

**Vietnam - German Technical Cooperation  
Environmental Policy, Protection and Sustainable Use of Natural  
Resources**

**Sub-Sector: Management of Natural Resources and Rural  
Development**

**Concept and Implementation Results:**

**RDDL, Dak Lak Province**

**SMNR-CV, Quang Binh Province**

**Lessons Learnt from Vietnam - German Technical Cooperation  
Natural Resources Management**

**Consultancy Report**

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## **Acknowledgement**

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Many rural people of both provinces spent their time with the study team and provided very valuable information and opinions.

## **Instead of a foreword**

This report has been planned to be much shorter. The author apologizes for the length of some chapters. It is hoped though, that the patient reader will find at some places something of relevance to her or his situation, which then may justify the overall volume.

The chapters 5, 6, 7, and 8 are the core chapters of this report. Each of them can be read and understood without having read any other chapter.

The chapters 9 and 10 (with their Annexes 6, 7, and 8) are outside the actual TOR of this study, and were written as summary statements of complementary thoughts and discussions, which came up during the course of the study and writing this report.

The key information of this report is also presented in a folder, which has a brochure and 7 product sheets.

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## Summary

The German-Vietnamese technical cooperation projects “Sustainable Management of Natural Resources in Central Vietnam” (SMNR-CV) and the project “Rural Development Dak Lak” (RDDL) are part of the Sub-Sector: “Management of Natural Resources and Rural Development”, which belongs to the Sector “Environmental Policy, Protection and Sustainable Use of Natural Resources” of Vietnam - German Technical Cooperation. Both projects pursue similar objectives and project concepts and have been supported by GTZ over the last 6 years through the GFA Consulting Group. They will phase out by the end of 2009, or early 2010 respectively.

The lessons learned study concentrates on seven identified products in the four components of the projects:

component	products from SMNR-CV, Quang Binh province	products from RDDL, DakLak province
Decentralized Development Planning ( <u>DDP</u> )	Village and Commune Development Planning VDP - CDP Participatory Socio Economic Development Planning	integration of Village and Commune Development Planning (VDP – CDP) into Participatory Socio Economic Development Plans
Community Forestry ( <u>CF</u> )	Generating benefits (short / medium / long term) from degraded natural forests and barren forest land by forest user groups	Benefit sharing for commercial timber use by ethnic minorities from rich / medium natural forests
Participatory Agriculture Extension ( <u>PAE</u> )	PAEM - integrating farmers’ needs into agriculture extension services	PAEM - integrating Participatory Technology Development, modeling and extension for upland farming with ethnic minorities
Value Chain ( <u>VC</u> )	Value Chain and Cluster Promotion	

The methodology uses a conceptual framework, which connects OECD DAC criteria with the GTZ Capacity Works success factors along the Impact Chain with a focus on institutionalization of generated products. The analysis and presentation of lessons learned uses six models:

- Model 1: Capacity Development
- Model 2: Flexibility: keeping the right balance between innovation and integration into conventional partner procedures
- Model 3: Using opportunities towards Effectiveness: processes and strategies
- Model 4: Efficiency: strategy and cooperation for good investments: from product development to product adaptation
- Model 5: Impact: contribution to intended changes in provinces and the sector
- Model 6: Keeping Relevance and quality for Sustainability: processes and steering promote adaptation to changing conditions

The study concludes with the elaboration of future options for German Technical Cooperation in the sector Natural Resources Management.

## 1. Introduction, Context and Rationale

The German-Vietnamese technical cooperation projects “Sustainable Management of Natural Resources in Central Vietnam” (SMNR-CV) and the project “Rural Development Dak Lak” (RDDL) are part of the Sub-Sector: “Management of Natural Resources and Rural Development”, which belongs to the Sector “Environmental Policy, Protection and Sustainable Use of Natural Resources” of Vietnam - German Technical Cooperation. Both projects pursue similar objectives and project concepts and have been supported by GTZ over the last 6 years through the GFA Consulting Group. They will phase out by the end of 2009, or early 2010 respectively.

The concepts in both projects are based on earlier projects carried out by GTZ in Vietnam, notably the “Social Forestry Development Project” (SFDP) in the Northern Province of Son La, and the “Integrated Food Security Program “ (IFSP) in the North-Central province of Quang Binh. The approaches of these earlier projects were adapted to the specific regional contexts of Central Vietnam by the SMNR-CV and to the Central Highlands by the RDDL. The components of both projects are:

- Decentralized, Participatory Development Planning
- Community Forestry
- Up-land Agriculture / Participatory Agricultural Extension
- Value Chain Promotion

The documentation of the “lessons learnt” of both projects along concept and implementation results has an extended clientele and attempts to provide a wide range of inputs:

- the German Technical Cooperation (GTC) organizations with GTZ in the center, and here particularly specific sector departments in the Planning and Development Division (P&E): Contributions to knowledge management (product development), and also contributions to conceptual development of approaches to program planning and evaluation in the context of applied methodologies of OECD-DAC Evaluation Criteria and the GTZ specific instrument of Capacity Works.
- public sector organizations in Vietnam, which are involved in the larger context of NRM and Rural Development: Contributions to design, implementation, and evaluation of rural development and NRM programs for rural areas.
- other donors in Vietnam, which engage themselves in supporting NRM and Rural Development: Provision of information about proven success in bilateral technical cooperation for NRM and rural development in Vietnam, and also evidences of management capabilities of GTC, leading to successful program implementation.

The documentation of the “lessons learnt” of both projects has thus a clear market orientation with the aim to also secure and further create opportunities for GTZ with public and third party commissions as well as co-financing arrangements. The mission therefore, did not evaluate achievements of the 2 projects in a classical sense, but identified “good practices” in each of the work areas and extracted from these good practices “products” which are in compliance with international quality standards of development cooperation.

Another output of the mission is the presentation of these products in a different, easy to read format for further utilization or replication.

## 2. Methodology

### 2.1. Study Team and Conduct of the Mission

The study has been carried out by a team of 3 international consultants, namely

- Mr. Hans Helmrich, expert on rural development, NRM, program implementation, team leader of the mission
- Mr. Bjoern Wode, expert on community forestry in Vietnam,
- Ms. Diana Caceres, junior expert GTZ headquarters, P&D Division.

The study team was further supported by resource persons:

- Mr. Jens Kallabinski, team leader of a Rural Development project in Dak Nong province,
- Mr. Hans Juergen Wiemer, team leader of the SMNR-CV, Quang Binh province,
- Mr. Frank Sobek, team leader of the RDDDL, Dak Lak province,
- Ms. Gudrun Krause, back stopper for GFA managed Vietnam - German Technical Cooperation in Rural Development

The mission started with the review of documents and development of the conceptual framework, followed by extensive field visits and discussions in Quang Binh and Dak Lak provinces (details are in ANNEX 3). After 3 weeks of field visits the methodological framework for analysis and description of products was refined and presented at various occasions.

During field visits the mission collected only qualitative information from project staff, project target groups, intermediaries, and project partners at commune, district and province levels. The interpretation and verification of information was further facilitated by the project staff and the resource persons mentioned above. The emphasis of the mission was on identification of marketable products, which required facts and opinions, and interpretation of facts.

### 2.2. Measuring Success and Success Factors

Success for both projects refers in the first place to the question of “institutionalization”, which is a fundamental demand of German Technical Cooperation, particularly for the second or last phase of a project. Institutionalization is a part of, and follows, product development and usually has the dimensions of “roll-out” and “scaling-up”. The basic question for success (a marketable product) is therefore: “Has the product development further been institutionalized by the project partners, and are there evidences, that it carries the potential of being rolled out in the province and scaled up beyond the province, or, are those processes already under way?”

The focus on marketable products implies that internationally recognized quality standards for measuring success of ODA programs are applied to characterize these products. Such standards are defined by OECD-DAC<sup>1</sup> with the criteria of effectiveness, efficiency, relevance, impact, and sustainability, which are each accompanied by number of guiding questions<sup>2</sup>.

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<sup>1</sup> Development Assistance Committee of the Organization for Economic Cooperation and Development

<sup>2</sup> The guiding questions used for each of the OECD-DAC criteria are in ANNEX 5

The undertaking of identifying and describing marketable products required further clarity on the product definition and orientation for product selection. Whereas the product definition comprised a few key criteria<sup>3</sup>, which are widely applied, the orientation for product selection followed 4 principal demands, which are:

**Box 1: Orientation for Product Selection**

- Does the product clearly support a key strategic area of Vietnamese partners in rural development? Is the product relevant to policy development processes?
- How is the likelihood that the product is marketable to the government, to BMZ, or to another donor in Vietnam in the foreseeable future of development cooperation?
- Is the product a sure business area or rather risky and complicated?
- Does the generation of the product clearly demonstrate the management competence of GTC?

