

**Socialist Republic of Vietnam
Independence – Freedom – Happiness**

People's Committee of Quang Binh Province

PROJECT DOCUMENT

Vietnamese-German ODA – Technical Assistance

SUSTAINABLE MANAGEMENT OF NATURAL RESOURCES IN CENTRAL VIETNAM (SMNR-CV)

Phase II
(April 2007 – March 2010)



Dong Hoi, June 2007

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Abbreviations

ADB	Asian Development Bank
BMZ	German Ministry for Economic Cooperation and Development
CBFM	Community Based Forestry Management
CDP	Commune Development Planning
CEW	Commune extension workers
CPC	Commune Peoples' Committee
CPRGS	Comprehensive Poverty Reduction and Growth Strategy
CRLIP	Central Region Livelihood Improvement Project
CTA	Chief Technical Advisor
DARD	Department of Agriculture and Rural Development (at provincial level)
DARD	Department of Agriculture and Rural Development
DED	German Development Service
DED	Deutscher Entwicklungsdienst (German Development Service)
DFD	Provincial Sub-department of Forestry Development
DOFA	Provincial Department of Foreign Affairs
DONRE	Department of Natural Resources and Environment
DoNRE	Provincial Department of Natural Resources and Environment
DPC	District Peoples' Committee
DPI	Provincial Department of Planning and Investment
DPRPR	Decentralized Programme for Rural Poverty Reduction in Quang Binh Province
DST	District Support Team
FCG	Provincial Forestry Consultative Group
FPD	Forest Protection Department (at provincial level)
FPD	Forest Protection Department
FPDR	Forest Protection and Development Regulations
FPU	Forest Protection Unit
GTZ	German Technical Cooperation
IFAD	International Fund for Agricultural Development
IFSP	Integrated Food Security Project
LED	Local Economic Development
M&E	Monitoring and Evaluation
MDGs	Millennium Development Goals
MPI	Ministry of Planning and Investment
ODA	Official Development Assistance
PAEM	Participatory Agriculture Extension Methodology
PAFEC	Provincial Agriculture Extension Center
PLUP-FLA	Participatory Land Use Planning and Forest Land Allocation
PPC	Provincial People's Committee
SEDP	Socio-economic Development Planning
SFE	State Forest Enterprises
SME	Small and Medium Enterprises
SMNR-CV	Sustainable Management of Natural Resources in Central Vietnam
ToT	Training for Trainers
VC	Value Chain
VDGs	Vietnam Development Goals
VDP	Village Development Planning
WG	Working Group

I. NECESSITY OF THE SMNR-CV PROJECT, PHASE II

1.1. General Background

Vietnam has been making great efforts in the implementation of the national socio-economic development strategy of the period 2001-2010 in order to take the country out of the underdevelopment, significantly improve local people's spiritual, cultural and material life and step by step to basically shape the national socialist-oriented market economy. The gross domestic products of the country has reached an average increase of 7.5%/year; the poverty rate of households by the end of 2005 (according to the Vietnam poverty line for the period 2001 – 2005) has been decreased by 7%; the recourses for domestic developments have been strengthened; international economic relations especially in trading and attracting direct foreign investments continued to further extension; the national social and political situation stabilized.

The significant and great achievements of Vietnam in the “doi moi” has created vital and necessary platforms for Quang Binh province in successful implementation of the objectives developed in the XIII Congress of the provincial Party; several strengths and potentials of the province identified and promoted; the provincial GDP reaching an average increase of 8.8%/year; the annual poverty households reduced by 3.5% on average; most of the objectives in the provincial 5-year (2001-2005) plan fulfilled and even exceeding the identified requirements. However, Vietnam in general and Quang Binh in particular are facing various difficulties and challenges: the quality and efficiency of using different resources, including the state financial recourse is still limited; the income difference amongst different areas and social groups is showing an upward tendency; the poor households and ethnic minorities have limited access to basic social services; gender inequality prevalent; the exploitation of natural resources under rapid speed and lacking appropriate control: Particularly, the core problem still seen in the project area of Quang Binh province is the scarce natural resources have not yet been managed and used in a sustainable way due to the lack of awareness as well as the lack of knowledge and techniques of the local population and other stakeholders.

The overall goal of the “Sustainable Management of Natural Resources in Central Vietnam” Project (SMNR-CV) is the planning in management of natural resources is improved; and the project concept and lessons learnt are transferred to the neighboring provinces and the region through the political framework conditions and other intermediary organizations.

The project concept is totally in line with the Millennium Developments Goals (MDGs) and the country development orientation with 12 development goals (Vietnam Development Goals/VDGs), involving in social and poverty issues, ensuring the environmental sustainability relating to the target 9: “Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources”. Furthermore, the project objective is also in line of the core issues identified of the ODA of the German Government to the Vietnamese Government, including “environmental policy, protection and sustainable use of natural resources, including sanitation and waste management”.

1.2 Brief of the project achievements in Phase I (04/2007- 03/2007)

1.2.1 Project brief

The SMNR-CV project is planned for the total period of 6 years, with two phases (Phase I: (04/2004- 03/2007) and Phase II: 04/2007- 03/2010). The project owner is the PPC of Quang Binh and the target groups to be addressed by the project are poor people in the rural mountainous communes in Quang Binh, Quang Tri and Thua Thien Hue provinces.

The German project contribution includes technical advice through advisors, international and national consultants, trainings, local grants and equipment for the project purposes. The Vietnamese project contribution includes technical support and management through project director, monitoring and evaluation staff, responsible staff at provincial as well as district levels.

The total project budget is foreseen as up 3,905,000 Euro for all items related to the project implementation and management from 04/2004 – 03/2010.

