDP) and intensive participation of stakeholders at both levels. In particular, the three planning tools (CDF, VDP and CDP) represent an innovation to reconcile village level aspirations and needs with the general policy and resources framework at the commune level. Detailed guidelines for implementation have been produced in Vietnamese.

23. The new approach has been introduced in the four new communes (during April-June 2000 for Tan Dan and Dong Lam and February-April 2001 for Dong Son and Hoa Binh). The exercises were led by the trainers trained for this purpose, involving a total of 50 persons (14 project and District staff, 16 staff from the four communes and 20 village heads and key informants). The CDP, the final product of the planning process, have provided the basis for identifying priority proposals to be supported by the project in each commune. The participatory planning approach is welcomed and endorsed widely by all stakeholders, including at the village level. The approach also offers a good opportunity for integrating, at commune and village levels, the project with the provincial and district's development plans.

24. Despite the good beginning, however, its utility could be enhanced by refining the process, especially to allow for more iterative process of successive priority setting and budgeting for funding. Similarly, there is a need for clearer understanding of the planning and funding process among the key participants – many interviewed by the mission had a false impression that after

one round of exercise, the participatory planning process has ended, although it represented only the beginning. Another challenge would be to use the CDP as the basis for integrated planning of all development activities in the commune, i.e, those supported by the project and those supported by the district, provincial and national programmes: for example, the national poverty alleviation programme (Programme 135) also operates in the project communes and villages, so far independently from the project planning. Thus, the objective of institutionalizing the planning approach would require (a) further consolidation through adapting the approach to the village and commune level processes and training of the stakeholders (including more interaction among the stakeholders) and (b) better integration with the provincial, and particularly, district planning process.

25. A system of participatory monitoring and evaluation (M&E) has been developed with assistance of an international and national consultant to complement the planning process. The M&E system comprises a participatory monitoring and review at the village as well as at commune and district levels, and is intended to serve as a mechanism for meaningful participation of the villagers and farmers in the implementation and management of development activities. After an initial pilot implementation during first half of 2001, the participatory monitoring component is being implemented and progress in implementation is reported and reviewed at the monthly village meetings and also at monthly meeting of village heads at the commune level. At the district and project levels, these progress reports are being consolidated for review by the project team. This is still at an early stage, and it is difficult to assess its effectiveness. While the process at the village and commune levels appears to have began reasonably well, the process at the district and project level has not yet begun to function fully. Here, the monthly meetings involving all the key stakeholders at commune levels should be exploited better by the project and district staff to enhance the participatory dialogue in monitoring. Based on more pro-active participation of the project and national team in these meetings, the process should lead to policy dialogue between the project team and the district authorities for corrective actions.

26. The evaluation component envisages a series of studies and surveys for assessing the effects and impact of the project interventions. Although the present design is already relatively "light" by the standard of a vigorous evaluation work at the project level, even this may be too ambitious for the project staff to carry out satisfactorily. In the short-run, it seems more realistic to out-source such evaluation activities to competent external agents (national/local institutions and consultants), while the national project team gains experience and training support.

27. The present M&E system should be carefully monitored as to its practicality and functional feasibility for next six months or so. Its effectiveness should be judged by its contribution to improvements in management information and management decision-making. To be cost-effective, it should be well integrated into the planning and management processes, and should be implemented flexibly, allowing for continuous adjustments towards simplicity. This component would require presence of stronger expertise in the project for further guidance and training of the project stakeholders and staff.

2) Crop Component (field crops and horticulture)

28. The field crop component is aimed at improving food security and diversifying cropping and farming systems for cash incomes in the four communes through the introduction of improved

varieties and production techniques for field crops (mainly rice and maize, so far). Since it is yet difficult to offer clear solutions to farmers' problems in the new communes, activities so far concentrated on assisting farm households in making the most appropriate technical and economic choices through participatory crop trials and farmer-to-farmer training. Particular emphasis has been placed on building farmer level capacity for adaptive research through the introduction of small, simple, low-cost, widely replicated varieties and new technical trials. Project implementation has involved several partner agencies: Hanoi Agriculture University No.1, Provincial Plant Protection Department for IPM, and Provincial Extension Department for crop extension activities. In addition, District Extension Station and District Plant Protection Station are more directly involved in implementation under guidance of their provincial departments.

29. To date, the main activities covered introduction of new crop varieties and management techniques through demonstration and training with emphasis on rice and maize, which represent priority crops for the farmers. Trials on improved rice varieties have been conducted in four communes (initially in Tan Dan and Dong Lam in 2000 and others in 2001), together with training on such aspects as seed nursery and intensive cultivation techniques. Some 200 farmers have been trained in various aspects of rice growing in the four communes during June 2000 and June 2001. Another area of training in rice has been IPM, including aspects of crop management: this training has covered through 7 courses over 210 farmers in all the four communes.

30. For crop diversification, trials and demonstrations on maize, soybean and peanuts were given in Dong Lam this spring for 20 farmers. Farmers from other communes are shown the demonstration plots of these crops. Given the primarily rain-fed nature of agriculture in these communes and ethnic diversity of the peoples involved, crop diversification is an area that will receive greater attention.

31. While it is premature to consider effects of these training activities, there are number of positive indications that much of new technologies are being adopted by the farmers. The use of improved seed, fertilizers and new cultivation techniques are being adopted and being spread among households which did not participate in the demonstrations or trials. Many farmers report increases of 20-30 % in yield of crops. Another important development is the farmers' growing self-confidence in their ability to rely on their resources and to make tangible progress. It is noteworthy that the experience of the first phase shows that rice programme, for example, had dramatic impact; area under improved varieties increased ten – two hundred folds between 1996 and 2000, and the yield level rose by 15% - 300 % during the same time.

32. The project area is known to have favourable agro-climatic conditions for semi-tropical fruits, such as litchi and longan. In fact, practically every household grows various types of fruits in their home-gardens for home consumption and occasional sales in the local market. The commune development plans for the four communes place high priority on fruit growing. At the same time, considerable sizes of forest areas (forest land allocation – FLA) are being in the process of transfer for management by communities and individual households, and there is much scope for expanding horticulture. The project has prepared, through an international consultant and a national one, a medium-and short-term plans for horticulture development as well as technical manuals for extension purposes. The plans focus on training farmers on improved techniques of gardening (nursery, grafting, tailoring and fertilization, etc), provision of good quality planting materials, improving poor gardens with new species and/or varieties, and assisting farmers with

post-harvest technologies and marketing.

33. As the first step, 25 farmers from 6 communes have been trained in plantation and care of fruit trees. They have agreed to collaborate with the project in multi-location trials of litchi and longan with support from the Research Institute for Fruits and Vegetables (RIFAV). The participating farmers are in the process of forming a network among themselves for on-going work with the RIFAV. Arrangements have also been made to establish a District Plant Production Centre (DPPC) to supply elite seedlings for the entire district and a farmer-led arboretum is being established for demonstration and training of improved horticultural techniques. To assist the DPPC in technically sound implementation of this activity, National Institute of Plant Protection (NIPP) has been engaged for this purpose. In response to farmers' demand, the project is also supporting some farmers in apiculture (with the assistance of Bee Research and Development Centre – Hanoi).

34. Another critical area has been the strengthening of agricultural extension support capacity. The District Extension Station (DES) has limited capacity, both in terms of staff size and their qualification (6 persons, including 3 technicians), supplemented by a system of a volunteer extension assistant at each commune. The project's strategy is to create and strengthen extension network at village and commune levels. A start has been made in village-based extension system by identifying a small group of lead farmers in each village who will work with the commune extension assistant. So far, 14 farmers have been trained as candidates for village level crop extension workers and a total of 60 model farmers in the four communes. Future training will increasingly focus on creating the village level capacity for crop extension. This will require a more explicit approach for integrating various training being given especially those by DES and IPM training.

3) Livestock Component

35. The aim of this component is to upgrade the productivity of livestock activities, including diversification, for food security and cash income through improved management practices, adoption of more appropriate breeds, and stronger veterinary services. The implementation work has been carried out primarily through contractual arrangements with the Provincial Department of Agriculture and Rural Development for animal production and with the District Veterinary Station for veterinary activities.

36. For animal production, initial emphasis has been in training and demonstration in improved practices on key animals and subjects of interest to farmers, including raising of pigs, chickens and buffaloes. To date, activities focused in two of the new communes, Tan Dan and Dong Lam where a total of some 250 farmers have been trained in initial sessions (lasting one – two days), covering general animal husbandry (196 farmers), pig raising (17) and chicken production (32) and apiculture (9). Together with raining, demonstration units have been established for pigs (10 units) and chicken (12) raising, fodder plots (10) and renovation of farmers' stables for pigs and buffaloes. Study tours were also made to expose farmers to new practices, including one on more intensive chicken production (20 farmers) and another on integrated livestock farming, including goat and rabbit raising and fodder production (24 farmers). These activities will be extended next season to other two communes, Dong Son and Hoa Binh. Similarly, training is planned to cover more intensively these topics introduced already, including fodder production and manure making.

37. Strengthening veterinary service has been a priority concern and the strategy developed during first phase has been followed up in establishing village level capacity through training of volunteers as village based para-vets. The aim is to have at least one para.vet in each village. This programme has been implemented in all the four communes, covering training of 41 volunteers (5-day courses) and issuing of 22 para-vet equipment sets. Besides providing refresher training for the para-vets in the seven communes, it is planned to establish a network among the para-vets and regulations on disease and epidemic management.

38. It is premature to assess the results of activities implemented in the two new communes. Farmers have shown enthusiasm in learning new skills and knowledge being introduced and already many farmers have begun adopting new technologies: for example, improvement of pig and buffalo stables and initiation of sow breeding with new breed of pigs (Moncai). However, given their low educational background and lack of experience in modern technologies and practices, it is taking time for many of them to master well the training contents. Thus, they need refresher training as well as continuing follow-up support from the project technical staff. Similarly, future training would need to discriminate increasingly between introductory and more advanced training activities, requiring more specialized modules for more advanced farmers.

39. By way of illustration, it is interesting to note the experience of the three communes in the first phase. The data provided to the mission by the three communes indicate substantial increase of key livestock animals between 1996 and 2000; 12-fold for buffaloes, 4-fold for cows, 30% for pigs and 14-fold for chicken. Thus, it is said that meat supply has expanded with average local prices coming down – these increases in the animals appear due to improved fodder and feed supply, especially for large animals such as buffalo (for draught power) and cattle (for meat), as well as better husbandry and veterinary practices. In particular, pig production has proved to be highly profitable in Quang La commune (serving as the local marketing centre) where the number of households engaged in sow raising and piglets production has increased from a few before the project to 49 in 2000. Similarly, outbreaks of major animal diseases have declined due to regular vaccination campaigns and improved process of disease detection and control.

40. Nevertheless, the prospects for successful establishment of village para-vets appear challenging. The mission's impression from field visits tends to confirm observations by the international livestock consultant that performance of para-vets has been mixed, with many of them trained in the first phase are dropping out or not very active. In Quang La commune, for example, only four of 12 para-vets trained in 1997 are still active today. Some of the important reasons include (a) inadequate criteria for their selection, (b) insufficient training, (c) absence of systematic technical supervision and follow-up by the district veterinary station and the project, and (d) inadequate income-earning opportunities from veterinary services.

4) Forestry Component

41. This component has a strategic importance for the project communes where forests and trees are critical resources for their livelihood and where appropriate protection and use of these resources are essential to sustainable management of the watershed resources. In this respect, progress in effective transfer of demarcated forest land to individual households for their management (Forest Land Allocation - FLA) is critical for implementing many of this component, but complex legal procedures involved have been a serious bottleneck since the first phase. At the

same time, national policies for the forestry sector are evolving significantly, and the project has been participating in the on-going policy dialogues with the government and donors at the national and provincial levels. Within the project communes, it has followed a twin approach of assisting the project communes in developing their capacity for protecting, developing and managing forest resources as well as in preparatory work to assist villagers in the development of anticipated forest lands to be transferred to them under FLA, including fruit tree growing and community forestry. Several institutions have been associated in implementation, including Xuan Mai Social Forestry Training Centre, National Institute of Plant Protection, Research Institute of Fruit and Vegetables (RIFAV), Provincial Forest Development Department and District Forest protection Station.