Those products, which have been filtered out as internationally marketable along OECD DAC criteria, and found useful in regard to the 4 above points for product selection, are then further described and classified along the five success factors of the GTZ management instrument “Capacity Works”, which are: strategy, cooperation, steering structure, processes and learning / innovation. These are called “Capacity Works success factors” and were selectively applied as a useful guideline for the question as to how the program managed to get the successes built. Again, for the GTZ management instrument “Capacity Works” a set of guiding questions was used for each of the five success factors<sup>4</sup>.

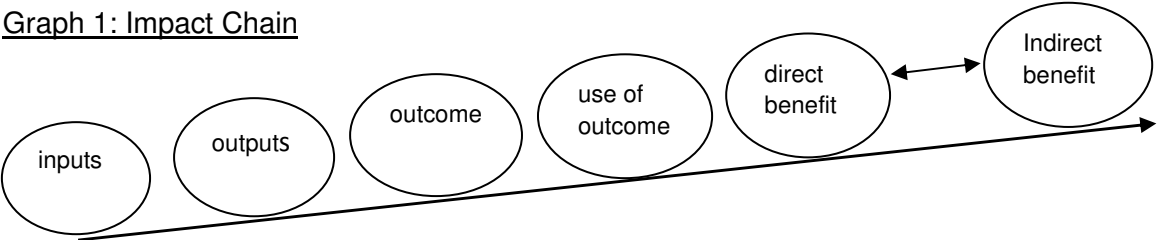
**2.3. Conceptual Framework**

The conceptual framework for the study was guided by the consideration that the three sets of criteria:

1. Institutionalization
2. OECD DAC criteria
3. Capacity Works success factors

Those three sets certainly depend on each other or influence each other, and are to be positioned at different locations of the Impact Chain.

Graph 1: Impact Chain



The positioning of Capacity Works success factors and OECD DAC criteria at the different locations of the Impact Chain is illustrated by table 1:

<sup>3</sup> For product definition, see ANNEX 5

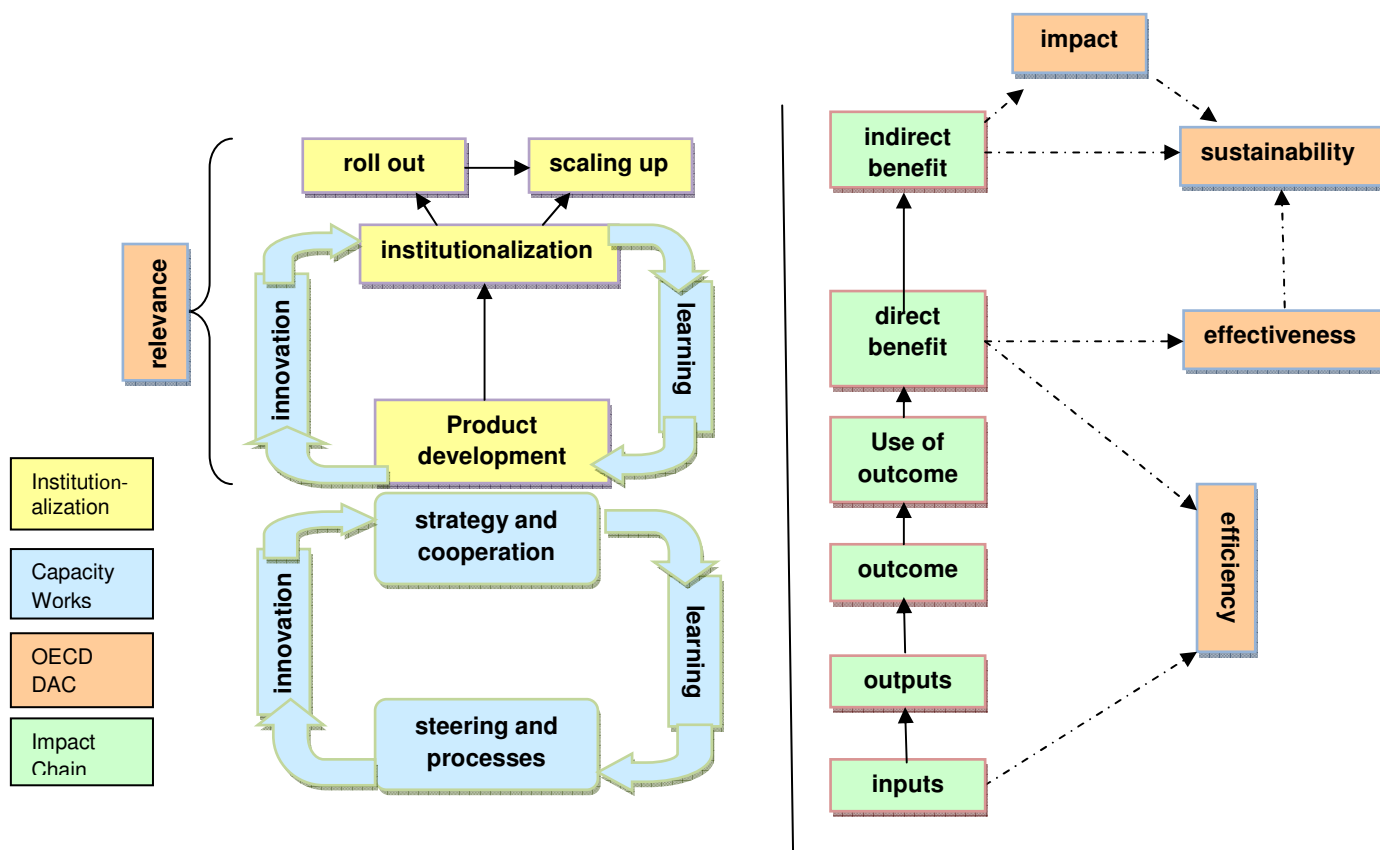
<sup>4</sup> The guiding questions used for each of the Capacity Works success factors are in ANNEX 5

Table 1: Impact Chain, Capacity Works success factors, and OECD DAC criteria

Level of the Impact Chain	position of Capacity Works (CW) success factors	position of OECD DAC criteria
indirect results		Impact, Sustainability
direct benefit = project objective		Effectiveness
use of outcome	all 5 CW factors are relevant for measurement, factors outside management play a certain role	Relevance
outcome		
outputs (products)	all 5 CW factors are relevant for measurement, factors outside management play a minimum role	
inputs		

The picture becomes more complex, when Impact Chain, Capacity Works success factors and OECD DAC criteria are linked to the key demand of Institutionalization:

Graph 2: Conceptual Framework: the Marriage between OECD DAC Criteria and CW Success Factors



Based on the conceptual framework (graph 1) seven products of the projects SMNR-CV and RDDDL were identified, classified and described along six models<sup>5</sup>:

#### Box 2: Models for Product Description

Model 1: Capacity Development

Model 2: Flexibility: keeping the right balance between innovation and integration into conventional partner procedures

Model 3: Using opportunities towards Effectiveness: processes and strategies

Model 4: Efficiency: strategy and cooperation for good investments: from product development to product adaptation

Model 5: Impact: contribution to intended changes in provinces and the sector

Model 6: Keeping Relevance and quality for Sustainability: processes and steering promote adaptation to changing conditions

### **3. Brief Overview of the 2 Projects**

The brief overview highlights some important framework conditions for the generation of the products of the projects. More information is available on the web sites of the 2 projects<sup>6</sup>.

#### **3.1. RDDDL in Dak Lak**

The province is located in the southern part of Vietnam's central region and has 13 administrative districts. The province has a good transport network, which connects Dak Lak with other provinces in the Central Highlands, in the coastal areas and with Ho Chi Minh City and Hanoi.

The socio economic development of Dak Lak has progressed rapidly in the recent years. The economy depends largely on agriculture, particularly on large scale coffee, rubber, pepper and cashew. Today, Dak Lak is the main coffee producer in Vietnam and a major supplier on the world markets. Land under cultivation has increased and special areas have been set aside for industrial crop productions.

The economic growth was accompanied by a rapid increase in population due to Government resettlement programs and an uncontrolled in-migration from lowland Kinh-Vietnamese and other ethnic minorities from the northern regions of the country. The ethnic groups tend to move to more marginal and less productive lands on the upland slopes to practice their traditional shifting cultivation, often degrading forests and soils. Aggravated by uncontrolled logging of timber, the resulting extent of deforestation poses a threat to the natural resource base which in turn is a key problem of poverty particularly for rural ethnic minorities.

DakLak has 600 ethnic minority villages with 44 ethnic minority groups. Apart from the indigenous groups such as the Ede, M'Nong or Jarai, there are several ethnic groups which originate from other provinces in the Northern regions of the country including the Tay, Nung,

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<sup>5</sup> The six models are presented in ANNEX 6

<sup>6</sup> For RDDDL: [www.rddl-daklak.org](http://www.rddl-daklak.org); For SMNR-CV: [www.smnr-cv.org](http://www.smnr-cv.org),

Muong, Dao, Thai and H'Mong. Ethnic minorities have been marginalized in the past and were largely disintegrated with very limited access to government services. Recent political tensions were resolved and the provincial government tries to mainstream ethnic minorities into general socio-economic development.