In the phase I of the project (04/2004 – 03/2007), the disbursed total budget is 1,743,479 Euro, of which

- Contribution of the German Government: 1,533,075 Euro
- Contribution of the Vietnamese Government: 209,604 Euro

In the phase II (04/2007 – 03/2010), the total project budget is foreseen as up 2,221,800 Euro, of which

- Contribution of the German Government: 2,000,000 Euro
- Contribution of the Vietnamese Government: 221,800 Euro (This budget amount is foreseen based on the budget of the Vietnamese side in 2006 approved by the province).

Euro

The SMNR-CV officially started in April 2004, with the overall goal of *improving the living conditions of the local population in the mountains areas of the project region in accordance with a stabilization of the ecology*. This goal has been formulated based on two key problems to be addressed in the project area: (1) The lack of awareness as well as the lack of knowledge and techniques of the local population to manage their scarce natural resources in a sustainable way; (2) The participatory approach has not yet applied in the planning system and provision of services at different levels in the province to identify local demands; not much attention is paid to the provision of services in the communes with high poverty rate.

Therefore, the integration and practice of the participatory approach in the planning system is really needed.

The intended major impact of the project is focused on capacity building, namely that the stakeholders (institutions, mass organizations and beneficiaries) in the project region are able to manage their natural resources in a sustainable way.

In order to achieve this major impact, the project is designed with an impact chain on different levels:

1. Activities:

In collaboration with related institutions on the provincial, district and commune levels, development of innovative approaches and methods in the work areas of participatory planning, agricultural extension, community forestry and off-farm income generation.

Field testing and pilot implementation of new concepts, methods and approaches in

selected communes (mainly in the core area of Tuyen Hoa and Minh Hoa districts).

2. Outputs:
Documentation of experience and lessons learnt from pilot implementation in the forms of reports, training materials and manuals.
Improved capacity of service providers in the pilot areas in the application of new methods and approaches.
3. Use of Outputs:
Line Departments on the provincial level make use of the experiences and lessons learnt to improve implementation guidelines and procedures, and apply the innovation in the whole province.
4. Direct Benefits:
Line Departments (public and private service providers, mass organizations) have an improved capacity to apply innovative methods on all levels, thus making service provision more efficient.
Local people are supported efficiently and thus gain an improved capacity to manage their natural resources in a more efficient and sustainable way.
5. Indirect Benefit:
The local population has an improved livelihood (higher income, lower poverty,..) from the sustainable use of natural resources, and ensure the long term perspective of resource use for future generations, contributing to the ecological and environmental protection.

1.2.2. Advantages, obstacles and lessons learnt in project implementation in phase I (04/2004 - 03/2007)

+ Advantages

- Monitoring and assistance from the Provincial Party's Committee Standing Committee.
- Timely and direct instruction and coordination from PPC
- Collaboration and assistance from the relevant provincial departments and DPCs in the project area.
- Local farmers and project officers have experiences in approaching the project activities as they have been involved in other relevant development projects for a long time.
- Significant contributions from the project CTA and international experts who have experiences and lessons learnt from various areas and regions.
- ODA fund and counterpart fund has been provided in sufficient amount and in a timely manner as committed.

+ Constraints

- As a technical project, in the phase I (04/2004 – 03/2007) the project activities were focused on participatory methods (participatory planning, participatory agricultural extension, community-based forestry and value chain). While for these methods, it needs sufficient time to be evaluated its impact. Therefore, the project activities implemented in the first years of Phase I are not convincing enough to the target groups since their results and impact are not yet visible.
- The project intervention region is large while the project financial resource is too small. The project introduced methods which have been piloted are not visible enough to make a good justification for replication on a large scale. As a result, the recognition upon these methods' impacts by the authorities for dissemination and replication on a wider scale is still limited.
- ODA fund was managed by the counterpart, the budget distribution thus remained passive and subjective by the counterpart. In addition, the budget disbursement was

under the time pressure of fiscal year. As a result, the effectiveness of ODA fund use was finally not high.

- The SMNR-CV project was initially planned in August 2001 aimed at consolidation of the achievements of IFSP. However, until April 2004 the project officially started (a delay of 3 years compared to the initial plan). Consequently, some of the project indicators which were initially formulated turned to be not appropriate with the actual situation any more.

1.2.2 Project achievements in Phase I (04/2004 – 03/2007).

During the first phase of the project implementation, the organization of the project has been structured into four distinct working areas. A project progress review mission was conducted by the two Governments in May 2006 to evaluate the project's achievements and impacts during the first phase (04/2004 – 03/2007) and to formulate recommendations for the project's second phase (see the report of the review mission attached). This part of the project document is to emphasize the project's achievements and impacts so far.

Working area No. 1

Community-based village development planning (VDP), including sustainable natural resources management, is implemented and monitored by the stakeholders and officially recognized as a planning method.

a) Achievements

So far, the project achievements in the working area of the community-based village development planning are summarized as follows:

- Implementation of VDP in 36 communes (281 villages) in Tuyen Hoa and Minh Hoa Districts of Quang Binh (with AP 2015: 9 communes of Bo Trach District plus 16 communes in Quang Tri and Thue Thien Hue Provinces);
- Systematic capacity building for VDP facilitators at district and commune levels and establishment of VDP data base;
- VDP/CDP methodology have been applied in Tuyen Hoa and Minh Hoa districts or in other districts in Quang Binh province by other ODA projects (with larger volume of funds such as ADB CRLIP, IFAD DPPR ...
- Provincial VDP Support Group set up and actively working under the guidance of DPI. And VDP target system, tables & forms have been developed, introduced and can be partially applied.

b) Impacts

- VDP practices have made positive contributions to the implementation of grassroots democracy according to Decree 79/2003/ND - CP dated 07/07/2003 of Vietnamese government.
- Local resources (contributions of local people) are better mobilized, so that the coordination of local priorities from local contributions and public services is more effective.
- Positive changes have been seen in the work performance of meso planning levels. The outstanding point is DPI is preparing a proposal to PPC for approval of the application of participatory planning method in all districts of the province.