42. In the policy related liaison work, the CTA has been playing an active role in national level policy dialogues on major subjects like the Five Million Hectare Reforestation Programme (5MHRP) and in provincial and district level policy discussions on salient issues such as FLA, community forestry and the formation of a forest management taskforce and forest protection network. At the national level, the CTA, representing FAO, has been contributing to the technical work of taskforces for 5MHRP and the forest sector support programme linked to the government's forestry development strategy. For the provincial and district levels, initiatives have been taken in (a) identifying priority activities for possible inclusion in the implementation of the 5MHRP in the province (in collaboration with the Vice-Director of the Provincial Forest Development Department), (b) conducting a review of forestry institutions at the provincial and district levels and related workshop aimed at developing more effective coordination among them in forestry management programmes, (c) starting a community forestry programme in the district, including a workshop (held in August 2001) and (d) proposals regarding the establishment of a district level taskforce on forest protection and management to facilitate better coordinated implementation of FLA and 5MHRP and the creation of a network of the newly formed village forest protection groups. On community forestry, following the workshop it has been agreed to establish pilot demonstration models and the NPD and Vice-Director of the district extension centre attended a community forestry workshop in Chiang Mai in September 2001. The proposals on forest protection and management taskforce and village forest protection groups are yet to be discussed with the district authorities.

43. Regarding actions in direct support at the district level, development of forest nursery has been initiated, involving training of 35 farmers in Tan Dan and Dong Lam early in 2001 and 8 family nurseries have started producing seedlings for Acacia and Canarium. Another training on nursery for all four communes are planned for October/November 2001. It should be noted also that the DPPC being established will also produce forest seedlings as well as fruit trees for all communes in the district. Similarly, together with the formation of village forest protection groups, all villages in the four communes prepared their forest protection and management regulations, which have been approved by the District People's Committee. A start also been made in creating a village based forest extension system, for which one volunteer has been identified in each village to serve as forest extension agent. Training for them is foreseen but not yet started.

44. In forest land allocation (FLA), the implementation of transferring 350 ha of forest land to the individual households agreed to during the first phase has been delayed due to technical problems in land administration: to date only four villages in Quang La commune have seen the legal process completed. While much of the forest land earmarked for transfer under FLA is already used by farmers in some forms, the legal delays are hampering the initiation of

development activities on these lands, such as for horticultural development or community forestry activities requiring longer-term security of land tenure. For the new four communes under the second phase, the FLA process has not been initiated under the project, pending approval of conservation or watershed protection programmes – in some areas, the land transfer has been completed. In the meantime, it is planned to carry out a review of land-use made by the beneficiaries of the FLA as a basis for developing an appropriate support programme, including community forestry, in a participatory manner.

5) Irrigation and Infrastructure Component

45. Irrigation is a high priority for project assistance for all communes, old and new, for food security as well as for diversification for cash income. In the first phase a total of 10 irrigation schemes were supported for the three communes and during the second phase, support has been continued for five schemes to complete or expand the schemes. Two of these works are already under construction while detailed design for other three are being prepared.

46. For the four new communes, some 120 irrigation schemes and 115 culverts were identified in their CDPs, but after further examination, some 18 irrigation works and 23 culverts are tentatively considered for implementation. All the irrigation proposals are reviewed for engineering design and cost-estimated by the FAO consultant and the provincial and district level design companies before the bidding process. To date, two schemes have been approved through the process and are about to go tender, and 11 other are in the final design stage – others are in the initial design stages. For the construction of culverts, an initial batch of 16 is being processed for revised design and costing.

47. This component involves time-consuming process, including iterative process of design modifications and approval, entailing compliance of two parallel systems of procurement regulations of the Government and FAO. The process is also complicated due to the monopolistic position of the government companies in design work, which often contributes to delays and higher costs. Furthermore, some problems were experienced during the first phase due to ambiguities and lack of transparency in the contracting process and financial reporting on irrigation and infrastructure work. As a result, special procedures have been agreed between the FAO Representative and the Chairman of the District People's Committee to enhance transparency, financial discipline and accountability, whereby the District Construction Management Board has assumed the accountability for recruiting the design companies and for approving design and cost estimates before submission for FAO. Thus, the district authorities and FAO must ensure expeditious processing of the design and costing work. All of this has meant considerable delays in the implementation of this component, frustration on which was often expressed by the local leaders met by the mission.

48. The experience of the first phase indicates that irrigation and infrastructure component can provide considerable benefit to the residents of these communities. In particular, irrigation increased the land use intensity, permitting double cropping, and increased yield levels of rice and other crops. The increased crop productivity is leading to more opportunities for livestock production as well as for aquaculture activities. One area where the progress has not been well established relates to the working of the water users' groups formed for water management in these schemes. This is an area that should be reviewed in depth, including cost-benefit aspects, so

that any relevant lessons and issues can be applied to or addressed during the second phase.

6) Rural Finance Component

49. Recognizing the special need of poor rural communities in accessing to small-scale credits and loans for their investment purposes, the project has pursued a strategy to support development of self-reliant rural financing mechanisms. In the first phase two complementary mechanisms were introduced, community based saving and credit schemes (S&C scheme) and the Guarantee Fund facility with the Vietnam Bank for Agricultural and Rural Development – VBARD. The project provided seed money (revolving fund) for starting the S&C groups and the Guarantee Fund at the VBARD as well as training of the group leaders and credit management boards at commune and district levels. The former was aimed to create self-managing schemes through S&C groups at village level and S&C management structure at the commune level, while the latter aimed to facilitate access to institutional loans from VBARD by substituting part of collateral requirements, and thus helping to induce greater reliance of the project communities on normal commercial sources of funds.

50. The guarantee fund component has not been included in the second phase, as other credit programmes operating in the district started to offer similar initiative to the project's guarantee facility. The first installment of the fund was paid, and the second installment will be paid after review is made of appropriate use of the first installment. This facility is still operating for the three communes covered by the first phase. The S&C component is being implemented by the rural finance officer (part of the core project group) assisted by a national consultant, senior specialist from the Vietnamese Women's Union. During the current phase, the District Credit Management Board has been established to supervise and guide the operation of this component.

51. The implementation started in Tan Dan and Dong Lam during 2000. Based on the credit needs survey, S&C groups (mostly female members) have been established and their group leaders and core staff trained twice (one week each time), including study tours to S&C groups operating in the first phase communes and those in another province. For each commune, S&C rules and regulations have been prepared and approved by the commune authorities, including the establishment of commune management board. The base survey was done in a participatory way and with much care. The training of the borrowers was well organised. A total of Vietnam Dong 238 million has been provided by the project for revolving funds in the two communes. The current status of the S&C scheme is given in the table below. In October 2001, the need survey were being carried out in Dong Son and Hoa Binh to launch this component.

Table 2 - The S&C Scheme situation in the communes of Phase II

	Tan Dan	Dong Lam
Number of Households	363	425
	In 8 villages: 11 S&C group	In 6 villages: 18 S&C group
Number of borrowers	107	152
Total loan demand	523,000,000 VND	541,000,000 VND
Seed capital from FAO planned	120,000,000 VND	160,000,000 VND
Seed capital released	112,970,400 VND	124,744,000 VND (last instalment not yet asked)

52. After 11 months of operation of these groups in two communes, reports of the consultant indicate that they are in the process of evolving into well functioning S&C groups. Their membership has increased by 12 –14%; they are demonstrating satisfactory rate of savings (93 and 99% of members saving on a monthly basis); and they are also making timely and regular repayment of interest (100%) and principal (110-120%). In both communes, majority of loans has been for livestock, including buying of buffalo (80%) and for fruit growing (6 – 10%). Similarly, performance of commune credit management boards appears to be improving, although their function leaves some room for improvement. Finally, the District Credit Management Board began functioning, including its decision in July 2001 to reduce the interest rate on loan from 1.8% to 1.5% and saving interest from 1.0% to 0.7%.

53. The project also commissioned two studies on the experience of the rural finance component under the first phase, “evaluation report credit and saving activities in Bang Ca, Quang La and Dan Chu communes” and “interim audit report”. Drawing on these reports and through additional research of its own, the Mid-term Review Mission examined this component in some depth and its overall findings are presented in Annex 5. Following may be highlighted here:

- a) S&C scheme – in all three communes, high percentages of households have participated in the scheme (65 – 98%), with the great majority of members of 38 groups being women. The number of active borrowers have been stabilized about 36 % (Quang La) – 51% (Bang Ca). However, about 33% - 50% of poor households also borrow from the Vietnam Bank for the Poor (which charges lower interest than the S&C groups). In Bang Ca and Dan Chu communes, proportion of overdue debts (over one year) is significantly high (over 7% and 8% respectively). Some 75 – 85% of investments have been for animal production, with about 70% of them being profitable. Some borrowers are reported to have become indebted, having to sell their buffalo or other assets. On the whole, the establishment and operation of the groups require much time of the credit staff and project support staff, and the limitation of expertise human resource available is proving to be a serious constraint in ensuring sustainable evolution of this scheme;
- b) Guarantee Fund – lending operation under this facility with the VBARD has benefited some 320 households with a total amount of Vietnamese Dong 1,164 million, or Dong 3.6 million per borrower. Repayment has not been a problem (at 30.9.2001, the outstanding amount was less than Dong 0.2 million). No more new loans are envisaged under the present arrangements unless renewed with a new instalment of guarantee funds from the project. The facility evidently benefited the borrowers with increased investments in agricultural production, especially in livestock and fruit production, and it also helped to provide interface between them and the commercial banking system. However, the objective to demonstrate that those villagers who were perceived as “non-bankable” clients are actually safe borrowers, has been only partially achieved as the majority of the beneficiaries has been medium to larger borrowers. The catalytic role played by the this arrangement should be studied, especially concerning additional access to banking loans brought by this facility;
- c) The experience has shown that there are a number of issues to be addressed regarding the future of rural finance, both in terms of successful implementation of this component and in

addressing the sectoral questions (see Section C in Chapter IV for issues relating to this component).

Chapter IV. Overall Conclusions – Prospects for Achieving the Project Objective and Emerging Issues

A. Results being Achieved vis-à-vis Project Objectives

54. As noted in the preceding chapter, considerable work has been done, but so far largely in the two of the four communes. At the mid-way in the project period, it is important to assess the significance of the implementation results vis-à-vis the objective the project is expected to achieve within its lifetime, March 2003. This will enable the mission to address some important questions posed to it, such as: Will the project be able to achieve its objective? Is the present objective still relevant and valid or should be modified in the light of the implementation experience?; and What should the project do in the remainder of its period?

55. Before addressing the overall project objective, it will be useful examine the results achieved to date in terms of the three “Immediate objectives”:

- 1) strengthening and institutionalising participatory methodologies developed under the first phase, especially in the four new communes – a good start has been made with respect to planning process where the method used in the first phase has been further improved and has been introduced in more systematic manner. This is an early success, especially at village and commune levels, but it still remains to be consolidated and more fully internalized as part of on-going process of managing development activities at the village, commune and district levels. The participatory approach must become the driving force in the district development process, which will require further sensitization and training of the officers concerned. Working relationship between the district and provincial governments would need to be strengthened with transparent institutional arrangements for problem-solving and supervision to ensure effective project management – in this respect, the decision to establish a steering committee at the provincial level for this project is an important progress. The network of collaboration being established with national, provincial and district agencies with the project has been useful with potentials to serve as an innovative approach. However, experience so far is not encouraging and in fact worrying in terms of sustainability, because the arrangement seems to be perceived by many institutions involved as more of a commercial deal rather than development cooperation. Such arrangements have claimed over 60% of project resources earmarked for consultancy and contracts, while development of field extension structure is yet to be addressed;
- 2) increased productivity of the land and other related resources for improved food security, income earning and sustainable environment among the poor villages through the introduction and promotion of appropriate, cost-effective technologies and practices – here again, a good start has been made in introducing improved technologies in crop production, animal husbandry and veterinary care, horticulture, and forest protection and management.

Through demonstrations, training and study visits, over 1,500 farmers have been trained in 75 events since March 2000. Institutional local capacity development has also been initiated in strengthening village level extension with volunteers, including the para-vets, establishment of the district plant production centre for fruit trees and afforestation, networking of fruit growers, formation of village forest protection groups with their regulations, and the creation of S&C groups. Similarly, improved access to land and other productive assets are being supported through the FLA scheme (although the results are yet modest) and improved irrigation facilities and rural roads/culverts. Increased funds are being mobilized to support small-scale investments through the S&C groups;

- 3) enhanced local capacity for planning and managing development actions, including monitoring and evaluation, to facilitate continuation and replication of proven participatory approach to watershed management – this would require a comprehensive development of institutional capacity at the district level (including communes and villages) for participatory development so that the district will be able to continue the development in a sustainable way and to succeed in achieving a suitable model for replication for developing poor communities in other watershed areas in Vietnam. While various elements are evolving, including the planning approach and the start of participatory monitoring, such a holistic capacity development remains a distant prospect.