The project RDDDL supports an increased integration of ethnic minorities into the economic development in Dak Lak Province. The specific consideration of the requirements and socio-cultural background of the ethnic minorities is hereby key to the anticipated adjustments of the regulatory framework for rural development and the management of natural resources in the province.

RDDL is at the end of its third and last phase. After concept and model development in 2 pilot districts, the last phase emphasized on integrating and institutionalizing developed concepts and methods into regular administration and development programs. The project is implemented by the Department of Planning and Investment (DPI) on behalf of the People's Committee of Dak Lak Province (PPC). DPI has put in place a Project Management Unit (PMU) lead by the Project Director. The PMU reports to the Project Steering Committee (PSC) which is lead by the Vice-Chairman of the provincial People's Committee.

### **3.2. SMNR-CV in Quang Binh**

Quảng Bình province is situated at the North Central Coast of Vietnam, and is well connected to its neighboring provinces Hà Tĩnh on the north and Quảng Trị on the south by the National Road 1A and the Ho Chi Minh Highway. The Hanoi-Saigon Railway crosses Quang Binh province.

The provincial per capita GDP is one of the lowest of Vietnam (around US\$ 400, compared to Vietnam's average GDP per capita of US\$ 700). Over 80% of the population lives on agricultural production. A few industries (construction material) are based on abundant limestone and white clay deposits. Sea food processing, and recently tourism has emerged as contribution to the Quang Binh economy.

The provincial agriculture is largely subsistence oriented with a beginning market integration. Food production has been continuously increased reaching levels which make Quang Binh no more food deficient. The forestry sector of Quang Binh has started to change from mainly forest exploiting to afforestation, forest protection and natural forest conservation.

The majority of Quang Binh population is Kinh people. Around 10% of the population in the province are people of 24 ethnic groups in the province, all of them living in mountainous areas.

The project SMNR-CV aims at contributing to a significant improvement of the living conditions of the population in the mountainous parts of the project region, while at the same time stabilizing ecological conditions. This is to be achieved by enabling the stakeholders in the project region to manage their natural resources in a sustainable way. The project pursues an integrated approach to natural resource management. It specifically addresses provincial priorities of local economic development, such as the need for a more efficient and sustainable use of the endowment with natural resources in the fields of agriculture and forestry by farming households and producer groups in remote rural areas.

During its first phase project partners in the public and private sectors started to adopt innovations, in the final phase methods are being integrated into regular procedures of line

departments and applied by the target groups on a scale that covers all rural communes in the project area.

The provincial “People’s Committee of Quang Binh” (PPC) is formally the “project owner” of the SMNR-CV. The steering function of the PPC concerns the major priorities and implementation strategies of the project, without getting involved in day-to-day operations. Key partners are the provincial “Department of Planning and Investment” (DPI) and “Department of Agriculture and Rural Development” (DARD).

**4. Components and Products of the 2 Projects**

**4.1. Component and Product overview**

For further analysis and presentation seven proposed products from four components were identified:

Table 2: Components and Products

<b>component</b>	<b>products from SMNR-CV, Quang Binh province</b>	<b>products from RDDL, DakLak province</b>
Decentralized Development Planning ( <u>DDP</u> )	Village and Commune Development Planning VDP - CDP Participatory Socio Economic Development Planning	integration of Village and Commune Development Planning (VDP – CDP) into Participatory Socio Economic Development Plans
Community Forestry ( <u>CF</u> )	Generating benefits (short / medium / long term) from degraded natural forests and barren forest land by forest user groups	Benefit sharing for commercial timber use by ethnic minorities from rich / medium natural forests
Participatory Agriculture Extension ( <u>PAE</u> )	PAEM - integrating farmers’ needs into agriculture extension services	PAEM - integrating Participatory Technology Development, modeling and extension for upland farming with ethnic minorities
Value Chain ( <u>VC</u> )	Value Chain and Cluster Promotion	

Value chain promotion was also introduced and practiced in Dak Lak province by RDDL with coffee, and pepper, and reached a successful status as pilots. However, the approach could not yet be institutionalized with private or public sector organizations to the extent, that it would enter sustainable levels with reasonable probability after the termination of the project inputs. The main challenge RDDL faced with the pilot projects was the general project orientation. RDDL was not designed as a genuine value chain development project, but focused with its various activities on specific regions and on specific target groups.

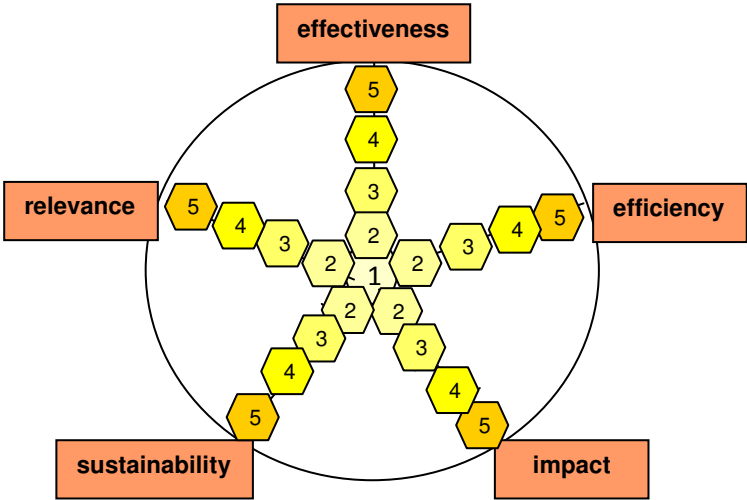
**4.2. Product Evaluation against OECD DAC Criteria**

All 7 proposed products have been scanned in a participatory way with the mission team, project partners and project staff along the OECD-DAC criteria: effectiveness, efficiency, relevance, impact, and sustainability. For each criterion achievement levels were identified on a range from “hardly” to “fully achieved”.

The following graph has been utilized for assessment and documentation:

**Graph 3: OECD DAC Criteria Application for all 7 Potential Products**

- 1 = hardly
- 2 = to some extent
- 3 = getting there
- 4 = almost
- 5 = fully achieved



The result of the application of the 5 criteria for each product shows following distribution:

**Table 3: Results of Application of the OECD DAC Criteria for all Proposed Products of RDDL and SMNR-CV**

OECD DAC criteria	DDP		CF		PAE		VC
	SMNR-CV	RDDL	SMNR-CV	RDDL	SMNR-CV	RDDL	SMNR-CV
effectiveness	5	5	5	4	5	5	5
efficiency	5	5	5	5	5	4	5
relevance	5	5	5	5	5	5	4
impact	4	5	4	4	4	5	5
sustainability	5	4	4	4	5	4	3

With those results all proposed 7 products from the 2 projects are to be classified as being successful by international ODA standards.

**5. Component Decentralized Development Planning**

**5.1. Important Details of the Component**

General description

The component Decentralized Development Planning (DDP) has two major aspects:

- participatory village development planning, which identifies development objectives and priorities of villagers, which are then reflected in the annual Village- and Commune Development Plan (VDP / CDP).

- mechanisms and processes, which ensure that a VDP / CDP is budgeted through integrating them in district and province Socio-Economic Development Plans (SEDP), or is budgeted through donor funds.

Both projects have put their emphasis on the integration of the VDP / CDP in district and province SEDPs.

The VDP-CDP provides an opportunity for people (including ethnic minorities) to contribute with their ideas, needs and own resources; further monitor implementation and take part in evaluation of infrastructure development. At commune level, village plans are aggregated, and commune plans are then aggregated at district level. The process of aggregation and harmonization at each administrative level again happens in a participatory manner and is being steered by the Peoples Committee (PC). During these processes, priorities of villages are being scanned against available budgets for services and infrastructure development.

This planning method with the aggregation of planning data from micro level (villages) has been a decisive innovation. Communes are the lowest formal administrative level in Vietnam, and the former commune development planning has now been officially changed to “Village and Commune Development Planning” (VDP-CDP). This step opened up the possibility to officially integrate the data of the Village and Commune Development Plans into the former conventional (top down) planning procedures of the district provincial planning authorities.

Participatory socio economic development planning and plans have gained high priority for the provincial Department of Planning and Investment (DPI). It is felt that, with the available information on people’s needs and priorities utilization of government resources has improved through more realistic line department sector plans. SEDP is now applied province wide on the basis of a provincial guideline.

Following Government procedures and the planning cycles, SEDP is done annually and as a medium term development plan every 5 years. The participatory method of SEDP has so far been applied for the annual planning exercises, but will also be tested in the next round of medium term planning which is due in 2010.