Working area No. 2

Partner organizations and target groups are supported in the development, application and dissemination of more productive and ecologically sustainable farming systems by the application of participatory methods of agricultural extension.

a) Achievements

- The project has produced 15 useful training modules (with the participation of different provincial agriculture staff);

- ToT trainings have been provided for over 25 CEWs, plus district and limited number of provincial staff. CEWs provide training to farmers using different techniques which they have learned.
- Trainings to farmers are based on their needs assessment. Farmers appreciate this approach.

b) Impacts

- The capacity of CEWs is improved in terms of technique transfer and communication skills. Through ToT trainings, they have opportunities in experience sharing training skills and reception of new techniques to and from farmers.
- The awareness of PAEM of intermediary extension units is improved. Especially the Interest in training and technology improvement mobilized among farmers, farmers start to practice some technology improvements (i.e., new varieties, fertilizer application).

Working area No. 3

Participatory allocation of barren and forestland as well as the development and application of sustainable, community-based forestry are supported.

a) Achievements

- Formation of forest user groups have been conducted in Hoa Hop commune (with 2.400 ha) and Dong Hoa commune (3.900 ha); These are geared to user-group forest protection and management (based on the manuals developed by the project);
- 4.546 ha of forest land has been allocated in Hoa Phuc (1.833 ha) & Thanh Thach (2.713 ha) communes;
- FPDR and PLUP-FLA manuals have been developed;
- 2 CBFM models established (started in 11/2005); FPDR was developed for 18 villages and approved by DPC by Nov. 05
- FPDRs of 18 villages have been approved by DPCs;
- Draft benefit-sharing regulations under Decision 178/2001-TTg

b) Impacts

- The local households are aware of the role of forest owners (they have processed red books). Spontaneous plantation made by households on allocated land; Awareness raised for stakeholders & villagers on forest protection & management.
- The households allocated with forest land have started to share related experiences and replicated some income generating forestry activities such as plantation of rattan, bamboo shoots, afforestation ...
- Better synergies mobilized among HHs (ex. groups sharing labour, responsibilities shared in implementation of the FPDRs).

Working area No. 4

Income opportunities from the processing and marketing of agricultural and non-timber forest products are supported, providing equal opportunities for men and women.

a) Achievements

- Good selection of products based on market research for Value Chains (apiculture and sericulture). The households involved in the bee keeping VC development have applied the new techniques combining with the traditional experiences. As a result, the beekeepers increased from around 850 HHs in 2004 to 1200 HHs in 2006.
- Value Chain documentation provides indication of necessary steps in process, allowing possible dissemination to other local potential products.
- LED Workshops held on provincial level and in one district of Tuyen Hoa have been appreciated, with expectation that the method will be replicated on large-scale in other districts in the province.

b) Impacts

- Respective target groups, key farmers have recognized the value and relations of each chain in VC development such as: between the price and quality, between inputs and outputs ... Each chain in VC development is co-related to the quality and price of the product. From this, the relationship of the involved households is strengthened as target groups (local authorities, private organizations and enterprises). This encourages the system of ensuring the purchase of local products.
- With the effective income generating models (bee keeping), key households have encouraged other farmers participating into bee keeping activity to improve the income for their families.
- Increased capacity of households, key staff (ToT trainers/facilitators) and commune extensions workers in communication/information sharing and transferring of new knowledge, techniques.

1.2.4 Lessons learnt gain during the project implementation, Phase I

The following lessons learnt have been gained based on the field activities in the two project districts:

- Participatory approach (introduced and applied in all activities of 4 results) integrates local people into their village, commune activities, actually integrating them into the process of grassroots democracy.
- Higher agricultural productivity can be obtained when production is paid more importance to sustainable agriculture.
- Endorsed with legal land titles, farmers take greater care in environmentally sound forest and land use management.
- Additional income from non-agricultural activities is indispensable to reduce hunger and poverty.

1.3 Limitations during the implementation of the project first phase (04/2007 – 03/2007)

- The project concept is addressed to participatory approaches. However, in the first phase the project have mainly focused on field activities (at local level) whilst the timeframe of the first phase is insufficient for the project to collaborate with the relevant provincial partners in the implementation. As a result, the project has not yet received a close collaboration from the relevant provincial partners whereas the replication of the methodologies/models in the whole province is dependent on the provincial decision.
- In the first phase, the project has mainly focused on the capacity building for the staff of the relevant partner organizations (through ToT courses) who have currently been in the period of transferring the provided knowledge, skills. However, the limited time of the phase is insufficient for them to continuously apply the trained knowledge, skills as well as to further receive new ones for their systematic performance; it is also for better pool of ToT trainers – an important resource of the province in the future.
- In the first phase, the project implementation has been mainly focused on the development and documentation of the methodologies through the pilot applications in the field. The methodologies that the project have so far piloted such as “development of FPDRs”, “PLUP-FLA” can be seen are new in the province of Quang Binh. However, at the time the higher level (ministerial) is making relevant studies to advice the Government in the issuance of new and appropriate policies in forest protection and development ... Therefore, it requires sufficient time to verify the project introduced methodologies, as a basis for the relevant departments at the provincial level to consider and decide the dissemination in the whole province and in the neighboring provinces.
- Due to the limited budget allocated for the project implementation (the project budget allocated for the local grant budget line was too small) the intervention of the implemented activities has been too narrow, mainly in a few communes of the two core project area, thus the integration of the lessons learnt from the field activities is not representative enough for developing standard guidelines for a wide application in the province.