56. The realization of the overall project objective would thus entail: (a) institutionalization and satisfactory use of the participatory approach promoted by the project within the district (including communes and villages); (b) creating “a visible, measurable and sustainable impact” on the project communes and villages; and (c) as a result of (a) and (b) above, demonstrating that the approach promoted by the project can serve as a suitable model for replication in other parts of Vietnam. Against these criteria, the project implementation is still at an early stage, although a good beginning has been made in the first one and half years in introducing the participatory approach as well as transferring improved technologies and practices to the four communes, including technical capacity building. It is also very clear that this encouraging initial success needs to be consolidated, and expanded and deepened in more systematic way before the project objective can be realized in a sustainable manner.

B. Prospects for the Remainder of the Period

57. Given the nature of challenge involved and taking into account the progress made so far, the prospect for achieving the project objective within its current duration is quite poor indeed. This conclusion should not come as a surprise: the first phase, working with three communes with a larger budget, involved nearly five years and the original proposal for this phase was for four years with a larger budget, still probably rather optimistic. While the first phase achieved some very visible results in improved agricultural production, there are signs that its success in institutionalizing the participatory approach and building the local capacity has not been complete. Furthermore, the mission has identified some important constraints in the presently available capacity at the district level for project implementation, both in the objective situation as well as in terms of policy commitment (these are discussed below as issues in section C). Although there is an improved sense of commitment under the new Chairman of the District People’s Committee, the district and provincial authorities must address these constraints urgently. Moreover, given the

structural nature of many of these issues, their satisfactory resolution may take longer time than the time available till March 2003.

58. At the same time, the mission finds that the project is conceptually sound and relevant, offering a cost-effective approach to addressing the priority needs of the target communities in the Hoanh Bo district. It has also been impressed that the project has been received very enthusiastically by these communities – their leaders told the mission that they appreciate the project for its support to capacity building for self-reliant and participatory development. Given their apparent commitment to the project and pro-active participation in the project so far, the mission believes it feasible to achieve at the village level some tangible results in building capacity for participatory extension and community development. Such capacity building would centre on village level extension for sharing technical knowledge and information as well as participatory approach for planning and managing development activities, including the S&C groups for mobilizing resources for small-scale investment. This would mean that the project objective should be less ambitious and more limited than the present project objective of achieving institutionalized participatory capacity across the district. The reduced objective would focus on building the village level capacity for improving food security, diversifying income earning opportunities and sustainable management of natural resources through appropriate agricultural production practices and systems. Within the present framework of the project (i.e., more or less within the present level of donor contribution and budget), a more modest approach such as outlined above would be the only sensible alternative to following the existing project design, which will most likely lead to results that would be neither viable nor sustainable.

59. If this scenario is accepted, the remainder of the current phase, with a modified objective, should focus on (a) strengthening the village level capacity for extension work, together with reinforcing the institutional capacity for participatory development, including such groups as saving and credit groups, irrigation user groups and village forest protection groups; (b) facilitating networking between villages and village-based groups, and (c) strengthening the coordinating functions of communes to facilitate actions at the village level. Support to infrastructure development, such as community nurseries, would need to be based on this principle and support to irrigation schemes and culverts should be increasingly coordinated with funds available under other national or provincial programmes. The project has been playing a useful role in forest policy matters at the national and provincial levels, and this activity could be continued primarily by the CTA. Such a policy level involvement would be of continuing relevance since the project will still aim to develop a suitable model for participatory village-based development approach for replication in the province or country.

60. Moreover, the mission has some doubt whether the project with a more limited objective as outlined above can be successfully completed within the present terminal date of March 2003. This would essentially give only two more agricultural seasons in 2002, which is extremely limited period. Furthermore, the pace and quality of project implementation would depend very much on the degree of improvements as a result of concerted efforts that may be initiated by the district and provincial authorities in addressing the issues. Thus, it would be prudent to allow for the possibility for a limited extension of the project together with donor contribution, as appropriate, to December 2003, for example – such an extension would give additional one year of implementation, a total of two years from now. This possibility may be reviewed by the three parties during 2002.

C. Key Emerging Issues

61. Apart from the question on future of the second phase as outlined above, there are some important issues requiring urgent attention of the district and provincial authorities. As these were discussed with the authorities concerned in the mission's debriefing sessions, main outcomes of these discussions are included here:

- 1) Tenure of the CTA – as noted above, the current tenure expires at 31 December 2001. The mission believes that it is essential to maintain an experienced and competent CTA throughout the second phase. Further, given his performance and knowledge of the project, it would be highly desirable that the present CTA continues for the extended period. There was a unanimous agreement on both of these points;
- 2) Strengthening the district level capacity for implementation – both within the project core staff and the district agencies, the existing technical capacity has been below what is required for satisfactory project implementation, which largely reflect the limitations of the district level cadre – Hoanh Bo district does not seem to compare favourably with other districts in this respect. In recognition of this, the project has provided for contractual services from various technical institutions for project implementation as well as training of the core staff since the first phase. Nevertheless, the situation remains a serious bottleneck, especially for livestock, horticulture and rural finance. Strengthening of the core staff and the district agencies would be essential to effective project implementation, including capacity building at district and commune levels. Both the district and provincial authorities concurred with this observation, and have agreed to take corrective measures, including possible assignment of full-time staff under temporary contracts by the provincial government. Similarly, while these service contracts under the project are also meant to provide the government offices with certain incentives for field work, the government authorities and the CTA would need to keep this matter under review to ensure that such incentives remain within reasonable levels;
- 3) Need to strengthen field extension capacity – this forms part of the more general limitations noted above, but it is of increased importance in the second phase, and in the light of proposed modified objective outlined above. While it is important to reinforce the extension capacity at the district and commune levels, particular urgency exists for strengthening the village level capacity to absorb and exploit improved and new technologies and practices, including implementation of the CTA proposals to initiate a farmer-led extension mechanism at village level. Again, there was broad agreement by the district and provincial authorities to address this issue. In this context, the mission noted that lack of vehicles is a serious constraint to field extension work, which need to be addressed;
- 4) Improved integration of the project into programmes of district and province – some progress is being made through the introduction of participatory planning approach, which is providing an interface between the project and other programmes operating in the project communes. However, the commune/village development plans have not been used effectively to achieve synergy and cost-effectiveness. More dialogue is necessary by the

parties involved in the commune and district level planning process. It has been agreed that such efforts will be strengthened by the province and district authorities;

- 5) Need for greater involvement of the provincial authorities, including the idea of project steering committee at provincial level – the provincial government is a signatory to the project document and its departments and agencies have greater technical capacity to support the project implementation. Recognizing this and other issues, the government authorities agreed to redouble its support, including the establishment of a Project Steering Committee to be chaired by a vice chairman of the Provincial People's Committee, specifically for the project;
- 6) Maintaining good team work at project management level – during the last two years, the day-to-day project management suffered due to the lack of terms of reference for the National Project Director (NPD) and deputy NPD, exacerbated by the absence of CTA for 9 months during transition from the first to second phase. Further, there was not adequate communication and information sharing through the deputy NPD to the CTA, including commitment to follow FAO regulations on such matters as procurement of goods and services under the project. The situation has improved more recently, but it would be essential to ensure continued improvement;
- 7) Progress under FLA – as noted above, the progress in transferring the land title to the individual households has been extremely slow, especially its implementation of the land earmarked during the first phase. This has delayed implementation of long-term land development activities by households, such as for fruit tree growing, as well as community forestry development, on which the district government has decided to introduce pilot activities under the project. The district authorities agreed to take measures to speed up the process, and speedy action by the agencies concerned should lead to better implementation of the forestry component;
- 8) Rural finance component – several related issues have emerged from the experience of the S&C scheme as well as financial institutions in general: (a) what role should the S&C scheme play in the panorama of other financial actors in the district (VBARD, VBP, etc)?; (b) the stakeholders do not feel adequate sense of ownership of the scheme, which is essential to its long-term sustainability. This indicates the need for re-orientation from making the schemes too complex in its operation and management practices to developing group ownership among the members; (c) the legal aspects of savings collection in this type of schemes are not clearly defined by the official banking institutions in Vietnam, and this needs to be clarified; (d) while the S&C scheme, the guarantee fund facility with VBARD and other banking systems have expanded the opportunities for the rural poor to access to credits, there are cases of in-debtedness occurring and the rural population seem to need better understanding on the use of various financial instruments.

Chapter V: Recommendations

A. Overall for the remainder of the second phase

62. Extension of the CTA tenure to March 2003. As has been agreed by all the parties present at the mission debriefings, it is recommended that the CTA tenure, with the incumbent, be extended from January 2002 to March 2003, and that the donor should be requested to provide additional resources to cover the cost.

63. Follow-up to the issues discussed. It is recommended that the agreements reached at the mission's debriefing sessions with the district and provincial authorities be followed up with timely action for their implementation. These issues cover:

- a) Establishment and functioning of the Project Steering Committee. This committee should be established as soon as possible so that many of the key issues raised by the mission, particularly those requiring support of the provincial government, be addressed with full authority and resources available at the provincial level;
- b) Strengthening technical capacity at the district and commune levels. The problems should be urgently addressed at several levels. The district government should review in detail the need and possibilities for specific areas to be strengthened in consultation with the project team and the CTA. Based on this review and action proposals, the provincial authorities should be requested to provide the necessary support in those areas where the district can not take adequate action. Similarly, more effective use of the expertise and resources available from various sources in the district should be pursued through better coordination among the parties involved in implementing various programmes in the project communes;
- c) Improving the field extension system. The extension system has been a single most weakness in the project area, and the proposals by the CTA for strengthening village level extension capacity by farmer volunteers (for crops, livestock and forestry) should be adopted and implemented as a realistic alternative to the present situation. Similarly, this capacity at the commune level should be reinforced by assigning (and training) a "community development mobilizer" to coordinate extension and related support activities. However, the selection of volunteer workers and their training should be carefully planned. As noted among the issues, it is suggested that measures be taken at an early opportunity to provide suitable vehicles for field extension work; —
- d) Greater integration of the project into the district and provincial programmes. The CDPs should become the main planning framework for all the related development activities from all sources. This would require a more institutional process for coordination among the project, district and provincial agencies involved. Such improvement in coordination would be critical to more cost-effective use of the expertise and resources available in the project area. As part of this effort, and in view of the successful results to date, the mission favours continuation of the CTA's role in linking the project with national and provincial initiatives on forestry policies and programmes, as long as this will not adversely affect his ability to serve the project's needs at the district level; and

- e) Ensuring strengthened project management team work. The Government, the donor and FAO should continue to ensure effective functioning of the project management team as a cohesive team, particularly through the newly established Project Steering Committee. In particular, it is suggested that the project management team should share information and ideas on project implementation, especially for better integration of the project with other programmes in the district and for creating an open and effective project team, bringing together the national and FAO staff.

64. Revised project objective. As outlined above, the mission recommends that the objective for the remainder of the project be modified into one that would be more feasible to achieve within the given mandate of the project. In particular, it is recommended that the modified objective should focus on creating a viable capacity at village level for participatory development in line with the current project approach, with particular emphasis on building and strengthening farmer-based extension capacity at village level. Thus, the project should focus its training and demonstration support to this end, particularly to create training capacity among the farmers, for which the planned IPM training may be especially useful. As an illustration, a revised project objective may read as follows:

“Within the overall project objective as given in the original project document, the revised project has following immediate objective for the remainder of the second phase:

The primary objective is to help establish a functional capacity for participatory and self-reliant development at village level based on the planning and management approach among the various farmer groups and on farmer-led extension system for improved practices and knowledge for food security, increased income-earning opportunities and sustainable management of natural resources.

The secondary objective is to assist in developing capacity at commune level to support the capacity building at the village level, especially in coordination of village level initiatives, including networking among villages and provision of interface between villages on one hand and district and provincial authorities on the other.

Thus, the focus of the project is on the 20 villages in the communes of Dong Lam, Tan Dan, Dong Son and Hoa Binh.”

65. The revised objective would not entail a radical change in the implementation strategy since most project services are already targeted at the villages. Rather it would entail a clear focus on village level capacity building across activities under the main components. However, some re-orientation would be desirable for some activities. For example, irrigation and infrastructure work should be coordinated with other programmes active in this area, such as the national programme 135, so that such programme resources may fund jointly these priority works as much as possible, leaving greater share of project resources to village capacity building. The point is not reverse the decisions already made with the communes and villages on priority activities to be supported, but to review with them the best ways to use the project resources, together with other resources, to achieve the maximum results in line with the modified objective. In the area of forestry, it may be necessary to maintain much of upstream work aimed at introducing new approaches and concepts to the villages for forest protection and management as well as community forestry, including the participation in policy dialogue through the CTA at the national and provincial levels.