#### Government policies relevant for the component

The National Decree 79: “Dissemination of the regulation regarding participation and democracy on commune level (Grassroots democracy)”, which followed the Decree 29 in 2003, emphasizes 4 fundamental principles:

- the right of people to information of government activities that affect them,
- the importance of consultation between people and decision making processes,
- participation of people in decision making, contribution to the formulation of policies,
- control of office bearers by people and supervise certain government actions.

The concern and principle of grassroots democracy and bottom up planning is nation-wide and is anchored in the annual and five year national socio economic Development Planning. The National Ministry of Planning and Investment (MPI) is in the process of formulating a new national law on planning, to which both project provinces deliver important inputs.

SEDP is also a means of delivery of important realistic data on peoples’ development priorities, and a means of capacity building at all levels, which go through different stages of training and coaching. Both are essential for national programs on poverty reduction. The

respective national targeted programs 135 and 134, which are used at district levels in the 2 provinces, can now be implemented on the basis of improved planning documents, which serve a more effective and efficient use of available national funding for poverty alleviation.

### Objectives of the approach

VDP / CDP and its integration into SEDP is a set of tools and processes to

- combine short term with long term participatory development planning at all levels,
- help admin at higher level to prioritize closer to reality, and help to get a more realistic plan at all 3 levels of administration,
- help to use additional funding, which comes from other sources (national level targeted programs, e.g., 135), which address rural development, poverty reduction,
- enhance effectiveness and efficiency of available funding (government and donors),
- generate and reflection and knowledge at villagers and their communes,
- stimulate processes towards communication, mutual understanding and respect,
- mobilize resources and labor at village level, and help people monitor and police fund utilization and work implementation

### Participation, the marked difference to previous government approaches

The conventional planning and budgeting approach did not match the needs and concerns of people to the resources delivered from government. Planning was done at district level, for the commune level there was no specific format or regulations. Commune authorities did not know much about the village situation, and commune plans were not taken much into consideration by the district.

The new approach of VDP /CDP integration into SEDP is based on the institutional arrangement of a Village Planning Group using essential PRA tools for formulation of identified jobs and activities in combination with participatory aggregation and harmonization of planning and budgeting processes at all administrative levels, and opens great opportunities for increasingly matching scarce resources for development with villagers' needs for support from outside.

## **5.2. The DDP Product of RDDL in Dak Lak province**

### Product approach and generation

In Dak Lak, every 5 years an extensive village development planning process over a time period of 3 days is supported by the commune, and, as a consolidated VDP / CDP, integrated into the socio-economic development plans at district and commune level. For the years in between the 5 year intensive planning circle an annual update is being organized by the commune in each village with a one day planning exercise.

The basic procedures and guidelines were developed and finalized by the provincial DPI with the help of the project RDDL. DPI, being by mandate a coordinating body, used other line departments for consultation according to needs, but not in a regular or formalized manner. The initial introduction of the VDP / CDP process and its integration into SEDP in 2 districts was rolled out to the other districts of the province towards the end of the project, after the

provincial PC had issued the Decision 2134 for the province wide application. During the roll out process a clear sequence of steps was found useful and followed.

#### Ownership: partners and networks

A regional seminar in 2003 with attendance of planning departments from 9 provinces and the Central Institute of Economic Management (CIEM) of the Ministry of Planning and Investment (MPI) was the starting point of a nationwide "VDP Network" of practitioners of participatory planning methods and has influenced several revisions of the national legislation on decentralized planning. The product integration of VDP- CDP into Socio-Economic Development Plans was strongly demanded by the provincial DPI and started with conceptual and practical inputs from the Son La based project FSSP into the conventional planning method of government. DPI, being in the drivers' seat, demanded a 100% provincial coverage instead of the 80% as outlined in the RDDDL documents.

Regular networking between the 3 projects in Son La, Quang Binh and Dak Lak was an important contribution to necessary adaptation of the participatory planning models developed in Son La to the conditions in Dak Lak, which were governed by a decisive and clear ownership by the provincial DPI.

#### Relevance to people

The approach in Dak Lak towards integrating village based needs and concerns into commune-, district- and provincial SEDP on the basis of active participation of people in an intensive planning exercise every 5 years is felt a marked difference to the conventional approach of planning and budgeting. Local people, including also ethnic minority groups at an increasing rate, have now a means to participate not only in planning, but also in implementation and monitoring of their own contributions and the contributions from government. This improves the efficiency of government budget utilization, since local people learn how to develop ownership over resources and funds. About 60% of items prioritized by villagers in regard to services and infrastructure development are covered by budgets from government.

#### Utilization of the product by the clients

After the successful introduction of VDP / CDP integration into SEDP, provincial and district DPIs were confident to do it on their own in the remaining districts of the province. Planning sections at all districts incorporate now commune priorities into the District SEDP (1764 villages in 141 communes of 12 districts).

The annual update of the five year plan requires less time and financial inputs than the intensive exercise once in 5 years. The new planning procedure is being budgeted for 2010 by the decision of the PPC. The importance and apparent advantages of the participatory and bottom up planning process has become a prominent feature in the political arena of the province. There will also in future be sufficient funding made available, once the project RDDDL is terminated.

Apparent constraints of the new planning method, such as budget and time demands, are felt minor to the many advantages in the areas of better orientation and awareness, availability of profound data base, and a self generating mechanism of improved training and facilitation.

### Expansion, scaling up, and quality addition

The quality of the planning processes and plans has slightly decreased during the roll out in comparison to the pilots of the project, but is far better than the conventional planning processes.

Other important clients of the approach are DANIDA and ADB in terms of concept and practical trainings after a coordination meeting on bottom up planning in Dak Lak province. DPI is a member in their Steering Committees and makes sure that ADB and DANIDA now use participatory planning approaches, which are very similar to the government approaches. DPI ensures that training courses for decentralized participatory development planning are an integral part of regular in-service training for planning and administration staff at district and province level.

The neighbor GTZ-supported RD project in Dak Nong (EPMNR) draws on inputs from Dak Lak.

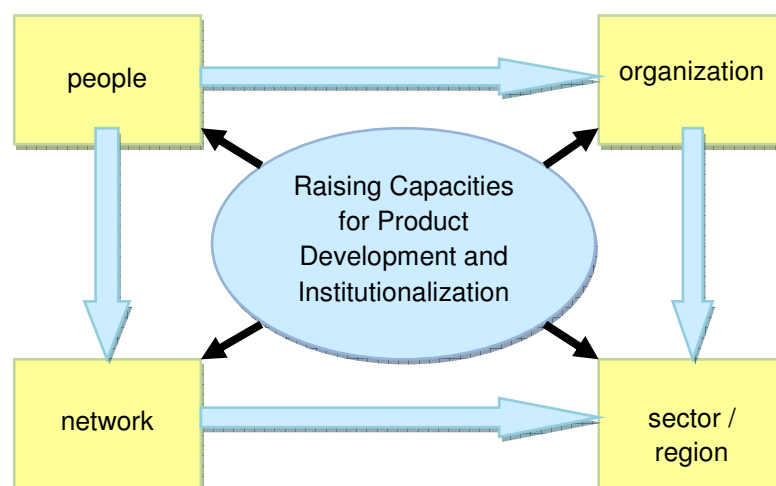
Conceptual contributions from Dak Lak to participatory decentralized development planning in terms of steering, processes, and capacity to the revision of the national law on planning are welcome and used by the Ministry of Planning and Investment.

### **5.3. Lessons Learned from RDDL in Dak Lak**

#### **Capacity Development**

Capacity Development in the context of German TC is understood as a set of interventions at the levels of individuals, offices / institutions, networks and the sector, for raising their competences in dealing with changes, opportunities and challenges. Capacity Development aims at higher performances of people, institutions, networks and the sector.

Graph 4: Capacity development for product development and institutionalization



People and organizations: Participatory decentralized development planning in Dak Lak province was successfully introduced and institutionalized. Most of the project interventions targeted raising capacities of people and offices at all levels of the planning and budgeting systems in the province.

The introduction of the decentralized development planning at village level and all levels of administration created for the first time a sense of participation and self-determination, and helped to stimulate the generation of curiosity and interest in public affairs.

The new methods soon generated requirements at planning offices at commune, district and province level. This was found important to stimulate changes of interaction between offices. All measures addressing competences of people followed those requirements, which ensured from the start a systematic demand oriented capacity building process.

After development and testing of training material along newly introduced techniques and procedures, upcoming requirements for training and facilitation were met with numerous courses on Training of Trainers (ToT) at district and province level, and courses on training of facilitation skills mostly at commune and village level.

All training courses, which addressed knowledge and skills of people, as well as the creation of facilitation competences, incorporated required technical aspects and communication at and between the various levels of administration. ToT courses were necessary particularly for staff of district and commune offices. Another important aspect was the creation of specific skills for communes with a significant number of ethnic minorities' groups.