The project achievements in the first phase are rather successful. Nonetheless, the impacts are only documentations of the practical experiences from the local communities on a small scale.

The project introduced methodologies and manuals have not yet institutionalized for a wider application (not yet sufficiently verified by practices). On the other hand, the coordination of the project implementation organization has not yet thorough. In summary, if the project activities are not maintained, the project implementation is not continued the designed project objective will not be fulfilled. Therefore, it is certainly necessary for the project to be continued with the second phase (for the period of 04/2007 – 03/2010).

II. PROJECT CONCEPT

2.1 Long-term objective

The living conditions of the local population in the mountainous areas of the project region are improved in accordance with a stabilization of the ecology.

2.2 Short-term objective

The stakeholders in the project region manage their natural resources in a sustainable way.

The accomplishment of the project short-term objective (the objective the second phase objective) will be measured based on the a number of indicators (see Annex 1).

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III. PROPOSED MAJOR PROJECT ACTIVITIES, OUTPUTS AND MILESTONES IN THE SECOND PHASE

The planning workshop for the second phase (04/2007 - 03/2010), based on the impact-oriented planning method, has identified 3 intervention components (or working areas) for the second phase, with the following direct benefits and outputs:

Work Area 1: Decentralized Planning (LED/SEDP/CDP)

Direct Benefits:

- Participatory planning approach is officially applied in SEDP system in the whole province.
- Improved, more systematic M&E of SEDP implementation at district and commune levels.

Outputs:

- Adapted training materials for ToT on participatory planning for commune, district and provincial staff;
- An M&E indicator system for monitoring of commune and district SEDPs;
- Database (socio – economic data) for commune and district planning and monitoring;
- Manual on formulation and operation of Commune M&E Boards;
- Software for provincial SEDP database;
- Data management training manual and training package (ToT, curricula)
- ToT for Provincial and District planning staff;
- “Lessons Learned” workshops at district and provincial levels on VDP – CDP;
- Procedures, protocols, forms and indicator system for VDP – CDP in line with SEDP.

Proposed milestones:

- By 05/2007, the Director of DPI has issued a decision to formally establish the “Participatory Planning Group” (PPG, previously the VDP-Support Group) for a duration of at least 3 years, including the nomination of the head of the group and its members from the DPI and the districts. The mandate of the PPG includes the assistance to the provincial DPI (mainly the general planning section) and the planning authorities on district and commune levels to pilot, further develop, apply and monitor the implementation in all communes and districts of participatory methods for socio-economic development planning (SEDP).
- By 9/2007, the participatory SEDP concept is piloted in all communes of 4 districts of Tuyen Hoa, Minh Hoa, Bo Trach and Quang Ninh.
- By 12/2007, a provincial workshop is organized on the lessons learnt from the pilot application of the participatory SEDP in the 4 districts.
- By 05/2008, PPC QB has issued a decision which officially recognizes the participatory SEDP concept and provides guidelines for the application in all communes and districts of the province.
- By 09/2008, the participatory SEDP concept is applied in all communes of 7 districts/city of the province.

Work Area 2: Agricultural Extension and Value Chain Development

Direct Benefits:

- Increased capacity of stakeholders/households/SMEs/CEWs in agriculture production/marketing/processing;
- Increased incomes for households/SMEs through higher agriculture productivity and involvement in Value Chain development;
- Improved service delivery of agriculture extension service and better organization of value chains (product production and marketing).

Outputs:

- Training needs assessments for different stakeholders (households, SMEs, CEWs) are made available;
- Simple training materials (on PAEM/ Value Chains/Marketing) for stakeholders are published and disseminated;
- Training programs (especially ToT) are conducted for stakeholders;
- Demonstration models on PAEM/Value Chains are developed, tested and documented in pilot communes;
- Guidelines for the establishment and functioning of “producer associations” are established for other sub-sectors/localities;
- Lessons learned are documented from pilot PAEM/Value Chains;

Proposed milestones

Participatory Agricultural Extension:

- By 05/2007, the Director of DARD has issued a decision to formally establish the Provincial Agricultural Consultative Group (PACG) of Quang Binh province for a duration of at least 3 years. The mandate of the PACG includes the assistance to DARD and its relevant sub-departments in the development, implementation and monitoring of participatory approaches of agricultural extension, and to integrate these approaches into a harmonized provincial strategy on participatory agricultural extension.
- By 12/2007, participatory methods for agricultural extension (PAEM) are communicated through advanced trainings for all AE staff in Quang Binh, and through the establishment of PAEM models in at least 2 pilot communes, including PAEM impact M&E.
- By 12/2008, participatory methods for agricultural extension (PAEM) are officially recognized by provincial guidelines for wider application in all rural communes and district in the province.

Value Chain Promotion:

- By 06/2007, the Provincial Value Chain Promotion Group (PVCPG) is fully operational.
- By 10/2007, the Sericulture Association of Tuyen Hoa district is officially established and has started its operations.
- By 12/2007, at least 01 additional suitable Value Chain / sub-sector is identified, for which the application of VC approach has started in all pilot communes.
- By 12/2007, a representative survey among households and SME involved in the promoted VC of apiculture and sericulture indicates that their additional net income from these activities has increased by at least 10 % in the year 2007.
- By 03/2008, the Apiculture Associations of Tuyen Hoa and Minh Hoa districts are able to manage and operate independently, without further support from the project.
- By 06/2008, at least 01 additional suitable Value Chain / sub-sector is identified (in addition to one identified in 2007), for which the application of VC approach has started in all pilot communes.
- By 12/2008, a representative survey among households and SME involved in the promoted VC of apiculture, sericulture and 01 additional suitable Value Chain indicates that their additional net income from these activities has increased by at least 10 % in the year 2008.