66. Possible need for extending the current end date to Dec. 2003. It is recommended that because the current project duration (March 2003) is likely to provide too short a duration for satisfactory achievement of the modified objective, the three parties, the Government, the donor and FAO, review the status of the project in the middle of 2002, including the possible need for extending the project duration by a limited time, together with additional donor contribution as appropriate. For this purpose, the mission suggests that the Project Steering Committee invites the project management team to submit for its consideration in about June 2002 proposals for possible project extension to December 2003, containing justifications and work programme and budget for this purpose.

B. Recommendations on Specific Aspects

67. Participatory planning and M&E. It is recommended that the process of using the planning approach should become more systematic and institutionalized as part of community planning and management process at the commune and village levels. This would require further sensitization and training of the key participants for their effective use of the participatory planning technique. For the M&E aspects, the participatory monitoring process that has been recently initiated at village and commune levels should be continued. In particular, the monthly meetings at village and commune levels should be exploited to become a participatory process of monitoring with active involvement of the project and district staff. At the project level, the information should be collated and analyzed to provide the up-to-date progress, with increasing focus on the evolution of villager participation and changes occurring at village level. Such information should be shared with villagers and other stakeholders. This work would need to be supported by the national M&E consultant, in line with the recommendations of the international consultant. At same time, the monitoring assistant should be further trained. In the area of evaluation, the approach suggested by the international consultant is basically sound, but the work programme should be reviewed for simplification. It is also suggested that surveys and studies be mostly contracted out to national or local consultants and institutions, as there is not adequate in-house capacity for this within the project.

68. Crop component. The mission generally endorses the plans already outlined by the project staff. Following aspects are recommended for future work: (a) training could emphasise upland management, including soil conservation by stonelines, hedgerow barriers and intercropping techniques; (b) greater emphasis could be placed on training and demonstration of organic recycling, combining animal dung and grass and crop residues with a view to promoting a balanced use of organic and chemical fertilizer; (c) for diversification purpose, the mission endorses the planned promotion of appropriate technologies for aquaculture, apiculture as well as growing and processing of medicinal herbs.

69. Horticulture. The mission endorses the plans outlined by the project for this sub-sector, which is based on a good analysis. The sub-sector is likely to develop as a niche growth area and priority should be given to securing good quality genetic materials, the post harvest and marketing aspects, including attention to simple processing techniques and assistance in forming groups of fruit tree growers.

70. Livestock component. The mission finds that the many of recommendations by the international consultant are reasonable and should be followed up by the project, including the

need to differentiate training between subsistence oriented animal husbandry and commercially oriented production, greater attention to feed aspects as well as to improved hygiene standards. Similarly, while the introduction of para-vets at the village has brought some benefits, there are also evidence that not all is well, especially their longer-term effectiveness and sustainability. Some of the issues cover selection of these volunteers, their training, their need for technical support, and their income earning capacity and financial viability. Thus, it is suggested that the project reviews this component for refinements and that it undertakes an in-depth study on the performance of the para-vets, especially those operating in the first phase communes.

71. Forest component. Apart from timely implementation of the transfer of titles to households under FLA, priority should be given to the introduction of community forestry development at village levels, combining with the activities promoted for fruit tree growing in these mountainous communities. As noted above, the mission endorses the continued participation of the project, especially through the CTA, in dialogue on forest development policy matters at the national and provincial levels. This would also facilitate upstream link between the project and broader policy issues, including the use of the project results as a model for replication in other parts of the country.

72. Irrigation facilities. This component has been the largest one in terms of resources, and the experience of the first phase indicates that substantial benefits have been achieved. However, the overall effectiveness of farmer groups for water use and its contribution to agricultural production has not been studied in depth. Such a study should be undertaken. For future, funding of this component should be increasingly shared with other national and provincial programmes supporting infrastructure work.

73. Rural finance component. There are several recommendations on this component as follows:

- (a) Regarding the Guarantee Fund, it should not be extended nor renewed, even if it was successful, because the improved legislation on collateral requirements and the improved coverage of rural areas by VBARD make it unnecessary. The Guarantee Fund incentives should be thus transferred to the district, VBARD and the three communes in line with the original agreement. Further, the project should help the villagers in the use other existing rural finance sources and mechanisms in the best possible way, paying attention not to put them in a double debt burden. It should also facilitate the integration of some specific groups of project clients in some formal loan schemes, for example, by facilitating arrangements for medium-size borrowers to access loans from VBARD;
- (b) The S&C scheme should not act against other rural finance sources but rather should play a complementary role. It should only act where it is on its best, that is, working with target poor households through its field presence, participatory mechanisms, flexibility, and increasing technological knowledge. Similarly, urgent action should be taken to re-orient the activities of the groups towards this direction so as to consolidate and build more ownership for the scheme. The scheme should adopt simplified operational methods (for example by eliminating time-consuming calculation methods and Microbanker, double loans, too small compulsory savings), and also be more focused on small-scale credits (e.g. up to Dong 1.0 million in the first cycle) to avoid exacerbating debt burden on the poor. Finally, the legal

aspects of the savings component should be clarified as soon as possible so as to adapt it to the legal framework.

74. Given the complex, interdisciplinary nature of the project and its important policy implications on future approach to participatory watershed development in Vietnam, it would be desirable to discuss and agree on various technical, development and policy issues to be addressed by the project, with the participation of concerned persons of the government, donor and FAO as soon as possible. It is recommended that the project organize such a workshop early in 2002 and that it be attended by the concerned national and local persons (mainly from the district and provincial levels) as well as by FAO officers (especially technical officers from the Regional Office who are expected to provide technical support in future).

**PARTICIPATORY WATERSHED MANAGEMENT
PROJECT IN HOANH BO DISTRICT,
QUANG NINH PROVINCE
GCP/VIE/023/BEL**

**MID-TERM REVIEW
TERMS OF REFERENCE**

JOINT REVIEW MISSION

BY

**THE GOVERNMENT OF THE KINGDOM OF BELGIUM,
FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS**

AND

THE GOVERNMENT OF THE SOCIALIST REPUBLIC OF VIETNAM

(September/October 2001)

1. Background

1.1 Project Objectives and Implementation to Date

The project development objective is to create a visible, measurable, and sustainable impact on the watershed conditions in the midland and upland areas of Hoanh Bo district, Quang Ninh province through the introduction of a cost effective and user friendly participatory watershed management planning and implementation process that could ultimately represent a model for replication in other Districts and Provinces in Vietnam. The basic elements of such process constitute:

- A mechanism that will ensure full participation of communities during the process of identifying, designing, and implementing grassroots initiatives.
- Creation of strong local capacities including those of communes and village based organisation required to sustain grassroots focused development.
- Development of cost effective environmentally sustainable land based income generation packages including Agricultural and Animal Husbandry Extension, Irrigation and Infrastructure Improvement and Management, and Forestry Management.

In pursuit of the above-mentioned objectives, best practices contributing to successful demonstration of an integrated watershed management during the Pilot phase of the project were to be further improved and continued. The ultimate goal is to ensure sustainability of all project interventions so that project experiences could be replicated elsewhere.

Phase I was operational from October 1995 till October 1999. With the remainder of the funds left, a bridging phase was financed until the present phase became operational. The current project commenced in March 2000 and is due to run until March 2003.

Project implementation in the second phase continues to follow a strong two-prong strategy initiated during phase I. First, it is assisting to strengthen the capacity of commune, district and provincial government staff in the area of participatory planning and development of a grassroot extension network. Second, it is helping directly to the beneficiaries to effectively manage their watershed resources to enable them to improve their livelihoods through the provision of different types of training and observation tours, establishment of demonstration models, protection and management of community forest, renovation and new construction of irrigation and culverts and seed money for organizing savings and credit. All these have been achieved through the establishment of a unique partnership mechanism with the national, provincial or district centres of expertise through the provision of institutional contracts. Highlights of the progress made to date are presented below:

- Participatory planning methodology used during Phase I has been reviewed and revised. A training manual (draft) has been prepared. It has been used to train 16 Provincial and District Staff, and 10 farmers. Final draft is being edited to publish as project publications. Using this manual a refresher course on Participatory Rural Appraisal has been organized and 24 District staff and farmers have been trained prior to entering into two new Communes to prepare Village and Commune Development Plans.

- National, Provincial, and District level experts have prepared ten different papers documenting experiences with participatory methodologies tested in three old Communes during Phase I. These papers were presented and deliberated in a project organized launching workshop. Draft Proceedings of this workshop has been completed. Based on these papers, successful initiatives are replicated in new communes.
- The launching workshop organized at the outset of Phase II has recommended interim "Project's Conceptual Framework and Implementation Strategy". The deliberation of this workshop has been instrumental in guiding the project planning and implementation process.
- 14 Village Development Plans (VDPs) and two consolidated Commune Development Plans (CDPs) have been completed, documented and negotiated with the Commune authorities for implementation. Six VDPs and two CDPs are under preparation.
- An International Consultant on Monitoring and Evaluation has completed first leg of his mission. One M & E workshop has been completed. 32 person representing villages, communes and District institutions participated in this workshop. Draft formats for participatory M & E of selected activities representing one each of the five components have been completed. A draft M & E strategy for the project is under preparation.
- Monthly progress reviews meeting with DPC Chairman (Five meetings) have been completed and three Quarterly Progress review meeting with all project stakeholders at the District level have been completed.
- A draft background paper outlining roles and responsibilities of the Provincial Project Steering Committee has been prepared.
- Two thematic external evaluations, one on S&C and the other on crop trials and IPM have been completed.
- Eight cooperation contracts with relevant National, Provincial, and District level institutions to implement activities including: (a) participatory planning; (b) savings and credit; (c) technical support to integrated crop management; (d) pilot demonstration and field training on integrated crop management; (f) livestock and veterinary development support in project communes; (g) participatory forest protection and management and (g) detailed survey and design of the irrigation renovation and new construction have been completed. All the contractors are actively engaged in field implementation.
- Different Decrees and Government notification on Forestry and Savings & Credit activities have been compiled and translated in English.
- S & C training modules developed during the Phase I have been updated and used to train new leaders of credit groups in Tan Dan and Dong Lam Communes.
- The District People's Committee has approved TOR for the District Credit Management Board. DPC Hoanh Bo District has issued formal notification of the establishment of the Board. This

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new Board has met two times to address outstanding issues confronting the Savings and Credit activities sponsored by the project. Commune Savings & Credit Management Boards (CSCMB) has been established in two new communes.

- Credit needs assessment has been completed for Tan Dan and Dong Lam Communes.
- 29 S & C groups have been established in Tan Dan and Dong Lam Communes. Initial start up cost to strengthen activities of the newly established groups has been released. Seed capital amounting to VND 210 million for the S & C groups has been released.
- Commune S&C Management Board (CSCMB) for Tan Dan and Dong Lam Commune have been established and registered in VBARD. Their roles and responsibilities have been defined. The newly formed CSCMBs have approved Rules and Regulation for credit activities in their respective Communes and these rules are under review by the project.
- An inception report to revitalize extension network at the Commune and village level has been presented at the District level quarterly meeting. Project core staffs through village meetings have finalized identification of three volunteer farmers from each village to support project's extension activities in crop, livestock and forestry.
- 9 training of trainers and farmer's field school classes on IPM have been organized and 203 farmers have been trained. One observation tour for 27 farmers to observe improved rice model has been organized. 56 crop trails have been established to demonstrate improved varieties of seeds and improved cultivation practices.
- Design of four irrigation schemes in Tan Dan commune have been completed. One for Bang Ca commune has been completed. Draft Policy guidelines for the implementation of irrigation schemes has been prepared.
- Discussion with different Provincial and District level forestry institutions is being done on a continuous basis to streamline Forest Land allocation activities in the project area.
- Forest Land Allocation (FLA) in one Commune has been completed. FLA is almost completed in two old communes.
- Workshop on project strategic plan on forestry activities has been completed. 24 Provincial and District level officials representing different forestry related institutions and Commune authorities from seven project Communes participated in this workshop to discuss several forestry issues including FLA. Proceedings of the workshop are under preparation.
- Preparation of TOR and identification of institutional partner at the Provincial and District levels is continuing to assist in FLA and Forest Land Use planning. Institutional contract for participatory protection and management of Commune Forest has been completed. Draft TOR for the establishment of a pilot community forestry model is under review.
- APO Agro-forestry has started working on the establishment of project WebPages.

- One project brochure has been published.
- CTA is participating in the 5-mhrp-partnership process co-ordinated by the Ministry of Agriculture and Rural Development (MARD) to access up to date policy decision including issues related to FLA and FLC.
- CTA has visited GTZ funded Social Forestry Development Project in Song Da Province, and EU funded project in Bac Can and Cao Bang Provinces. CTA has also participated in National Community Forestry Workshop, and Agro-forestry Workshop held in Hanoi organized by other sister projects.
- CTA has visited to Cao Bang, and Bac Can Provinces in North Vietnam and Binh Thuan Province in the South with Deputy Minister, MARD and FAO/R for upstream policy exchanges related to Agriculture and Rural Development. CTA is also participating in the taskforce meeting of the 5-mhrp project partnership dialogue.
- CTA is representing FAO in 5-mhrp taskforce and has contributed to the preparation of a synthesis paper for the consideration of donors and the Government.
- CTA is assisting FAO Vietnam in providing expert opinion clarifying substantive forestry and rural development issues.