Training courses for decentralized development planning have become a regular part of in-service training for administration and planning staff in the province. As a result, district and commune staff of the Peoples Committee and the DPI is able to monitor the application of VDP / CDP in district SEDP in terms of quality, respective budget flows and replication. The District PC in all districts link decentralized budget planning and allocation with VDP / DCP.

Horizontal communication and awareness raising was further supported through many visits and study tours across and beyond the province.

Networks: The functional network of GFA-managed projects in NRM in a number of provinces in Vietnam was a decisive input into the development processes of participatory decentralized development planning with the elaborate set of village level planning tools from Son La, which was brought into the province, adapted, tested and further developed into a much leaner version. Further networks in the Dak Lak province were not built or strengthened as a means to developing competent systems for decentralized development planning.

Sector / Region: Participatory decentralized development planning has become an integral part of the government system throughout the province. As a response from outside, many study tours from neighbor provinces, national government and other donors drew on the experiences and achievements of Dak Lak province. The project always supported those interventions with facilitation, making appointments, design of visitors' programs, recommendations as to places to visit, financing for participation at meetings in neighbor provinces, etc.

DDP became a regular topic in communication with neighbor provinces, which generated a lively interaction on technical issues, procedures and necessary capacities to be built, that generated an important learning ground for further mutual learning and improvements.

The overall increased motivation at all levels for participatory planning and budgeting processes helped to create a stronger sense of responsibility and ownership particularly at the staff involved at commune and district level. Their involvement and contributions to a

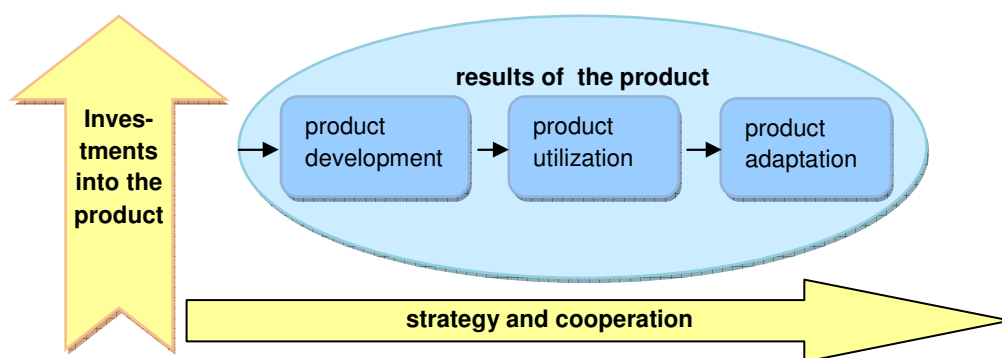
participatory process generated greater appreciation of government staff at villages and added value to the relationship between villagers and commune staff.

## Efficiency

Efficiency is being measured by the degree to which the resources invested in the development of a product are appropriate compared to the results achieved. Results should be looked at as a bundle of

- Technical product development (assist government to produce it)
- Institutional anchoring and roll out (government structures use it)
- Further adaptation and refinement after termination of support (government adds on quality)

Graph 5: Efficiency: Strategy and Cooperation for Good Investments: from Product Development to Product Adaptation



The product VDP / CDP integration into SEDP has reached the state of assured institutional anchoring and roll out. There are signs that government would further add on quality, but that process has apparently not yet started.

Important results achieved under product development and product roll out include

- Public Investments meet development demands of villagers with an enhanced role of villagers in planning for budget utilization,
- Higher effectiveness of government steered plan implementation
- Rising participation, self-determination and own investment by villagers
- Rising monitoring quality through villagers and government at all administrative levels

Due to high levels of commitment, the rather new approach to a demand oriented participatory village planning system and its integration into the SEDP was approved by the provincial government (PPC) as standard planning procedure and integrated into the regular provincial training programs. Guidelines for decentralized development planning approved for province-wide introduction were introduced in 08/ 2007. In 2009, the new approach to district and commune planning is applied in 100 % of the communes in all 12 districts, whereby public budgets are provided for at least 40% of the activities which are prioritized in ethnic minority villages. Target districts apply mechanisms for ethnic minority oriented commune development planning.

Strategic options of the project management were hardly given, since government through the provincial DPI took full responsibility and ownership, leaving little room for strategic

innovations to the German partner. However, decision making by the DPI was always felt professional and supportive to a speedy development and utilization of the product. DPI is pushing things as needed with clear and transparent communication systems.

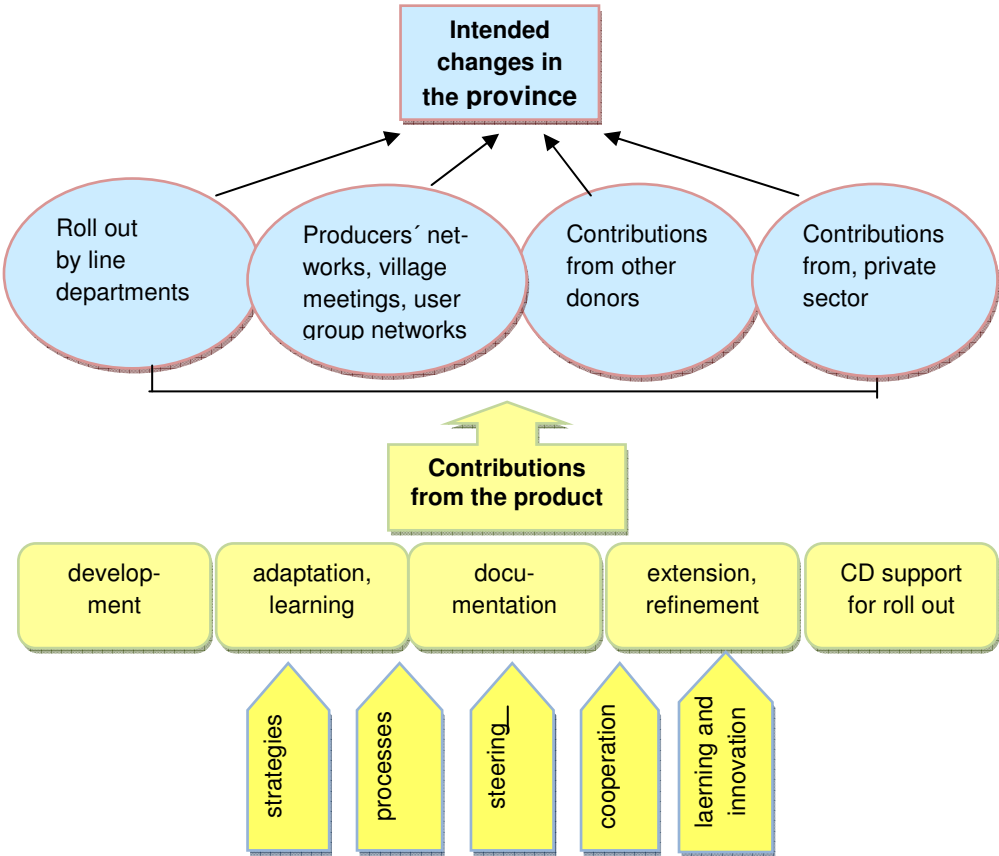
On the investment side comparatively little had to be contributed by the project. Initially, it took substantial time and resources to develop the product, since it needed adaptation in several rounds. The first draft product was too complex and expensive for government for wider application. Later, during the second half of the period of product development, no more international consultants were directly involved. Roll out and up-scaling by government happened largely without significant contributions from the project.

Given the fact that project contributions were intensive only initially, and that there is a fully developed product, tested and developed with partners, institutionalized, and contributing to national up-scaling processes, efficiency is considered high. There are also realistic expectations regarding continuity and further processes aiming at sustainability: During the last 2 years of product development and roll out, there was not any incidence at which the already available strategies were seriously questioned.

**Impact:**

Impact is defined as the contribution of the project to intended over-arching results in the region or the sector, which are beyond the direct influence of the project management.

Graph 6: Impact: Contribution to Intended Changes in Provinces and the Sector



Changes in the province: There are clear indications that during the project life time overall poverty in the province has been substantially reduced and the socio-economic situation in the province has improved. In the 4 target communes, the number of poor households in ethnic minority groups decreased from 78% to 55% by 2009, the overall poverty rates in the province could be reduced from 18% to 13%.

The early decision (2007) of provincial government for roll out the instrument of integrated participatory decentralized development planning was a major factor to this end. It facilitated better utilization of financial means from National Targeted Programs 132, 135 and 134 at district level, which in turn increased the impact on people's livelihood with the VDP-CDP incorporation into District SEDP.

Also, the socio-political situation has changed. Particularly poor ethnic minority groups developed a sense of belonging to decision making processes and feel being supported for their incorporation into government development programs. This helps their integration into mainstream development and adds to an improved overall security in the province. Horizontal communication flows between villagers and villages are increasing through meetings and producers' networks.