Work Area 3: Community Forestry (FPDR, PLUP-FLA, CBFM)

Direct Benefits:

- The methodologies introduced by the project (PLUP-FLA, development of FPDR and CBFM) are applied in the implementation of the provincial forestry development strategy;
- Increased incomes of households implementing CBFM.

Outputs:

- PLUP-FLA, FPDR and CBFM methodologies documented;
- CBFM demonstration models (agro-forestry) established in selected pilot communes;
- Market information system on forest products, including NTFPs (outputs and inputs) established;
- Provincial Forestry Consultative Group (FCG) established and supported;

Proposed milestones

- By 06/2007, the Director of DARD has issued a decision to formally establish the Provincial Forestry Consultative Group (PFCG) of Quang Binh province for a duration of at least 3 years. The mandate of the PFCG includes the assistance to DARD and its relevant sub-departments in the development, implementation and monitoring of participatory and community-based approaches of i) forest protection (FPDR), ii) participatory land use planning (PLUP) and forest land allocation (FLA) to individual households, forest user groups and communities, and iii) sustainable community-based forest management (CBFM), and to integrate these approaches into a harmonized provincial forestry policy and strategy.
- By 12/2007, provincial guidelines are issued on the establishment for of forest protection and development regulations (FPDR), and are applied in at least 02 districts of Quang Binh.
- By 12/2007, the 2nd draft version of the “PLUP-FLA manual” on “participatory land use planning and forest land allocation” is revised, based on discussion results of a provincial workshop with all relevant stakeholders.
- By 12/2007, the 1st version of the “CBFM manual” on “community-based forest management” is revised, based on discussion results of a provincial workshop with all relevant stakeholders.
- By 06/2008, the pilot implementation on participatory land use planning (PLUP) and forest land allocation (FLA) in at least 1 more commune is finalized and evaluated, and by 09/2008, provincial guidelines are issued on the application of PLUP-FLA in all rural districts of Quang Binh.
- By 12/2008, forest protection and development regulations (FPDR) are applied in all communes of at least 04 districts of Quang Binh, and PLUP-FLA is applied in all communes of at least 02 districts of Quang Binh.
- By 12/2008, provincial guidelines are issued on the application of “community-based forest management” (CBFM), and are applied in at least 02 districts of Quang Binh.

IV. BUDGETARY CONTRIBUTIONS FOR THE PROJECT SECOND PHASE

4.1 Contributions to the Project by the Government of the Federal Republic of Germany

According to the agreements made in the intergovernmental negotiations in May 2006, the German Government pledged up to 2.000.000 Euro for the implementation of the SMNR-CV Phase II. The German side planned to use this fund as follows:

Items for planned distribution of SMNR-CV Phase II Fund		Percentage per item	Planned amount (up to)
1	Provision of personnel	44,60 %	892.052 Euro
1.1	A seconded long-term expert to the the Chief technical Advisor and leader of the team if experts: 36 person-months – incl. travel costs	24,59 %	491.726 Euro
1.2	Local experts – 108 person-months	9,15 %	183.060 Euro
1.3	Local project staff, 216 person-months	4,77 %	95.400 Euro
1.4	Additional personnel supports for the management and implementation of the project and for monitoring and evaluation activities: mid-term review, auditing ...	6,09 %	121.866 Euro
2	Supply of materials and equipment, including: - Spare-part and maintenance of vehicles - Equipment for the project office in Quang Binh - Basic and further training materials - Operating and administrative costs for the project office in Quang Binh - As well as various expendables if needed	8,58 %	171.530 Euro
3	Local subsidies to support the implementation of related activities by partners organizations	7,50 %	150.000 Euro
4	Workshops, research/studies/study tours and training activities, including: - OP workshops, technical seminars - Training activities for partner staff in Vietnam - Studies and research activities - Study tours for partner staff within and outside Vietnam	27,63 %	552.557 Euro
5	Overheads – administrative costs for GTZ in Germany	11,69 %	233.861 Euro
Total			2.000.000 Euro

4.2 Contributions by the Government of the Socialist Republic of Vietnam for the Project

Types of costs	Planned budgetary distribution to each aspect	Planned budget amount (up to ...) Euro
I. Project office buildings: Project provincial office building	The amount converted at the time of preparation of the Project Document	75,900
II. Coverage of salaries for staff working at the project office	Accounted at the starting time of Phase II (including foreseen increase of salary)	124,650
III. Counterpart fund allocated from the provincial budget for the project management	The counterpart fund is provided year by year; the amount is foreseen for the whole phase	21,250
Total counterpart fund (contributions by the Vietnamese Government)		221,800

4.3. Budget distribution to the project working areas
(see Annex 2)

4.4. Project Financial Management Mechanism

- Financial management mechanism: The management and use of the Project budget (ODA fund and counterpart fund) is complied with the regulations in the non-refundable funding agreement and current regulations of the Vietnamese Government (Decision No. 61/2006/QĐ-BTC, on Cost Norm applied for the ODA Project/Programmes, promulgated by Ministry of Finance, on 2/11/2006).
- Budget disbursement mechanism: This is non-refundable ODA fund provided by the German Government, in principle the counterpart (German) side directly manages the provided fund. The proposed disbursement of the Project fund in Phase II (04/2007 - 03/2010) for the Project working areas has been informed by the German side in point 4.1. And the disbursement mechanism will be discussed and agreed in the Project office under close supervision of the Project Director/CTA.