1.2 Problems encountered

Implementation problems of particular significance include:

- a) inadequate availability of technical and field extension staff;
- b) unclear roles and responsibilities of institutions and core staff in terms of implementation of project activities;
- c) low motivation and morale of national project staff due to lack of incentives;
- d) inadequate knowledge and technical capacity to deal with the participatory natural resources development problems;
- e) difficulties in organizing Community Mobilization and Participation;
- f) low implementation capacity, which is a key concern to expand the project to other Communes in the District.

2. Purpose of the Review

At the mid-point of the project, the review is intended to make recommendations for any changes in the overall design and orientation of the project and make detailed recommendations on the Work Plan and Budget.

It will be particularly important for the Review Mission to critically assess and review the development, implementation and management of project activities at all levels and to provide advice and recommendations for on-going management of these activities for the remainder of the

project. It will also be very important for the Review Mission to provide recommendations for the development of strategies to sustain implemented activities and terms of partnerships to improve the livelihoods of the beneficiaries after the project ends.

3. Scope of the Review

The Mission will assess the:

- a) relevance of the project to development priorities and needs;
- b) clarity, and realism of the project's development and immediate objectives, including specification of targets and identification of beneficiaries and prospects for sustainability;
- c) quality, clarity and adequacy of project design including:
 - clarity and logical consistency between inputs, activities, outputs and progress toward achievement of objectives (quality, quantity and time-frame);
 - realism and clarity in the specification of prior obligations and prerequisites (assumptions and risks);
 - realism and clarity of external institutional relationships, and in the managerial and institutional framework for implementation and the work plan;
 - likely cost-effectiveness of the project design.
- d) efficiency and adequacy of project implementation including:
 - availability of funds as compared with budget for both the donor and national component;
 - the quality and timeliness of input delivery by both FAO and the Government;
 - managerial and work efficiency;
 - implementation difficulties;
 - adequacy of monitoring and reporting;
 - the extent of national support and commitment and the quality and quantity of administrative and technical support by FAO;
- e) project results, including a full and systematic assessment of outputs produced to date (quantity and quality as compared with work plan and progress towards achieving the immediate objectives). The mission will especially review the status and quality of work on:
 - participatory planning methodology and quality of plans
 - field crop and orchard extension
 - animal husbandry extension and veterinary services
 - forest management and protection
 - irrigation renovation and management
 - commune based savings and credit groups
 - commune based monitoring and evaluation activities
 - equity and equality of opportunity and treatment among beneficiaries to participate in and benefit from project activities

- communication between Provincial and District authorities, NPD, DNPD and the CTA about national and provincial strategies and networks for improving participatory watershed management and creation of sustainable livelihoods.
- f) the prospect for sustaining the project's results by the beneficiaries and the host institutions after the termination of the project. The mission should examine in particular:
- capacity of the commune based extension workers and village extension workers
 - organization and capacity of the District level extension support units
 - continued support to long term activities developed under terms of partnership between project, district and beneficiaries
 - support by the district credit management board to the commune credit management boards
 - support to the community forestry user groups
- g) the cost-effectiveness of the project.

Based on the above analysis, the Mission will draw specific conclusions and make proposals for necessary action by Government and/or FAO/Government of the Kingdom of Belgium to ensure sustainable development, including any need for additional assistance and activities of the project prior to its completion. The mission will draw attention to any lessons of general interest.

4. Composition of the Mission

The Mission will comprise:

- Team leader from FAO with experience of project management, evaluation and participatory approaches and have a strong background in participatory community development.
- Specialist from the Government of the Socialist Republic of Vietnam in agro-forestry, agronomy, watershed management or irrigation.
- Specialist from the Government of the Kingdom of Belgium in Rural Finance.

Mission members should be independent and thus have no previous direct involvement with the project either with regard to its formulation, implementation or backstopping. They should preferably have experience of evaluation.

5. Timetable and Itinerary of the Mission

The mission should assemble in Hanoi, Vietnam in late September to middle of October, 2001. The following tentative itinerary is presented as a guide for the Mission.

<i>Provincial DARD of Quang Ninh</i> Date: 28/09/2000 Amount: USD 8,360	Detailed planning and implementation of animal husbandry and veterinary services improvement activities in seven project communes.	Third payment of 25% upon completion of the first of two half-yearly lending performance monitoring and evaluation reports	USD 23,620,450	30/8/2001	
		Fourth payment of 25% upon completion of second and final credit performance M&E reports and end of assignment report.	USD 1,593,50	Not paid	
		First payment of 15% after LOA signing	VND 17,721,528	24/10/2000	US\$ 4180
		Second payment of 15% upon completion of successful training of paravets in two new communes and completion of big livestock survey.	VND 18,132,840	18/01/2001	
<i>Provincial Extension Department</i> Date: 07/02/2001 Amount: USD 4,411	Detailed field trials, demonstration and farmer's training.	Third payment of 20% upon full establishment of poultry and duck models and local breeding services for pigs and reports thereof.	VND 24,590,104	12/07/2001	
		Fourth payment of 15% after successful completion of support to participating farmers in the establishment of fodder and cover crops	USD 1,254	Not paid	
		Fifth payment of 15% upon completion and evaluation of all animal housing models and technical support to self-financed animal housing improvements.	USD 1,254	Not paid	
		Last payment of 20% upon clearance of all reporting duties and acceptance by FAO of the statement of expenditure.	USD 1,672	Not paid	
		First payment of 50% after LOA signing	VND 32,034,887	29/05/2001	US\$ 1,102.75
		Second payment of 25% upon completion of training of trainers and crop trials.	VND 16,017,443	29/05/2001	
<i>Provincial Plant Protection Department (PPPD)</i> Date: 07/02/2001 Amount: USD 1,671	Training of trainers and organizing farmer's field days on IPM.	Third payment of 25% upon submission of final consultancy report.	USD 1,102.75	Not paid	
		First payment of 50% after LOA signing	VND 12,128,118	02/02/2001	US\$ 417.75
		Second payment of 25% upon completion of training and observation tours to paddy growers and IPM to farmer trainers.	VND 6,192,308	23/8/2001	
		Third payment of 25% upon submission of final consultancy report.	USD 417.75	Not paid	

Provincial Plant Protection Department (PPPD) Date: 05/06/2001 Amount: USD 10,731.37	Training course of farmer trainers and organizing farmer's field days on IPM and rice crop trials in Dong Son, Hoa Binh and Dong Lam (Dong Tra village only) communes.	First payment of 30% upon signature of LOA and approval of a detailed work plan. Second payment of 30% upon completion of IPM/crop Farmer Training introduction course and a course on intensive rice growing techniques; Third payment of 20% after submission of two monthly reports and 2 detailed financial statements with all receipts and vouchers. Fourth payment of 20% upon completion of IPM/Crop Farmer Training refresher course and submission of two other monthly reports and detailed financial statements + final consultancy report and a detailed final statement of all related costs for training of farmers.	VND 46,842,415 VND 47,721,314 USD 2,146.28 USD 2,146.28	25/06/2001 28/8/2001 Not paid Not paid	US\$ 4,292.56	
	Research Institute of Fruit Vegetables (RIFAV) Date: 18/01/2001 Amount: USD 1,440	Detailed monitoring of fruit orchard trials, technical assistance to farmers, farmers' training and monitoring of farmers' logbooks contributing to the adoption of improved varieties of litchi and longan in 6 project communes.	First payment of 25% upon signature of LOA	VND 5,238,000	04/06/2001	US\$ 720
			Second payment of 25% upon completion of technical assistance and monitoring of farmers' logbooks and detailed consultancy report progress of February and April.	VND 5,328,000	04/06/2001	
			Third payment of 25% upon completion of technical assistance and monitoring of farmers' logbooks and detailed consultancy report progress of June and August.	USD 360	Not paid	
		Fourth payment of 25% upon completion of two last monitoring visits, a detailed consultancy progress report of October and a final report.	USD 360	Not paid		
District Forest Protection Station Date: 10/04/2001 Amount: USD 3,847	Establishment of village level forest protection and development regulations and an effective monitoring system of these regulations.	First payment of 30% upon signature of LOA and approval of detailed work plan.	VND 16,752,915	18/04/2001	US\$ 1,538.80	
		Second payment of 30% upon completion of observation tour, completion of village level forest protection and development regulations in 20 villages in 4 communes and settlement of related costs for the organization of study tour and the drafting and approval of the village level regulations	VND 17,216,863	18/9/2001		

<i>National Institute of Plant Protection, Hanoi (NIPP)</i> Date: 22/05/2001 Amount: USD 6,000	Assistance in agricultural extension in general and technical assistance in horticulture in particular in 7 project communes.	Third payment of 20% after approval of the regulations by DPC and their adoption by all 20 villages and settlement of costs related to the organization of necessary village meetings.	USD 769.40	Not paid	US\$ 4,500
		Fourth payment of 20% upon submission of final consultancy report and settlement of all related costs for training of the village forest protection teams.	USD 769.40	Not paid	
		First payment of 25% upon signature of the LOA	VND 22,234,500	31/8/2001	
		Second payment of 25% upon completion of a detailed planning and implementation scheme with written recommendations for establishing a District Plant Production Center and a farmer led Fruit Tree Arboretum and monthly progress reports and work plans.	USD 1,500	Not paid	
<i>District People's Committee, Hoanh Bo (DPC)</i> Date: 27/04/2001 Amount: USD 6,073	Renovation of Khe Chinh channel in Bang Ca commune	Third payment of 25% upon completion of organization of Regional Litchi Workshop and submission of a proposal to pilot demonstrate a self-sustaining extension in a remote commune.	USD 1,500	Not paid	US\$ 2,429.20
		Fourth payment of 25% upon completion of organizing horticultural interest groups, Farmer Field School, training in orchard/field management, plant protection, soil conservation, marketing, post harvesting technologies, establishment of a pilot extension network in one of the remote project communes and completion of final report.	USD 1,500	Not paid	
		First payment of 30% upon commencement of the construction work.	VND 27,179,104	11/9/2001	
		Second payment of 30% upon completion of 70% of the construction work.	VND 27,179,104	11/9/2001	
		Third payment of 30% upon completion and handing over of the scheme to the beneficiaries.	USD 1,821.90	Not paid	
		Fourth payment representing the remaining balance (final construction cost minus amount already paid) up to a maximum of 10% of the designed cost after submission of the final report.	USD 607.30	Not paid	

uan Mai Social Forestry Training Center (SFTC) Date: 11/06/2001 Amount: USD 1,725	Preparing a Conceptual Framework on Community Forestry for Hoanh Bo district, Quang Ninh province.	First payment of USD 400 upon signature of LOA	VND 5,820,000	25/06/2001	US\$ 1,325
		Second payment of USD 900 after presentation of Community Forestry Conceptual Framework and submission to DPC for review and approval.	USD 900.00	Not paid	
		Final payment of USD 425 after submission and acceptance of final report.	USD 425.00	Not paid	
istrict Extension Center (DEC) Date: 15/8/2001 Amount: USD 10,038	Renovation of old nursery infrastructure at Cau Ba Tan near Troi for the set up of a new, improved self-reliant District Plant Production Center.	First payment of 50% after approval from FAO to RO upon receipt of a detailed technical design and cost estimate for infrastructure renovation of DPPC approved by the district authorities and a report on the selection of contractor(s) and draft contract document.	USD 5,019	Not paid	US\$ 10,038
		Second payment of 25% upon completion of seventy percent of the construction work (renovation of DPPC).	USD 2,509.50	Not paid	
		Third payment of 25% after full completion of infrastructure renovation and after evaluation and approval by an external party hired by FAO and submission of all bills and final report.	USD 2,509.50	Not paid	
istrict Extension Center (DEC) Date: 28/8/2001 Amount: USD 850	Set up of a farmer led arboretum	First payment of 50% after signature of LOA and receipt of a report on selection procedure of the arboretum farmer, a final arboretum design with detailed cost estimate and a signed Terms of Partnership between RO and the farmer.	VND 6,340,150	18/9/2001	US\$ 425.00
		Second payment of 30% upon completion of irrigation facilities and field preparation and upon receipt of a detailed list of all trees actually ordered domestic and abroad.	USD 255.00	Not paid	
		Third payment of 20% after full completion of the arboretum site and after evaluation and approval by an external party hired by FAO and submission of all bills and final report.	USD 170.00	Not paid	