Sharing and learning cycles with DANIDA, ADB, and others in terms of concept development and capacity building was another important factor in support of leveraging the project achievements. Interaction with other donors in Dak Lak province was governed by a strong demand from national level that other donors in Dak Lak follow the procedures developed by RDDDL.

### Project contributions

The clear process orientation of the project during the initial period of product development and later for roll out mechanisms in combination with using available knowledge from within Vietnam for further innovation in the context of the Dak Lak province formed a decisive contribution to overarching benefits beyond the project objective. The focus on provision of communication opportunities and capacity development strategies for partners and partner structures at all levels opened new channels and modalities for learning.

Throughout the three phases the contributions from the project aimed at higher effectiveness of government steered participatory planning and plan implementation on the one hand and on mechanisms, structural changes, and procedures for rising participation and investments by villagers. The strategic orientation of the project along with strong steering and cooperation competence of the partner DPI contributed to the important harmonization of bottom up planning procedures with centrally organized budget flows. It was clear to all partners from the beginning that long term benefits can only be assured if the bottom up procedure meets with sufficient budgets, including the contribution from local people.

Further contributions to the revision of planning guidelines at national level and to strategies for making better use of National Targeted Programs 134 and 135 on the basis of improved consolidated planning documents at district level are important and complementary outputs to facilitate the increased participation of ethnic minorities in the economic development of Dak Lak Province (project objective).

## **5.4. The DDP Product of SMNR-CV in Quang Binh**

### Product approach and generation

The Village and Commune Development Planning (VDP - CDP) approach of Quang Binh was the outcome of a regional workshop in 2004 with participation of a number of provinces and the national MPI. The approach was developed by SMNR-CV and adopted by a number of large scale donor funded projects in the region. This VDP – CDP approach is in use also today, but depends heavily on available donor funding.

The integration of the VDP / CDP into the conventional Socio-Economic Development Planning (SEDP) and an official recognition of the method by the provincial authorities (PPC) as a participatory data supply mechanism for investment decisions was not feasible due to its demands on scarce government budgets available for the SEDP. The CDP / CDP method, therefore, was simplified and aligned with the financial means of the district and commune authorities. For streamlining and cost-saving the participatory planning exercise was shifted from the village to the commune level with the participation of village representatives. This maintained the core elements of participation and made the method manageable and affordable by local authorities. The slim version of VDP / CDP was named “Participatory Socio-economic Development Planning” (PSEDP), a planning approach which is no longer dependent on funds from outside government budgets.

The revised method PSEDP was approved by the Provincial People's Committee in 2007 and, after an extensive piloting phase, used for all communes of the province in 2008 along official public guidelines, and in 2009 with financial resources only from the public sector. The new system maintains participatory processes at commune level, the results of which are tabled for investments needs (mostly infrastructure) and public service delivery and aggregated at district and provincial levels as a reference for public budget allocations.

### Ownership: partners and networks

Initial intensive networking activities with participation of many provinces from the Central Region and partly large donors resulted in the “Provincial VDP Working Group” in 2004, which was committed to implement participatory planning exercises and which resulted in the wide acceptance of the new bottom up planning method VDP – CDP. These processes were steered by provincial DPIs. The rather elaborate planning approach was accepted and appreciated by DPI, even though it needed external financing. DPI in Quang Binh remained in the drivers’ seat when in 2007 the decision was taken to revise and slim down the VDP-CDP approach to the now officially used PSEDP. The strong ownership of provincial government is clearly expressed by the institutionalization of the PSEDP in 2008<sup>7</sup> and allocation of public funding for the planning round in 2009 in all 159 communes of the province.

### Relevance to people

Both versions of participatory planning are practiced in Quang Binh: the more elaborate and donor financed VDP – CDP and the lean and partner integrated PSEDP are felt as a decisive

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<sup>7</sup> PPC issued the decision 1039 /Q§-UBND on issuance and application of the new participatory SEDP procedure in all communes of Quang Binh

difference to the conventional top down planning approach. Both approaches contribute largely to a better understanding of commune authorities of the socio-economic situation, competences and development priorities of villagers. With both approaches villagers feel being invited and taken on board for decision making on the supply of essential government services and infrastructure development.

The partner integrated PSEDP approach, though being rather superficial in regard to capturing peoples' needs, still serves the important functions of informing government at commune and higher levels about apparent development priorities. It also provides the basis for peoples' feeling of being included in discussions and decision making processes. Important is, that the little room for participation of people suffices the requirements for mobilizing local people's contributions and directing government's resource flows. The relevance for government and people is evident from the fact, that approximately 60 % of peoples' priorities are being addressed with government funding.

#### Utilization of the product by the clients

The VDP – CDP approach is, in its original version developed by the SMNR-CV project, being used by other donor funded large scale loan and TA projects in the province, such as ADB, IFAD, and a number of NGOs. The application of the method follows the leadership and supervision of the DPI at district and province level. The supervisory function of the DPI has probably contributed to the realization, that government would, on the long run, also need a more profound and elaborate village planning exercise once in 5 years.

The DPI of Quang Binh province developed, on the basis of the leaner version of participatory development planning, the provincial guidelines on PSEDP, which is being applied throughout the province with public funding. At present the lean and government owned PSEDP is an important means to also channel funds from national targeted programs (134, 135) to districts for further use at communes and villages. It is thus an important contribution to a more effective and transparent approach to rural development and particularly to poverty reduction. The provincial government is comfortable in using PSEDP, because its application has only minor additional costs in comparison to the conventional (top-down) planning

#### Expansion, scaling up, and quality addition

It is expected that the DPI of Quang Binh will continue to draw on the VDP - CDP (which is still used by donor projects). The VDP-CDP has the potential to serve as an excellent reference for the further development of the government owned PSEDP. It is clear to the provincial government, that the presently used PSEDP needs further improvement, which can be managed by a kind of merger between the 2 approaches: a more elaborate participatory planning exercise at village level every 5 years (close to the CDP – CDP approach) with the shorter version (the presently used PSEDP) in between the years for an annual update. The application of this merged version would be financed from government resources. Inter-provincial meetings with participation from provinces of Central Vietnam and the organization of study tours from and to Quang Binh province promoted the initiation of a roll out process for PSEDP in the region.

The strict and continuous integration of project strategies and activities into partner structures was an important factor for creation of high attention not only at provincial, but also on

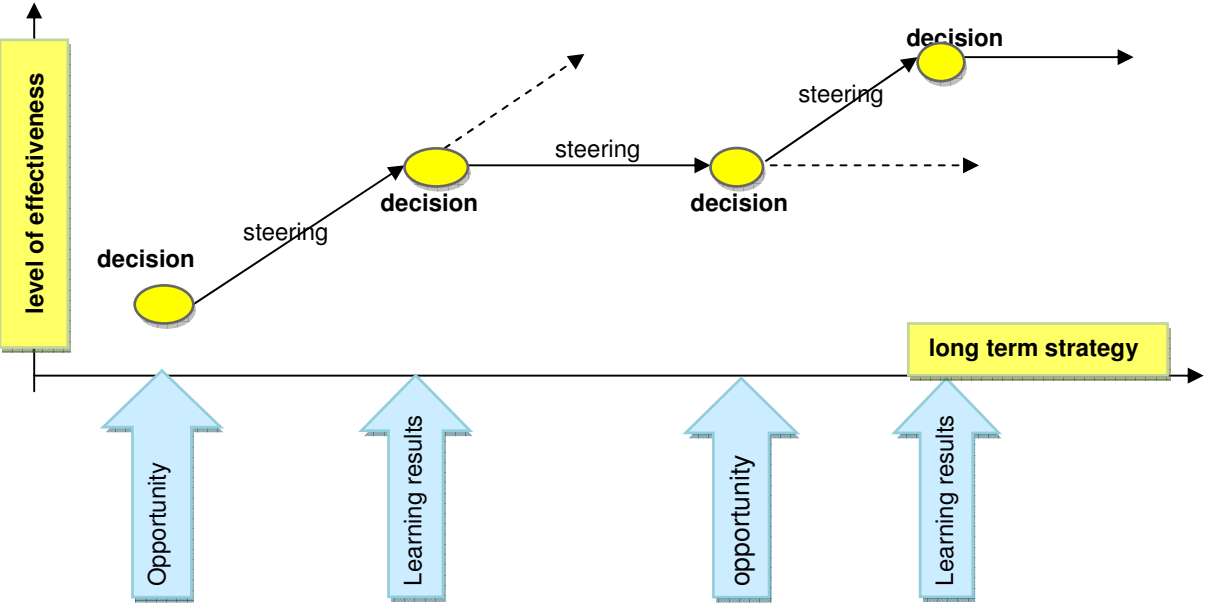
national level. As it is the case for the national utilization of lessons learned from the participatory DDP at Dak Lak, also the processes in Quang Binh provide a major contribution to the ongoing revision of the national planning law by the MPI.