V. MODE OF THE PROJECT MANAGEMENT ORGANIZATION

5.1. Mode of the project implementation organization

- The SMNR-CV project is under steering coordination of the PPC and implementation collaboration of the relevant departments and agencies at provincial and district levels; The project direct steering is via the PPC (project steering committee) through periodical or on-the-request meetings, involving the representatives of the provincial and district relevant departments and agencies.
- Information networking (via workshops, reports) of the project activities to partner agencies in Quang Tri and Thua Thien Hue provinces.

5.2. Project Organization

Working for the SMNR-CV project in the second phase (04/2007 – 03/ 2010) include 18 members, of which 14 full time and 4 part time staff with the following assignments:

5.2.1 Provincial level Project Management Board (working at the provincial project office), including:

- 01 National Project Director
- 01 Project Vice-director
- Functional divisions
 - General and Administrative Division: with 6 staff

No.	Position	Quantity	Remark
01	- General and Administrative staff	1	Head of the Division
02	- Accountant	1	
03	- Receptionist cum cashier	1	
04	- Driver	1	
05	- Interpreter	1	
06	- Watchman	1	

- Technical Division: Head of the Technical Division will be one of the technical staff responsible for one of the project working areas.

No.	Responsible position	Quantity	Remark
01	- Technical staff responsible for planning working area	1	

02	- Technical staff responsible for agriculture working area	1	
03	- Technical staff responsible for forestry working area	1	
04	- Technical staff responsible for monitoring and evaluation	1	

5.2.2. Project offices in Tuyen Hoa and Minh Hoa districts: Project staff group includes 3 members per district

- 01 full time group Head (contracted for 3 years)
- 01 part time district staff responsible for the agricultural working area
- 01 part time district staff responsible for the forestry working area

5.2.3. Project Organization (German-side): with 11 members working at the project, including:

- 01 Chief Technical Advisor
- 01 International expert (DED expert, as from 08/2007 for 24 months);(and during the project implementation, the project Director and Chief Technical Advisor might consider the possibility of having one DED expert assisting the project in the aspect of environmental protection, if really necessary.
-
- 01 local expert responsible for the working area of participatory SEDP
- 01 local expert responsible for the working area of agriculture
- 01 local expert responsible for the working area of community forestry
- 01 accountant
- 01 office manager cum translator
- 01 interpreter
- 03 drivers

In addition, the German side will also provide short-term international and national experts working for the project based on contracts and for specific assignments based on the project requests.

5.3. Project partner organizations (intermediaries and target groups)

Area No. 1:	Decentralized planning (LED/commune SEDP/VDP)
Intermediary organizations/partners	- Provincial level: DPI (General Section) - District level: Planning and Financial Division - Commune level: CPCs, village management boards, mass organizations, local private enterprises, CRS (ADB CRLIP)
Area No. 2:	Agricultural Extension and Value Chain Development
Intermediary organizations/partners	- Provincial level: DARD, PAFEC, Veterinary Services and Plant Protection Departments; - District level: Economic Div., Agricultural Extension Stations - Commune level: CPCs, CEWs, village management boards, mass organizations, local private enterprises
Area No. 3:	Community forestry (FPDR, CBFM)
Intermediary organizations/partners	- Provincial level: DARD, DFD, FPD, PAFEC, SFES - District level: DoNRE, Economic Divisions, FPU - Commune level: CPCs, village management boards, mass organizations

5.4. Project intervention areas and implementation period

- Piloting the methodologies in the selected communes in Tuyen Hoa and Minh Hoa districts, Quang Binh province.
- Dissemination and institutionalization of the approved models in all 6 rural districts of Quang Binh province.
- Dissemination of the selected methodologies in the two provinces of Quang Tri and Thua Thien Hue.
- The implementation period planned from 04/2007 to 03/2010 (3 years)

VI. RISK EVALUATION AND PROPOSED MITIGATION MEASURES

6.1 Risk evaluation

As a technical support project, the SMNR-CV's activities are focused on the development and documentation of the methodologies which have been piloted in the selected communes in the project core area. However, dissemination and replication of the piloted models in the whole province are so much dependent on the province as the costs for the replication are taken from the governmental budget (provincial budget). It is therefore foreseen that whether the government provides budget resources for the purpose of replication of the models.

6.2 Proposed mitigation measures:

An appropriate project local grant budget line should be provided for the purpose of replication of models.

Additional financial resources such as from relevant projects and programs in the province should be mobilized for the purpose of replication of models.

The PPC of Quang Binh is kindly requested to consider and commit to provide the provincial budget for the replication of the models.