Phase II Implementation Summary Table (2000-2001 by component)
(As of 30.09.2001)

Component/Key Activity	Total (% of Plan)	Communes			
		TD	DL	DS	HB
A. Crop					
1. Technical training (no. of trainees)	829 (61%)	235	182	271	141
2. Model Establishment (no. of models)	73%	54	43	24	12
B. Livestock					
<i>B.1 Animal husbandry</i>					
- General training (no. of trainees)	195 (20%)	104	91		
- Training on specific topic such as pig/chickens (No. of trainees)	48 (100%)	26	22		
- Demonstration units for pigs/chickens (No. of units)	23 (19%)	11	12		
- Upgrading of buffalo/pig stable	66 (101%)	35	31		
- Fodder demonstration (No. of plot)	9 (15%)	3	6		
- Beekeeping training (No. of trainees)	9 (40%)	9			
<i>B.2. Animal health</i>					
- Village paravet training (No. of trainees)	41 (62%)	14	14	11	2
- Paravet equipment (No. of sets)	22 (96%)	8	7	5	2
C. Forestry					
<i>C.1. Technical training</i>	203 (21%)	105	92	0	6
<i>C.2. Model establishment</i>		4	4		
- Forest nursery	8 (17%)				
- Fruit tree nursery	0 (0%)				
- SALT	0 (0%)				
- Home garden	0 (0%)	7	6		2
- Fruit tree varieties trials	15 (68%)				
<i>C.3. Organization and management</i>					
- Establishment of village forest regulation	20 (100%)	8	6	4	2
- Formation of Forest Protection groups	20 (100%)	8	6	4	2
<i>C.4. Forest land allocation</i>					
- Allocation to community	0 (0%)				
- Allocation to groups	0(0%)				
D. Irrigation and Infrastructure					
<i>D.1. Irrigation- new construction or renovation</i>					
- Design and Estimates	2 (18%)	2			
- Implementation	0				
<i>D.2. Infrastructure (No. of culverts)</i>					
- Design and Estimates	0				
- Implementation	0				
E. Savings and credit (1)					
- Establishment of Commune credit management Board	2 (50%)	1	1		
- S&C group networks (No. of networks) (2)	31	13	18		
- Revolving funds (1000 VND) (3)		112,970	124,744		

(1) Most of the irrigation and infrastructure design and estimates under preparation.

(2) Groups in Hoa Binh and Dong Son still to be formed. No initial target established.

(3) Revolving funds in Dong Son and Hoa Binh communes are yet to be determined. No initial target established.

MTR mission - The Rural Finance Component

General Introduction

The rural finance component is one of the five components of the Project. The Project Documents and Progress Reports indicate the overall strategy, main activities and outputs envisaged at the end of the project. They are the basis of the Mid-term review, an overview is given hereafter.

(Overall strategy)

“ The relationship between provision of technical messages and the availability of investment capital through micro-credit channels is widely recognized in Vietnam. This is evident by the wide range of regular and special purpose credit lines made available in rural areas. The challenge faced by many projects is to provide a mechanism that ensures access to credit needs of the large segment of the rural communities. In case of the formal rural banking institutions, several factors including limited staffing, high collateral requirements and complicated loan processing procedures create a high burden for borrowers. Special credit lines provided are often characterised by their highly subsidised and targeted loans. Both factors do not contribute to broad and flexible access to the needs of the small farmers. “

(Main activity 1: savings and credit scheme)

“ Recognising the need for an access to non-targeted loans, the pilot phase introduced and tested a modest savings and loan scheme to enhance local investment required for agriculture focused community development. The project started the organisation of independent and commune based savings and credit management structures. These structures provided an easy access to credit for local borrowers with limited investment requirements. The scheme has tied up promotion of saving habits as a necessary condition for accessing the loan.”

(Main activity 2: Guarantee Fund)

“ Since such individual commune structures are not widely replicable through regular national networks, possibility for integrating with the formal banking sector was also sought. For this purpose, a parallel provision with the Vietnam Bank for Agriculture and Rural Development (VBARD) through a Guarantee Fund (GF) was made during Phase I. This credit facility uses normal bank channels, but reduces the threshold by substituting part of the collateral requirement through project intervention.

Moreover, the arrangement seeks to link increasing local financial management skills with the bank's administrative loan processing requirements. The arrangement is meant to prove that a large part of previous considered non-bankable clients are actually “safe” borrowers.”

(Global)

“ The combined project effort extends to creation of commune owned automated loan processing facilities. These developments, if continued, are expected to lead to a situation where local households can graduate to a higher level of integration with more formalised financial services. These initiatives in combination with certain future reforms of the

national banking sector will provide an enabling environment for improved rural investment.”

(Phase II)

Project Phase II seeks to (re) negotiate and expand both credit lines in new communes and monitor management quality for already established schemes during Phase I. The introduction of this component is based on a careful needs assessment for financial services. This assessment precedes launching of any new interventions in communes.”

The Output 5 of the Second Objective of the Project document states:

“Household access to investment resources required for intensification and diversification of economic opportunities readily available through locally managed organisations”

The activities related to this output are:

- 2.5.1 For each individual commune identify and analyse the role of current rural financial services and carry out a corresponding needs assessment for complementary services.
- 2.5.2 Provide training, technical follow-up and management support to rural financial service organisation including locally organised informal and formal banking sector.
- 2.5.3 Within ceilings and on the basis of local savings contributions, provide seed capital and collateral substitution funds to meet requirements for household credit based investment needs.
- 2.5.4 Promote co-operation and graduation of commune rural finance organisations with the long-term objective to link and/or integrate services to suitable rural banking initiatives.

Actualised global credit situation in 2001:

The outreach of the Vietnam Bank for Agriculture and Rural Development (VBARD, 1989), the Vietnam Bank for the Poor (VBP, 1995) and the People’s Credit Fund (PCF, 1993)” is increasing. Many other smaller national credit programs exist. However, they do not yet meet sufficiently the demand for financial services in rural areas because they are still limited by the regulated interest rates (too low to cover the charges) and the lack of commercial professionalism.

Recent National credit programs of Vietnam give lower interest rates for poor rural and mountainous areas. The VBARD decreased the interest rate with 15 % for the communes of zone 2 and 30 % in those of zone 3. Dan Chu and Quang La are in zone 2, the other project communes all belong to zone 3. New national programs are underway for an even more flexible and cheap credit system of the VBARD/VBP.

The Vietnam Bank of the Poor and the Hunger Eradication & Poverty Reduction Fund are also disbursing loans to poor farmers (max 3 – 5 million dong; 0,45 % - 0,50 % interest rate; no collateral requirements).

On the other hand, locally based savings & credit schemes could expand in many regions in Vietnam because of growing interest from local and international funds for this type of financial services based on social cohesion and community development. Often the Vietnam Women’s Union is the local partner in these schemes.

Overall progress situation of the rural Finance Component

The activities to reach the objectives are well described in the Progress Report. Efforts are being made by the Project team to advance properly. More details are given further in the report.

The Mission found that the set-up of the Project Savings & Credit Scheme takes the overwhelming part of the credit staff's time and of the Project's rural finance budget resources. Even so, the local human resources allocated to this component were insufficient. One part-time accountant of the core staff and one part-time national consultant of the Vietnam Women's Union could not keep the Savings & Credit Scheme on track. The lack of human resources remain the main risk-factor for achieving sustainability, unless the new full-time national credit consultant can quickly simplify the procedures and work on the direct ownership of Credit Boards and stakeholders.

The second part of the Rural Finance strategy, the co-ordination with other actors in this field (the follow-up of the finishing Guarantee Fund) does not seem to have received full attention and there is no clear strategy on how to collaborate in the future with the formal banking sector.

Better chances will be given for long term sustainability if more high level core staff can be attracted in the District to run the Savings & Credit scheme and to play a central role in all aspects of the rural finances in the district. Collaboration with VBARD, other credit institutions, and VWU should be strengthened.

Rural Finance, the Guarantee Fund, integration in the formal banking sector

A collaboration with the Vietnam Bank for Agriculture and Rural Development (VBARD) was set up during Phase I. For this purpose, a parallel provision through a Guarantee Fund (GF) was made in 1997 for the three old communes. This facility used normal bank channels for credits, but intervened by substituting part of the collateral requirement. It also foresaw incentives for bank staff and credit management in case of successful lending, therefore compensating the lack of incentives in the formal banking system.

Implementation of the lending of VBARD under the Guarantee Fund.

	Dan Chu	Quang La	Bang Ca	Total
No of groups	11	14	13	38
No of borrowers	98	134	90	322
Total loan amount (VND)	366,800,000	419,000,000	378,500,000	1,164,300,000
Total loans USD (estimated)	25,297	28,897	26,103	80,297
Average loan per borrower	3,742,857	3,126,866	4,205,556	3,615,839
Amount of most group loans (VND)	4 – 5 million	1 to 3 million	4 – 5 million	
Number of individual loans and size in VND	1 borrower, 12 mio VND	5 borrowers, 5 to 17 mio	3 borrowers, 5 to 7 mio	
Outstanding loans 30/9/01 (VND)	26,000	61,800	54,350	142,150

From our discussion with VBARD staff, the Arrangement of the Guarantee Fund is still respected. There are no special problems for the repayments. No more loans are given now because the Arrangement ends in October 2002 which leaves the remaining time too short for lending.

At the beginning of 2001, the Project paid a first instalment of 140,837,600 VND to meet the demand for incentives by VBARD, District Credit Committee and Communes Credit Committee. After the payment was done the funds were used as indicated in the agreement, except for the DCMB where it is not clearly indicated how the "mobility fund" would function. We noted that the use of the incentives by the DCMB is not clearly explained in the contract of the Guarantee Fund. We therefore recommend the tripartite committee to revise this item. In our opinion, 75 % of the funds on district level, used for the "mobility fund", should be related to activities of the Project.

Recently, the VBARD asked the Project to pay a second part (273,167,400 VND) of the incentives related to the Guaranty Fund arrangement. This should be regularised as soon as possible after receiving the information on all individual borrowers (name, loan size, investment sector, outstanding) so as to be able to prepare a final analysis and a tripartite meeting to organise the follow-up. It should be verified if borrowers got loans from different loan sources.

It can be concluded that this has been an interesting and useful tentative to mobilise the formal banking sector in line with the objectives of the Project. The system narrowed the gap between the formal banking institution VBARD and the population. The distributed loans contributed to increase investment in horticulture and livestock production, job creation and forest protection. About 90 % of the loans were used for investment in piglets and pigs, animal feed (for pigs), fertiliser (for rice), litchi trees, and some other fruit trees.

However, the objective of proving that a large part of previous considered non-bankable clients are actually "safe" borrowers, is only partly achieved, as this system profited more the medium borrowers. Commune led owned automated loan processing facilities and synergy with Savings & Credit groups is not yet achieved.

Future ways of collaboration with the formal banking sector should be explored without however renewing the Guarantee Fund experience because the idea became obsolete by the new national collateral regulations of the Decree 67 QD-TTg of 1999.

Rural Finance. The Savings & Credit Scheme

The Mid Term Review Mission found its work facilitated by a series of excellent external and internal follow-up reports on the Savings & Credit Scheme. Meetings with farmers, group leaders and Commune Credit Management Boards (CCMB) were well organised and very useful.

The Savings & Credit scheme was first implemented during Phase I. In the second phase the scheme started in Tan Dan and Dong Lam, and will take off in Dong Son and Hoa Binh soon. The base survey was done in a participatory way and with much care. The training of the borrowers was well organised.

Table on the situation in the three old communes

All amounts in VND	Dan Chu		Quang La		Bang Ca	
	12/1999	9/2001	12/1999	9/2001	12/1999	9/2001
Number of Households	156	162	424	450	223	258
Number of active borrowers	60 (38 %)	71 (44 %) (5 men)	139 (33 %)	162 (36 %) (4 men)	202 (90 %)	131 (51 %) (4 men)
Number of VBP loans for poor households				About half of the 71 poor HH got a loan from VBP		30 out of 92 poor HH got a loan from VBP
Seed capital from FAO	85,000,000	85,000,000	124,790,000	125,000,000	120,995,000	120,995,000
Guarantee Fund incentives		17,312,000		18,300,000		11,333,000
Inflation fund	8,557,499	17,459,465 (31/12/00)	19,852,782	30,250,614 (31/12/00)	31,536,448	46,846,621 (31/12/00)
Risk fund	3,389,375	3,739,943 (31/12/00)	6,213,196	6,620,825 (31/12/00)	9,134,112	12,377,240 (31/12/00)
Savings	23,136,772	8,143,900 (GOING DOWN !)	85,686,400	52,570,076 (GOING DOWN !)	7,601,300	10,840,641
Cash		29,095,712 (TOO HIGH !)		4,916,654		149,765
Bank, cash equivalents		23,018,370		58,977,817		20,825,100
Total cash, bank, cash equivalents	47,310,738	52,114,082 (TOO HIGH !)	27,104,717	63,994,571 (TOO HIGH !)	not available	20,974,865
Outstanding loans	74,362,500	75,053,800	216,128,200	170,143,200	149,430,700	189,205,294
Overdue situation (July 2001)		20 % (8,2% more than 1 year)		7,6 % (3,6 % more than 1 year)		15,9 % (7,1% more than 1 year)
Overdue > 1 month on 15/9/2001		4,624,000		7,061,755		13,511,470

Comments:

- The inflation fund and risk fund are calculated once a year on the December 31 situation
- Distinction has to be made between active and passive members of the group. Some members just have minimum rest of old compulsory savings, low outstanding loans, and do not participate in whatever meeting. For the statistical follow-up over the years this is quite a tricky matter. In this table the number of "active" members is based on those having outstanding loans...
- Men count only for about 5 % of the members of the scheme. In the households it is always the wife that is member. Men are only accepted if they lost their wife.