**5.5. Lessons Learned from SMNR-CV in Quang Binh**

**Effectiveness**

Strategies in the context of German TC are seen as a combination of steering, goal oriented long term planning, decision making and the capacity to react flexibly to events, opportunities and results from learning. Better strategies raise the level effectiveness

Graph 7: Using Opportunities towards Effectiveness: Processes and Strategies



The project developed initially an elaborate approach to a village based participatory bottom up planning system, which was overly detailed, time consuming, and too expensive for government to be integrated into the conventional SEDP. Through various stages of learning and adaptation for higher effectiveness the project eventually contributed successfully to the development and province wide application of the provincial guideline on PSED.

Decision 1: The VDP-CDP method had been introduced and implemented by the project on a limited scale. An interprovincial workshop in 2004 (with the attendance of 9 provinces from the Central Region, the MPI and a large number of donor-supported projects) generated the decision of the Provincial People’s Committees in the provinces of Quang Binh, Quang Tri and Hue to establish “Provincial VDP Working Groups” in their Departments of Planning and Investment (DPI). The working groups were to implement participatory planning exercises at local levels, based on the existing VDP-CDP method.

Decision 2: The pilot implementation of VDP – CDP during 2005-2006 covered all communes in selected pilot districts of Quang Binh (more than 500 villages). “VDP support groups” were operational under the leadership of the provincial DPI, while the implementation of the local development plans remained heavily dependent on finance provided by donor support. An

assessment of the VDP-CDP method in the beginning of 2007 concluded that the full integration of the VDP-CDP method into the conventional SEDP could realistically not be expected. An official recognition of the VDP-CDP method by the provincial authorities (PPC), including a firm commitment to finance the large scale application and to use its outputs for investment decisions on public budgets, was not in sight.

Decision 3: The provincial government and the project jointly decided to align participatory decentralized development planning methods with the administrative requirements and financial means of the provincial DPI, district and commune authorities. The provincial planning authorities, assisted by the project, revised and simplified the VDP-CDP method in early 2007. The label of the method was changed from VDP-CDP (perceived as donor-driven) to “Participatory Socio-economic Development Planning” (PSEDP). From this point onwards, both methods were practiced and used, by donor funded projects and provincial government, respectively. With approval of the Provincial People’s Committee, the revised method of PSEDP was applied in the planning cycle of 2007 on a larger scale pilot basis (all communes in 4 of 7 districts).

Decision 4: The project supported the provincial DPI with further capacity development measures, tight monitoring, and financial contributions for testing and wider application. After one year of piloting and further assessment of the suitability of the PSEDP method, the Provincial People’s Committee of Quang Binh issued a decision in June 2008, declaring “participatory SEDP” the official and mandatory planning method in the province. The Guideline on Participatory SEDP was officially approved.

Decision 5: Consultative Groups, which were founded earlier for providing support to institutionalizing PSEDP, were further used for monitoring, adaptation and integration of the new method into line departments. The annual planning in 2008 covered all 159 communes of the province and was largely successful. The 2009 round of full PSEDP application was funded entirely by government budgets and outlined the plans to be implemented in 2010.

The presently used system will experience further development. The provincial DPI decided to use some more elements of the previous VDP – CDP and create an updated and probably enlarged version of PSEDP, making it a more participatory method. This version will include a larger 5 year planning part and shorter annual plan updates in between. The improved version is again to be financed with government resources.

Decision 6: The national MPI is in the process of revising the national law on planning. Guidelines on Participatory SEDP had already been issued. More steps are already decided and shall be incorporated soon.

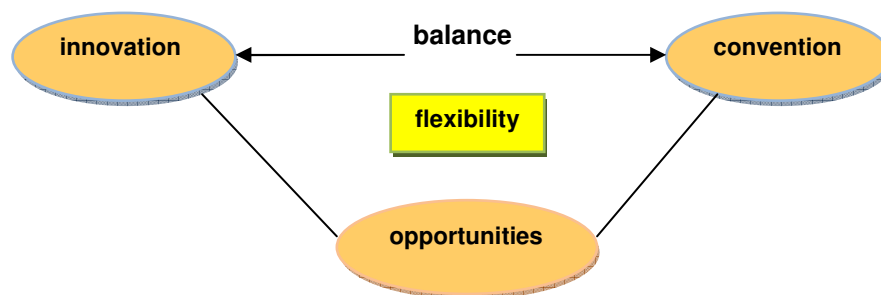
## Flexibility

German Technical Cooperation has to find the balance on the continuum between different demands:

- long term sustainability through a clear demand orientation of products and integration of product development into conventional partner procedures, and,
- on the other side of the continuum: innovations in terms of technical, legal or institutional procedures.

The right balance requires strategic orientation and uses upcoming opportunities during the implementation processes.

Graph 8: Flexibility Keeping the Right Balance between Innovation and Integration into Conventional Partner Procedures



The SMNR-CV inherited a mandate from the predecessor project to support the province in developing methods for participatory decentralized development planning. Compared with the conventional top down planning procedures, the initial VDP – CDP approach was very elaborate and cumbersome for government structures, but on the other hand rather innovative in terms of

- Development of planning contents on the basis of needs by people instead of needs by the government system,
- Aggregation of planning contents from the bottom to the top instead of dissemination from top to bottom,
- Involving the level of villages into the planning process, which are not part of the administrative system
- Adapting budget allocations to established plans instead of adapting plans to existing budget allocations

Even though the provincial DPI was “steering” the development of this approach from the beginning, the dilemma of integrating an innovative and relatively costly approach into a rigid and financially poorly equipped government machinery became obvious soon. At this point, the project was left with 2 options: either to bury the approach as non feasible and leave further utilization to donor funded projects, or to radically change and adapt the approach to a feasible shape, knowing that this meant sacrifices in terms of quality, standards and expected impact.

The long term strategy of the project used in a flexible manner a number of upcoming opportunities, which helped to enter new cycles of learning and adaptation by way of:

- larger communication and debates through regional workshops, networking with other donors,
- political pressure from national level to develop and demonstrate effective participatory planning approaches,
- changes in the leadership system of partner institutions, openness to assessment for scaling up opportunities,
- demonstration through analysis, documentation.

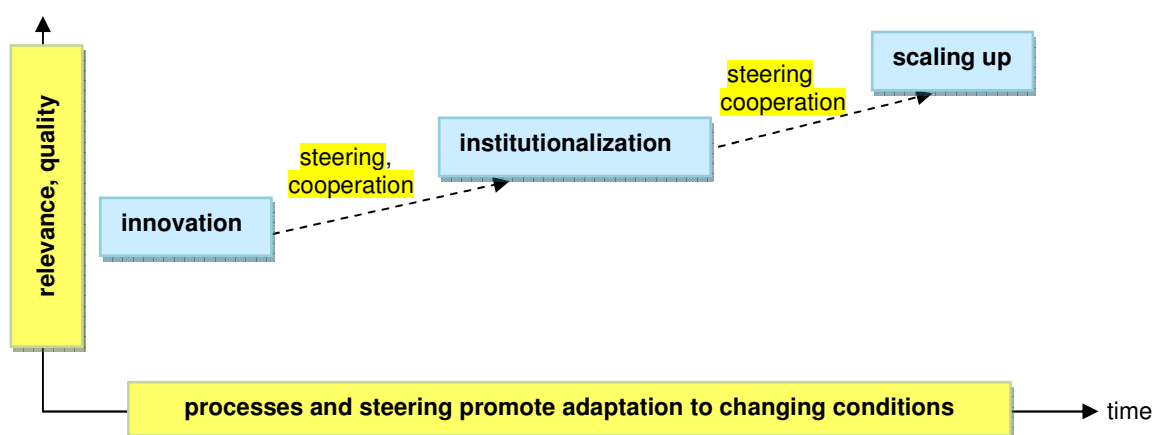
On the other hand, the project organized institutional engineering through delegating and resourcing necessary negotiations to political processes “behind the curtain”: the installation and support of a Consultative Group of key persons from partner institutions, which was a decisive step and vehicle for smoothing the path to institutionalization without using official administrative procedures, whenever possible.

Both worked into the envisaged direction: sacrificed levels of quality and innovation by the project opened up potentials for ownership and scaling up through government. A process, which again was capacitated, monitored and resourced by the project. That in turn generated a desire by government for higher effectiveness and impact, as soon as official guidelines were out and followed, and created new arenas for exercising further rounds of capacitating the system to higher levels of performance. Important during the course of these loops was certainly a trustful and collegial relationship with the key partners at the province, and transparent communication and decision making by the provincial partners.

### Relevance and Sustainability:

Sustainability measures the probability that the positive results of the product will continue beyond the end of assistance. Sustainability is primarily a question of institutionalization, roll out and scaling up. It depends to a high degree on the continuous or increasing relevance and quality of the product.