VII . TENTATIVE OVERALL PROJECT PLAN AND PROJECT IMPLEMENTATION PLAN FOR THE FIRST YEAR

7.1. Tentative overall project plan

<p>Tentative overall project plan for the period: 04/2007 - 03/2010</p>	<p align="center"><u>Project title:</u> SUSTAINABLE MANAGEMENT OF NATURAL RESOURCES IN CENTRAL VIETNAM</p>		<p>Estimated project period: 04/2007 - 03/2010 Prepared: Revised:</p>
<p>Summary of objectives</p>	<p>Indicators</p>	<p>Source/Mean of Verification</p>	<p>Assumptions</p>
<p>Long-term objective The living conditions of the local population in the mountainous areas of the project region are improved in accordance with a stabilization of the ecology.</p>			
<p>Short-term objective The stakeholders in the project region manage their natural resources in a sustainable way.</p>	<ul style="list-style-type: none"> • Until 12/2009, participatory methods for socio-economic development planning (SEDP) and for agricultural extension (PAEM) are officially recognized by provincial guidelines and applied in all rural communes and districts in the core province of Quang Binh. • In the project area, the additional net income of households and small enterprises involved in the promotion of value chains increases by at least 10% annually. • Methodologies for community forestry piloted by the project are applied in the sustainable management of forest resources in the rural mountainous districts by relevant stakeholders, based on the conditions that the PPC have issued the official papers approving the methodology on FPDR development by 12/2007, approving the methodology of participatory PLUP-FLA by 06/2008 and approving the methodology on community-based forest management by 06/2009. • In the pilot communes supported by the project, the percentage of households below the poverty line decreases annually by at least 4.5% (referring to data of DOLISA according to new poverty definition of 2006). 	<ul style="list-style-type: none"> - Project M&E - DOLISA poverty statistics - Surveys on community-based management and surveys on agricultural extension by provincial relevant departments and agencies 	<ul style="list-style-type: none"> - The political framework conditions will continue to favor decentralized management, especially decentralized budgeting. - Authorities and relevant institutions in neighboring Provinces express their demand for dissemination of the new methodologies.

Tentative overall project plan for the period: 04/2007 - 03/2010	<u>Project title:</u> SUSTAINABLE MANAGEMENT OF NATURAL RESOURCES IN CENTRAL VIETNAM		Estimated project period: 04/2007 - 03/2010 Prepared: Revised:
Summary of objectives	Direct benefits	Outputs	Source/Mean of Verification
Working area No. 1 Participatory SEDP	1. Participatory planning approach is officially applied in SEDP system in the whole province. 2. Improved, more systematic M&E of SEDP implementation at district and commune levels.	1. Adapted training materials for ToT on participatory planning for commune, district and provincial staff; 2. An M&E indicator system for monitoring of commune and district SEDPs; 3. Database for commune SEDP planning and monitoring (computerized database management); 4. Documented guidelines for database management; 5. ToT for Provincial and District planning staff; 6. Documentation of lessons learnt from the participatory SEDP concept at district and provincial levels;	- The political framework conditions and relevant authorities (MPI, PPC, DPI, DPCs, CPCs) continues to favor the participatory SEDP concept. - Project M&E reports - Evaluation reports on the formulation and implementation of SEDPs at district and commune levels
Activities	1.1. Support the project participating intermediaries (planning agencies) and target groups in development of participatory and sustainable development-oriented SEDPs in communes. 1.2. Support the project participating intermediaries (planning agencies) and target groups in monitoring and evaluation of the developed SEDPs. 1.3. Support the planning agencies in documentation and institutionalization of participatory SEDP concept in communes. 1.4. Coordinate with the planning agencies in the two provinces of Quang Tri and Thua Thien Hue to introduce the participatory SEDP concept in communes; organize regular meetings and workshops with DPIs of neighbouring provinces. 1.5. Communicate the lessons learnt from the application of the participatory SEDP in communes to higher-level planning institution (MPI).		

Tentative overall project plan for the period: 04/2007 - 03/2010	<u>Project title:</u> SUSTAINABLE MANAGEMENT OF NATURAL RESOURCES IN CENTRAL VIETNAM		Estimated project period: 04/2007 - 03/2010 Prepared: Revised:
Summary of objectives	Direct benefits	Outputs	Source/Mean of Verification
Working area No. 2 Participatory agricultural Extension and income generation opportunities (PAEM and Value Chain)	<ol style="list-style-type: none"> 1. Increased capacity of stakeholders/households/SMEs/CEWs in agriculture production/marketing/processing; 2. Increased incomes for households/SMEs through higher agriculture productivity and involvement in Value Chain development; 3. The poverty rate in all communes of the project area decreases steadily. 4. Improved service delivery of agriculture extension service and better organization of value chains. 	<ol style="list-style-type: none"> 1. The method of participatory of training needs assessments for different stakeholders (households, SMEs, CEWs) is applied by DARD; 2. Simple training materials (on PAEM/Value Chains/Marketing) for stakeholders are published and disseminated; 3. Training programmes (especially ToT) are conducted for stakeholders; 4. Demonstration models on PAEM/Value Chains are developed, tested and documented in pilot communes; 5. Guidelines for the establishment and functioning of “producer associations” are established for other sub-sectors/localities; 6. At least 4 VC are applied successfully and operational 7. Lessons learned are documented from pilot PAEM/Value Chains; 	<ul style="list-style-type: none"> - Baseline and Annual Surveys - Project M&E - Impact monitoring reports upon PAEM application through demonstration models and documentations ... - DARD expresses their demand for collaborating with the project in dissemination of PAEM
Activities	<ol style="list-style-type: none"> 2.1. Support the project participating intermediaries (PAFEC and others) and target groups in application of PAEM. 2.2. Support the project participating intermediaries and target groups in application of Value Chain approach for attaining higher income values. 2.3. Facilitate the seeking of opportunities to integrate Public Private Partnership (PPP) to support for private enterprises belonging to the VCs. 2.4. Disseminate the successful VC application of Apiculture to other mountainous communes in QB Province. 2.5. Get documentation of tested methodologies and support the institutionalization of the methodology for dissemination. 		