- The savings in Dan Chu and Quang La decreased drastically over the last year due to an intervention of the Credit Boards on the growing unutilised cash.
- Total cash and cash-equivalents of the communes are 137 mio VND (24 % of the available funds – which is far too high) while outstanding loans are 434 mio VND (76 %).
- Following the Agreement, 75 % of the Guarantee Fund incentives should be added to the general lending assets. In the three communes 100 % has been added to the cash, but no use has been made yet of the 25 % part that is to the discretion of the chairman.
- The overdue debt rate is too high. Normal debt rates should not be higher than 5 %. However there is a major problem of understanding of the repayment schedule by the borrowers. Most of them simply refer to the VBARD system where they only have to pay once a year. There seems that there was no follow-up by the Project to maintain the explanation on the rules and to enforce them until the end of the year 2000. This makes all temporary overdue calculations somehow biased. It is important to re-discuss and clearly establish the rules.

The interest rate per month is 1.5 % and the savings rate 0.7 %, down from 1.8 % and 1.0 % since July 2001. The decision to decrease the rates was justified by the decrease of inflation in Vietnam. These interest rates are higher than those of the VBARD (1,15 %), VBP (0,45-0,50) and other schemes, but are lower than the interest rates of some still existing moneylenders (between 2 and 5 % per month).

The coverage of the project (number of borrowers over the total of households in the commune) was abnormally high at the start in Bang Ca where 90 % of the households took a loan. Moreover some borrowers also got loans from VBP. Coverage fell to 65 % in 2000 and to about 50 % in 2001. The coverage of Quang La and Dan Chu was between 30 and 40 % at the start and is now fluctuating between 40 and 50 %.

Table on the situation in the communes of Phase II

	Tan Dan	Dong Lam
Number of Households	363	425
	In 8 villages: 11 S&C group	In 6 villages: 18 S&C group
Number of borrowers	107	152
Total loan demand	523,000,000 VND	541,000,000 VND
Seed capital from FAO planned	120,000,000 VND	160,000,000 VND
Seed capital released	112,970,400 VND	124,744,000 VND (last instalment not yet asked)

The number of households in Hoa Binh is 168, in Dong Son 359.

Economic results came from the small-scale investments in the pig raising, pisciculture, orchard planting, fertiliser purchase and others. Most investments are done in husbandry (Bang Ca 83 %, Quang La 85 %, Dan Chu 75 %). The national credit consultant estimated that 70 % of the investments were profitable, while 10 % made clear losses. Some of the borrowers therefore indebted by the scheme and had to sell a buffalo or other assets to reimburse the loan.

Beyond the economic results and the effect on reducing poverty in rural areas, the achievements of the implementation of the Scheme include the empowerment of the women (> 95 % of the

stakeholders), increasing awareness of the importance and the specificity of the locally managed schemes, increased capacity of the women and social cohesion.

One year ago, in 2000 the scheme got somehow stuck into problems, which seem to have originated from a lack of well-understood principles and rules, and of weak management. The problems already started in Phase I, and were worsened by the nine months gap in between phase I and II.

The problems are mentioned in the Audit Report and the Evaluation Report of December 2000:

- Irregular high amounts of cash on hand
- too many borrowers per group
- no regular meetings
- the scheme does not target the poorest
- no good group mechanism
- no peer pressure or solidarity to enforce repayment
- unclear rules on loan sizes and repayment schedules
- bad repayment rates
- poor record keeping
- inappropriate software
- lack of sense of ownership over the scheme by the local population
- unclear role of the People Committee Chairman

Fortunately the Reports also brought good advice. From the first half of 2001 the Project staff started to intervene through the Credit Management Boards to implement the precious indications and recommendations of these reports. The repayment rate improved but is still not at an acceptable level. The problem of bad loans (> 1 year overdue) should be tackled. It appeared that the base of the scheme is still very fragile because of the lack of ownership feeling and of a peer pressure mechanism and that a lot remains to be done.

The recent designation of a full time Vietnamese micro-finance expert is very important, because the part-time national credit consultant of the Vietnam Women's Union is leaving the project (due to health reasons), and there is no high level staff in the core group of the local team. He shall re-establish the fundamentals of the micro-finance scheme, but also develop its complementarity with other rural finance mechanisms in the District and with the Vietnamese Women's Union. His main tasks also include the training of stakeholders and management boards as well as the monitoring & evaluation.

Recommendations

Beyond the useful recommendations of the Audit and Evaluation Reports the Mid Term Review Mission has the following point of view which could usefully be discussed with the Credit Boards and stakeholders to redress the situation:

Improve the overall management of the Scheme

Professional management includes the necessity of handling the savings and repayments and to convert them as quickly as possible in loans. In September 2001, for the three old communes, as much as 24 % of the funds were "sleeping" in the Bank (see table) at an interest rate of 0.15 %

while they could be loaned out for 1,5 %. Quick transfer of funds is not always indicated in this kind of stakeholder dominated schemes, but there is space for improvement.

Furthermore, overall management should include knowledge of the markets and advice to savers and borrowers on small-scale investment opportunities.

Except for the new Vietnamese Micro-finance consultant (who is working on a contractual base, not in the district core team) there is not enough management capacity low to execute and to ensure an overall good management. This will be a main issue for the long-term sustainability of the Savings & Credit scheme where the Vietnamese consultant can only gain success through a gradual increase of ownership by the stakeholders and Credit Boards over a simplified system.

Collaborate with the Vietnamese Women's Union (DVWU)

The Project collaborates with the Commune and District VWU in the four new communes. However, without a written agreement with the DVWU in the three old communes the social cohesion seemed to get somehow lost. Therefore a long-term involvement of the DVWU should be discussed because it is an important factor for its sustainability.

The District's Vietnamese women's union of the District also wants to develop an own grassroots credit system in some villages of the District. They would organize women groups, which then get a group loan from the VBARD. VBARD would also be responsible for the monthly collection of the repayments. The Project should coordinate its activities with this credit scheme when it starts up.

Resolve the legal aspects of the savings

Legal aspects have to be considered related to the savings component in the Project. This was also mentioned in the Interim audit Report. Generally spoken the Rural finance activities are mainly functioning under two laws, which are the Civil Code approved by the National Assembly in 1995 and by the Law on Credit Institutions approved in 1997. The savings component of local small scale Savings & Credit schemes do not have a clear legal coverage under these laws. The State Bank of Vietnam still tolerates activities of Project developing savings activities but it could not last for many more years. During the Project, the officially signed Project document gives a coverage for this activity.

Convert and use the risk fund

It is suggested that the risk fund be converted into a "loan loss reserve fund" or "solidarity fund" because its original use was not fully understood and therefore useless. It is also asked to separate clearly the risk fund from the general loan fund. The new fund could be used to alleviate debts of some unlucky poor investors. The Group leaders should propose the names of borrowers to the Credit Management Board which then decides.

Manage compulsory and voluntary savings differently

Savings are always part of group or village based Savings & Credit schemes. Their purpose is to initiate a process of savings mobilisation which will help households to manage their finances (temporary surpluses and needs), and will decrease in the end the need for externally funded credit sources.

However, if *voluntary* savings certainly belong to the Best Practices in rural finance, the *compulsory savings* do not. In the Project scheme the management of the compulsory savings is costly and highly time-consuming because of the low amounts of some compulsory savings. The new regulation drafts indicates minimum levels as low as 1000 dong, less than 0.1 USD.

Moreover the high savings rate (1 %) attracted many savers, some of which were not even active in the groups and did not belong to the target group. Therefore the Credit Boards decided to block all the voluntary savings. This led to the contradiction that participants were forced to save through compulsory savings but could not bring their voluntary savings in when they realised the advantages of the scheme.

It has to be mentioned that as long as the seed capital of FAO and the collected interests exceed the total amount of outstanding loans, the savings are a cost for the Scheme. This is because the savings which “sleep” in the bank only give a low interest rate, much lower than the savings rate of the Scheme. It is therefore recommended to install the seed capital gradually so as not to discourage completely the use of the savings.

A solution has to be found for this situation which can include the following suggestions, but which have to be decided by the Scheme management, Credit Boards and stakeholders:

- Consider not to impose compulsory savings the start in the new villages but replace them with the obligation of participating in the monthly meetings (also for voluntary savers)
- The savings rate should not be higher than the lowest interest rate given by any other banking institution (now 0.45 % - 0.5 % per month). Apply an even lower savings rate if necessary. The Management Board should decide on limited changes in the savings rates.

Avoid further unnecessary high tech solutions

Two years ago it was decided to use the Microbanker software to increase efficiency in the management of the Savings and Credit scheme in the three old communes.

Problems arose soon over the cost of the soft- and hardware, the training needs, the organisation of the transfer of the existing paperwork, non adapted listings, etc... There is no contract with the software producer concerning maintenance and regular upgrading or adaptation of the software.

Far from bringing transparency and improved management, the system seemed to become an additional management burden and to create a distance with the base-groups.

Because of the investment in human and technologic resources the Project Team and Commune levels may decide to maintain the Micro-Banker for some time, but should pay attention that all listings are kept as a hardcopy on paper and are duly stocked. The classic management-system should be re-introduced gradually.

Improve and simplify the rules

The stakeholders and the Management boards are discussing the new rules in a participatory way. Some ideas are given below to simplify the organisation and administration of the scheme so as to avoid time-consuming management and related costs.

- Ask equal monthly payments (interest + principal)
- Discuss a better adapted repayment schedule with the stakeholders

- Give only one loan at a time
- Maximum loan for first cycle should not be higher than 1 million VND
- Involve the Vietnam Women's Union
- Insist on the obligatory monthly meetings and eliminate passive members
- Give more training
- Put people together on a real voluntary basis
- Avoid overlap with other schemes. Borrowing from different sources could be acceptable in some cases if the lenders are duly informed.

Sustainability

As a conclusion it can be stated that the sustainability of the Project's Savings & Credit scheme can only be achieved if local human local resources to run the scheme are extended, new rules are elaborated in a participatory way, the scheme is simplified, ownership is gained by the stakeholders, links to the formal banking sector and the VWU are fully exploited, and legal issues are resolved.

Day	Activity	Responsibility	Location
Day 1	Mission Arrives in Hanoi	CTA / Driver	Hanoi
Day 2	Meeting at FAOR Office and Project Briefing with CTA	FAOR/ CTA	Hanoi
Day 3	Meetings with Belgian Embassy, Government Offices Donors	FAOR / CTA	Hoanh Bo
Day 4	am. Travel to Hoanh Bo pm. Briefing with NPD / DNPD and CTA	CTA /NPD DNPD	Hoanh Bo
Day 5	Discussions with Project Staff	NPD/DNPD	Hoanh Bo
Day 6	Reports Review	Mission	Hoanh Bo
Day 7	Meeting with leadership of 7 project communes	NPD/DNPD	Hoanh Bo
Day 8	am. Meetings with Provincial Government pm. Meetings with District Level Government	NPD/DNPD	Hoanh Bo
Day 9	Field Visit to Dan Chu, Quang La, Bang Ca and Tan Dan	NPD/DNPD	Hoanh Bo
Day 10	Field Visit to Dong Lam and Hoa Binh	NPD/DNPD	Hoanh Bo
Day 11	Meetings with Cooperation Contractors	NPD/DNPD	Hoanh Bo
Day 12	Report Writing	MTE team	Hoanh Bo
Day 13	Report Writing	MTE team	Hoanh Bo
Day 14	Report Writing	MTE team	Hoanh Bo
Day 15	Report Writing	MTE team	Hoanh Bo
Day 16	Presentation of MTE team findings and recommendations	NPD/ DNPD/CTA	PPC
Day 17	Travel to Hanoi/Report Writing	CTA	PPC
Day 18	Complete Report	MTE team	Hanoi
Day 19	Debriefing FAOR Mission Departs Hanoi	CTA	Hanoi
Day 20	Mission Departs Hanoi	CTA / Driver	

6. Consultations

The mission will maintain close liaison with the Representatives of the Belgian Embassy and FAO and the concerned national agencies (Provincial Peoples' Committee of Quang Ninh province, District Peoples' Committee of Hoanh Bo District) as well as with national and international project staff. Although the mission should feel free to discuss with the authorities concerned anything relevant to its assignment, it is not authorised to make any commitments on behalf of the Government, Belgium Government, or FAO.