Tentative overall project plan for the period: 04/2007 - 03/2010	<u>Project title:</u> SUSTAINABLE MANAGEMENT OF NATURAL RESOURCES IN CENTRAL VIETNAM		Estimated project period: 04/2007 - 03/2010 Prepared: Revised:
Summary of objectives	Direct benefits	Outputs	Source/Mean of Verification
Working area No. 3 Community-based forestry (FPDR, PLUP-FLA and CBFM)	<ol style="list-style-type: none"> 1. The methodologies introduced by the project (PLUP-FLA, development of FPDR and CBFM) are applied in the implementation of the provincial forestry development strategy; 2. Increased incomes of households implementing CBFM. 	<ol style="list-style-type: none"> 1. PLUP-FLA, FPDR and CBFM methodologies documented and officially recognized by the province; 2. CBFM demonstration models (agro-forestry) established in selected pilot communes; 3. Market information system on forest products, including NTFPs (outputs and inputs) established; 4. Provincial Forestry Consultative Group (FCG) operational and supported; 	<ul style="list-style-type: none"> - Baseline and Annual Surveys - Project M&E - The political framework conditions will continue to favor line agencies in terms of CBFM application - DARD expresses their demand for collaborating with the project in dissemination of CBFM methodology.
Activities	<ol style="list-style-type: none"> 3.1. Support the project participating intermediaries and target groups to develop and implement FPDRs. 3.2 Support the project participating intermediaries and target groups to apply the participatory PLUP-FLA methodology. 3.3. Support the project participating intermediaries and target groups to develop and implement CBFM plans. 3.4. Facilitate the partner organizations (Provincial Consultative Forestry Group) to participate on community programs/projects in Quang Binh province. 		

7.2 Tentative project implementation plan for the first year (see Annex)

VIII. PROJECT MONITORING AND EVALUATION:

8.1. Reporting to PPC (by the project director)

During the project implementation period, the following types of reports are requested to the related authorities and institutions:

No	Type of reports (deadline of submission)	To authorities/institutions
1	Monthly report (to be submitted not later than 10 days after the completion of each month)	- PPC
2	Quarterly reports and work plans (to be submitted not later than 15 days after the completion of each quarter)	- PPC (for reporting) - DPI, DARD, DOFA (for information) - DPCs of Tuyen Hoa and Minh Hoa (for information)
3	Annual reports and annual operational plans (to be submitted not later than January 31 st of successive year)	- PPC (for reporting) - DPI, DOFA, DARD (for information) - DPCs of Tuyen Hoa and Minh Hoa (for information) - Related partners (for information)
4	Final report (end-of-the-project period)	- PPC (for reporting) - DPI, DOFA, DARD (for information) - DPCs of Tuyen Hoa and Minh Hoa (for information) - Related partners (for information)

8.2. Reporting from the German side (to the BMZ by the CTA)

- Regular reports are prepared and submitted by the project CTA based on the requirements of the German Government, mainly on the project implementation progress and project achieved impacts.

8.3. Project monitoring and reporting (by Vietnamese side and German side)

- The project monitoring and evaluation system must meet the reporting requirements of the Vietnamese side as well as those of the German side; and the project monitoring should be focused on project impacts. It is conducted on a periodic basis (quarterly, annually) through internal M&E meetings where obstacles occurred during the project implementation progress are mentioned and addressed to related sides for identifying proper solutions.

- Two sides will provide to each other with annual reports on the project implementation progress which are submitted to relevant organizations of each side (BMZ and PPC). That means annual reports on the project implementation process prepared by the project CTA and to be submitted to BMZ will be translated into Vietnamese and sent to the project director and members of the project steering committee; and annual reports on the project implementation process prepared by the project director and to be submitted to PPC will be translated into English and sent to the project CTA.

IX. THE SUSTAINABILITY OF THE PROJECT AFTER ITS COMPLETION

9.1. Socio-economic sustainability

The final objective addressed by the project is sustainable development of natural resources, encouraging and enabling the local people in the rural mountainous areas to participate in the planning and making decisions relating to the implementation of their plans or to participate in democratic decision making in the mobilization of the local strengths and potentials for socio-economic development. The project concept is creating equal opportunities, no discrimination to different ethnic groups in the project area (notable ethnic minorities and Kinh people are created with equal benefiting opportunities). In the context of economic restructuring to be more appropriate in each region, each area in the whole country, the promotion of self help capacity under the project interventions is the key element to the sustainable development.

9.2. Ecological and environmental sustainability

The application of “development of FPDR” and “PLUP-FLA” as well as support to the intermediaries and local people in development of SEDPs have enabled them to be aware of the importance of natural resources in the country development. It indirectly contributes to the reduction of natural resources (by possible control of the exploitation/harvesting and use of natural resources), ensuring the inherent sustainability and diversification of the ecological environment in the mountainous district in Central Vietnam.

9.3 The sustainability of project after its completion

The indirect impact that the project is addressed to is the improved management capacity of the organizations (at the provincial/district level); particularly the technical agencies in the aspects of planning and provision of technical services (of agricultural and forestry extension...) are able to apply the participatory approaches to satisfy the needs of rural people, ensuring the socio-economic development of the province./.

Annex 1 Indicators to be based for evaluating the fulfillment of the project short-term objective

Summary of Objectives	Indicators
<p>Short-term objective</p> <p>The stakeholders in the project region manage their natural resources in a sustainable way.</p>	<ul style="list-style-type: none"> • Until 12/2009, participatory methods for socio-economic development planning (SEDP) and for agricultural extension (PAEM) are officially recognized by provincial guidelines and applied in all rural communes and districts in the core province of Quang Binh. • In the project area, the additional net income of households and small enterprises involved in the promotion of value chains increases by at least 10% annually. • Methodologies for community forestry piloted by the project are applied in the sustainable management of forest resources in the rural mountainous districts by relevant stakeholders, based on the conditions that the PPC have issued the official papers approving the methodology on FPDR development by 12/2007, approving the methodology of participatory PLUP-FLA by 06/2008 and approving the methodology on community-based forest management by 06/2009. • In the pilot communes supported by the project, the percentage of households below the poverty line decreases annually by at least 4.5% (referring to data of DOLISA according to new poverty definition of 2006).