7. Reporting

The Mission is fully responsible for its independent report which may not necessarily reflect the views of the Government, the donor or FAO. The report will be written in conformity with the headings shown in the attached Annex.

The report will be completed, to the extent possible, in the country and the findings and recommendations fully discussed with all concerned parties and wherever possible consensus achieved.

The Mission will also complete the FAO Project Evaluation Questionnaire.

The Mission leader bears responsibility for finalisation of the report, which will be submitted to FAO within two weeks of Mission completion. FAO will submit the report to Government and donor together with its comments.

Outline of an On-going Evaluation Report¹

- I. Executive Summary (Main Findings and Recommendations)**
- II. Introduction**
- III. Background and Context**
- IV. Assessment of Project Objectives and Design**
 - A. Justification
 - B. Objectives
 - C. Project Design
- V. Assessment of Project Implementation, Efficiency and Management**
 - A. Project Budget and Expenditure
 - B. Activities and Outputs
 - C. Government Support
 - D. Project Management
 - E. Technical and Operational Backstopping
- VI. Assessment of Results and Effectiveness**
 - A. Effects and Impact
 - B. Sustainability and Environmental Impact of Results
 - C. Gender Equity in Project Implementation and Results
 - D. Cost-effectiveness
 - E. Major Factors Affecting the Project Results
- VII. Conclusions and Recommendations**
 - A. Conclusions
 - B. Recommendations
- VIII. Lessons learnt**

Annexes:

- 1. Terms of Reference
- 2. List of places visited and key persons met by the mission
- 3. List of documents and other reference materials consulted by the mission.

¹ This outline is applicable to FAO executed projects, especially Trust Fund projects – for UNDP funded projects, and the UNDP format may be used.

LIST OF PEOPLE MET

SN	Name	Position	Agency
<i>FAO Representation in Vietnam</i>			
1	Ms. Fernanda Guerrieri	Representative	FAO/R
2	Mr. Pham Gia Truc	Programme Assistant	FAO/R
<i>Belgian Embassy</i>			
1	Mr. Macus J.M. Leroy	Minister - Counsellor	International Cooperation
<i>Central level</i>			
1	Mr. Nguyen Dinh Huong	Vice Director	International Cooperation Department, MARD
2	Mr. Nguyen Chi Thanh	Expert	Ministry of Foreign Affairs
3	Mr. Tran Huy Dan	Expert	Ministry of Foreign Affairs
4	Mr. Can	Expert	Ministry of Finance
<i>Provincial level</i>			
1	Mr. Nguyen Van Mien	Vice Chairman	People's Committee, Quang Ninh
2	Mr. Tran Duc Lam	Vice Director	Planning & Investment Department, Quang Ninh province
3	Ms. Le Thi Luom	Vice Director	Forest Development Department, Quang Ninh province
4	Ms. Nguyen Kim Lien	Vice Director	Financial Department, Quang Ninh province
5	Mr. Tran Duc Thuy	Vice Director	Department of Agriculture & Rural Development, Quang Ninh province
6	Mr. Nguyen Van Tam	Head of Livestock division	Department of Agriculture & Rural Development, Quang Ninh province
7	Mr. Pham Van Thang	Expert, Livestock division	Department of Agriculture & Rural Development, Quang Ninh province
8	Ms. Khong Thi Lien	Director	Plant Protection Department,, Quang Ninh province
9	Ms. Nguyen Thuy Nga	Director	Provincial Extension Department, Quang Ninh
<i>District level</i>			
1	Mr. Pham Nho	Chairman	Hoanh Bo District People's Committee
2	Mr. Trieu Hai	Vice Director	Hoanh Bo District Extension Center
3	Ms. Hanh	Expert	VBARD, Hoanh Bo branch
4	Mr. Luong Xuan Quang	Expert	VBARD, Hoanh Bo branch
5	Ms. Nguyen Thi Nguyen	Director	District Plant Protection Unit
6	Mr. Ngo Cuong Tuan	Vice Director	District Forest Protection Station

7	Mr. Truong Huu Thi	Director	District Financial Division
8	Mr. Pham Van Vi	Director	Yen Lap Watershed Management Board
9	Ms. Loan	Director	District Women's Union

Commune level

1	Mr. Trinh Hong Quyet	Vice Chairman	Tan Dan Commune People's Committee
2	Mr. Trieu Duc Lien	Chairman	Tan Dan Commune People's Committee
3	Mr. Ly Tai Thong	Party Secretary	Tan Dan Commune
4	Mr. Nguyen Dinh Long	Vice Chairman	Quang Ia Commune People's Committee
5	Mr. Nguyen Van Thang	Chairman	Quang Ia Commune People's Committee
6	Mr. Duong Vinh	Chairman	Dan Chu Commune People's Committee
7	Mr. Long	Chairman	Dong Son Commune People's Committee

FAO recruited project staff

1	Mr. Kumar Upadhyay	CTA	GCP/VIE/023/BEL
2	Mr. Nico Janssen	APO-Agroforestry	GCP/VIE/023/BEL
3	Mr. Koen Everaert	APO-Extension	GCP/VIE/023/BEL
4	Mr. Ajen During	APO-Land and Water	GCP/VIE/023/BEL
5	Mr. Vuong Dinh Giap	S&C Consultant	GCP/VIE/023/BEL
6	Mr. Pham Huu Vuong	Admin. Assistant	GCP/VIE/023/BEL
7	Ms. Pham Thuy Ha	M&E Assistant	GCP/VIE/023/BEL
8	Ms. Pham Thanh Tam	Project Interpreter	GCP/VIE/023/BEL
9	Ms. Chu Thi Kim Oanh	Project Secretary	GCP/VIE/023/BEL

Project Counterpart Staff

1	Mr. Trieu Duc Huong	NPD	GCP/VIE/023/BEL
2	Ms. Dang Thi Minh Thuy	DNPD	GCP/VIE/023/BEL
3	Mr. Khau Dinh Anh	Forestry staff	GCP/VIE/023/BEL
4	Mr. An Van Pe	Irrigation staff	GCP/VIE/023/BEL
5	Mr. Nguyen Van Chung	Project Accountant	GCP/VIE/023/BEL
6	Ms. Hoang Thi Quy	Livestock staff	GCP/VIE/023/BEL
7	Mr. Bui Xuan Hung	Crop staff	GCP/VIE/023/BEL
8	Ms. Dang Thi Yen	Horticulture staff	GCP/VIE/023/BEL

Visitors and Consultants

1	Mr. Patrick Durst	Senior Forestry Officer	FAORAP, Bangkok
2	Mr. M. M. Lwin	International Livestock Consultant	
3	Mr. Hoang Hai Hoa	National Livestock Consultant	

ITINERARY OF THE MISSION

Day and date	Activity	Remarks
Monday 1 October	Arrive Hanoi by Flt.No PM: Briefing - Project Office Hanoi	Flight details not received yet. If arrival is morning flight
Tuesday 2 October	AM: Briefing Project Office PM: Briefing FAOR	Meeting with national level institutional partners in between.
Wednesday 3 October	AM: Meeting with Government officials in Hanoi. PM: Meeting with Belgium Embassy authorities	Meeting with national level institutional partners in between.
Thursday 4 October	AM: Hanoi - Hoanh Bo PM: Meeting with core project staff and courtesy call to Chairman DPC, Hoanh Bo District	Project area is three hours drive from Hanoi.
Friday 5 October	AM: Roundtable meeting with District and Provincial level implementation partners. PM: Visit to DEC and Veterinary Station (Mr. Kato and Mr. Siem).	Mr. Dessarano will meet with National credit consultant Ms. Hoa.
Saturday 6 October	Meeting with Commune leaders of Danchu Commune and field visits.	Mr. Dessarano will meet with CCMBs and Group leaders of Danchu Commune.
Sunday 7 October	Meeting with Commune leaders of Quang La Commune and field visits.	Mr. Dessarano meets with CCMB and credit group leaders of Quang La Commune.
Monday 8 October	Meeting with Commune leaders of Ban Ca Commune and field visits..	Mr. Dessarano meets with CCMB and credit group leaders of Ban Ca Commune.
Tuesday 9 October	Meeting with Mr. Hung, Vice Chairman, PPC Quang Ninh. Meeting with Department of Extension, Department of Livestock, and Forest Development Department	
Wednesday 10 October	AM: Visit to Dong Lam Commune PM: Field visits	Meeting with Commune and Village leaders. Mr. Dessarano meets with CCMB and credit group leaders.
Thursday 11 October	AM: Visit to Tan Dan Commune PM: Field visits	Meeting with Commune and Village leaders. Mr. Dessarano meets with CCMB and credit group leaders.
Friday 12 October	AM: Visit to Dong Son Commune. PM: Field Visits	Meeting with Commune and Village leaders.
Saturday 13 October	AM: Field visits Dong Son PM: Dong Son - Hoanh Bo	
Sunday 14 October	Report writing	
Monday 15 October	Report writing	
Tuesday 16 October	Report Writing	
Wednesday 17 October	AM: Presentation of findings to Commune leaders, District staff and project staff. PM: Presentation of findings to Chairman DPC Hoanh Bo.	
Thursday 18 October	AM: Final presentation of findings to FAO, Provincial and District authorities, representative from Belgium embassy and Representative from MOFA and MPI in PPC Quang Ninh.. PM: Quang Ninh - Hanoi	
Friday 19 October	AM: Visit to Belgium Embassy PM: Final Briefing FAO/R	
Saturday 20 October	Report finalization - Hanoi Report	
Sunday 21 October	Departure Hanoi	Flight details not known

LIST OF LOAs, AGENCIES CONTRACTED AND PAYMENT STATUS

Total number of LOAs signed: 16
 Total LOAs amount: USD 80,511.37
 Total amount paid: USD 40,594.06
 Total outstanding balance to be settled: USD 39,917.31

Contracted institutions	Purposes	Terms of payment	Amount paid	Date of payment	Outstanding balance to be paid
*/Provincial Irrigation Design Company Date: Amount: USD 2,340	Surveys, designs and estimates of Khe Chinh and Quang La channel	First payment of 80% after LOA signing	VND 26,749,008	27/11/2000	US\$ 468
		Second payment of 20% after successful completion of designed schemes	USD 468	Not paid	
Provincial Irrigation Design Company Date: 22/11/2000 Amount: USD 4,512	Detailed surveys, designs and cost estimates of 4 schemes in Tan Dan commune	First payment of 50% after signing LOA	VND 32,235,984	24/10/2000	US\$ 2,256
		Second payment of 25% after completion of designs and estimates	USD 1,128	Not paid	
		Third payment of 25% after successful completion of designed schemes	USD 1,128	Not paid	
Xuan Mai Social Forestry Training Center Date: 2/4/2000 Amount: USD 9,830	Training on Preparation of VDPs and CDPs using PRA tools	First payment of USD 4,915 upon LOA signing	USD 68,898,470	19/05/2000	US\$ 2,460
		Second payment of USD 2,455 after completion of training, preparation of VDPs and CDPs of 2 communes and TOR for forestry MPP.	VND 35,008,050	20/11/2000	
		Third payment of USD 2,460 upon acceptance by FAO of the statement of expenditure and final report	USD 2,460	Not paid	
Hanoi Agriculture University Date: 2/7/2000 Amount: USD 2,309	Field trials, demonstration and farmer's training and support to IPM on rice	First payment of 50% after LOA signing	VND 16,216,107	16/8/2000	US\$ 577.25
		Second payment of 25% upon successful completion of training and observation tours to paddy growers and IPM to farmer trainers.	VND 8,347,035	30/01/2001	
		Third payment of 25% after submission of final consultancy report	USD 577.25	Not paid	
Provincial Women Union Date: 03/05/2000 Amount: USD 6,374	Implementation of S&C scheme in Tan Dan and Dong Lam communes	First payment of 25% upon LOA signing	VND 22,353,618	08/06/2000	US\$ 1,593.50
		Second payment of 25% upon successful transfer of first seed capital inputs based on initial two months savings performance after completion of training and group registration	VND 23,143,104	02/01/2001	