Graph 9: Keeping Relevance and Quality for Sustainability: Processes and Steering Promote Adaptation to Changing Conditions



The institutional sustainability of the approach PSEDP, including scaling up processes at provincial, regional and national level through government is apparent by

- The issuing of provincial guidelines on PSEDP by the PPC in 2008,

- The application of the PSED approach in all 159 communes of the province in 2008 and in 2009 without financial support from the project,
- The ongoing revision of the national law on planning by MPI with inputs from Quang Binh province.

The longer and more elaborate VDP – CDP, however, has not proven to be sustainable in terms of getting to the level of institutionalization, due to the simple reason that the administrative system of government cannot afford to use this approach. Sustainability is here limited to the existence of donor funding.

Processes and steering for adapting to changing conditions: Grassroots democracy and participation movements in Vietnam started before the commencement of the SMNR- CV project. The implementation processes, however, were moving parallel to the 2 phases of the project. These processes have to be seen in line with a general change of the public mind set and leadership, and increasing market orientation of the country.

With more donors supporting participatory and bottom up approaches, the provincial government felt encouraged to pursue the upcoming opportunity while allowing donor supported projects to allocate their resources not through the government system, but along their own agenda. Those development funds were still felt as a resource, not as a disturbance to the institutionalization process of proven approaches. DPI as a coordinating body at province level makes sure that donor projects province follow broader policy directions. In the case of SMNR CV, the provincial DPI took the opportunity provided by the project to fully use available resources for the development and institutionalization of the PSED approach along available government views, resources and development objectives.

Keeping relevance and quality: The provincial DPI is aware that long term benefits from participatory planning are only assured if the bottom up procedure meets with sufficient budgets. In this regard, DPI manages the resource flows from available National Targeted Programs at district level for different aspects of rural development, and monitors that their utilization is integrated into the PSED. An important issue here is higher transparency about available funding for villagers and the commune planning division at the time of SEDP establishment at lower levels. The District administration is aware of those National Targeted Programs and can plan their utilization at the time of balancing expected costs of aggregated commune PSEDPs at district level.

Participatory planning through village participation at commune planning discussions opens up new communication channels for people. The administration is aware, that an increasing two way communication is key to the necessary awareness of priorities and competences of village people and thus to a more effective and sustainable use of resources. It is expected that the initiated processes of higher transparency generate their own momentum towards peoples' empowerment to voice their concerns and know their rights.

The process of involving people in decision making procedures will continue, and will further develop in quality. The DPI has started action towards enriching the slim and reduced participation of village people in PSED by means of introducing a more elaborate VDP – CDP process every 5 years, which would involve the coordinated inputs from mass organizations, associations, local people, and local authorities. Additional requirements, as seen by the provincial leadership for improved quality of the bottom up participatory planning approach, would include

- a revised or adapted budget for local level participation, which would allow local administrative and planning staff to actually spend more time with villagers<sup>8</sup> than is possible with the presently available budget provisions,
- a more elaborate discussion with villagers on their potential contributions to infrastructure development, leading to a better mobilization of local resources,
- clarification of roles and functions of CPC chairpersons in implementation of the participatory method,
- more ToT courses and trainings on planning procedures for commune staff, village heads, and other functionaries,
- resource persons for coaching staff during the aggregation processes at district and province level.

## 6. Component Community Forestry

### 6.1. Important Details of the Component

#### Definition, general description<sup>9</sup>

In the context of Vietnam, community forestry (CFM) refers to a broad range of managerial arrangements for forest management, normally for village communities or forest user groups. Land use rights are provided through legal recognized land use, contractual arrangements, or legal long-term land titles (red books). For both rural development projects in Dak Lak and Quang Binh, CFM is referred to as any managerial arrangements in which local people are jointly engaged in managing natural forest resources inside their community boundaries, for which long-term utilization rights have been handed over by the state. This concept comprises village communities or groups of households (forest user groups) which exercise joint forest protection, joint forest management and have benefit sharing arrangements.

In Vietnam CFM is understood as the sequence of the whole range of the four packages<sup>10</sup>:

- Participatory land use planning (PLUP)
- Forest and forest land allocation (FLA)
- Forest protection and development regulations (FPDR)
- Community forest management (CFM)

CFM becomes slowly an officially recognized way of forest and forest land management, particularly for ethnic minorities in medium and rich natural forests. The RDDDL intervention in Dak Lak province is a prominent example. But CFM today still plays a comparative small role in the overall Vietnam forest sector. At the end of 2007, about 10 million ha of forest land were allocated to private and public enterprises, management boards, households and

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<sup>8</sup> The present costs of a 3 days larger exercise are estimated at a minimum of 1.0 million Dong, for the annual smaller half day exercises at 250,000 to 300,000 Dong.

<sup>9</sup> In [ANNEX 10](#): CFM Steps, more details are provided. For a general overview of CF in Vietnam see the Study by Bjoern Wode on State of the Art of Community Forestry in Vietnam, 2009

<sup>10</sup> Detailed descriptions of the various steps under each package are provided in ANNEX 10

individuals, etc., out of which only 70,000 ha (0,7%) were allocated to communities. Besides CFM practices on the basis of forest land allocated to communities, CFM, on the basis of land allocated to individual households, which practice CBFM as user groups has a huge potential in Vietnam. This form is also practiced by Kinh people, who got individual land titles (red books), often in degraded natural forests. This will be demonstrated for the case of SMNR-CV in Quang Binh province.

#### Government policies relevant for the component

CFM implementation depends, as any other forest management modality, on the availability of a conducive national policy frame and legislation. However, it ultimately relies on the provincial commitment towards developing detailed regulations suitable for the respective socio-ecological conditions of the province. In view of a national roll-out of CFM in Vietnam it is expected that only selected regions/ provinces will implement CFM schemes on a larger scale, namely the Northwest, North Central, Central coast and Central highlands region. The growing concern by administration and policy makers over diminishing areas and wealth of natural forests and the realization, that CFM can be an easy to administer forest management modality for more effective forest protection could eventually speed up the processes of forest land allocation to communities. This may be further supported by the currently completed re-classification of three types of forests, which resulted in a significant reduction of protection forest areas and further freed additional forest land to be reallocated to local population. Also the process of privatization of State Forest Enterprises (SFE), which still occupies the largest segment of forest lands in Vietnam, might free more land for CFM.

However, successful forest protection and forest management practices will largely depend on the quality of natural forests on allocated forest land. Effective forest protection by ethnic minority communities or forest user groups can only be expected with available short term income opportunities from forest land.

The Forestry Development Strategy 2006 – 2020, which is based on the Forest Protection and Development Law (2004), was signed in 2007, and mentions CFM prominently at various places and under various headings<sup>11</sup>:

There are many legal documents for the whole range of CFM related packages, which are listed in ANNEX 9<sup>12</sup>:

#### Objectives of the approach

Forest protection and forest management need to be sustainable by provision of sufficient tangible benefits to the forest owner on a long-term basis. In the context of CFM this clearly means sustainable timber harvest from natural production forests or from forest plantations. The key to sustainable use of forest resources is the contribution to livelihood improvement by provision of valuable timber or other goods from forests for self-consumption and commercial sale.

Application of regulations for timber harvest from natural forests or plantation forests must not be based on cumbersome bureaucratic procedures which are by far exceeding available

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<sup>11</sup> See here ANNEX 9: CF: List of important government regulations, Relevant Text for CF in the National Forestry Strategy

<sup>12</sup> A comprehensive list of CF-related legal documents is in ANNEX 9

capacities of villagers and the local administration alike. In the long run village level or user group level harvesting planning, based on the approved five-year village forest management plan, has to become a compulsory part of the provincial harvesting quota similar to other large-scale forest companies. Only if CFM based timber harvest enters institutional provincial and district forest planning, procedures within the capacities at village level can be defined and sustained.

Effective forest protection needs raised responsibilities of villagers. Forest protection, however, requires practical procedures for punishment for forest violation cases. Strict enforcement of forest protection provides for a crucial incentive to comply with harvesting regulations as stated in approved forest management plans. Effective forest protection requires close collaboration with local authorities, since villagers cannot apply penalties administratively.

For areas, where forest land is a major portion of available land, direct short, medium and long term income from forest land for both: home consumption and commercial sales, should make a significant contribution to the household economy, peoples' livelihood, and thus contribute to poverty alleviation.

#### Participation, the marked difference to previous government approaches

CFM is, in the Forestry Development Strategy 2006 - 2020 referred to as "...development of mechanisms to promote the participation of private sector, community, and households in forestry activities..." and "...development of community forestry management...".

The national forest development orientation of Vietnam has been, for a number of years, supportive to participatory and decentralized approaches for sustainable forest management, and in particular to CFM.

However, strategic objectives are often not adequately reflected in national and provincial programs / policies and no clear budget lines for a targeted implementation in the field are made available so far. Despite CFM being detailed as a key outcome under the national forest strategy, and as a clear state commitment towards active promotion of economic private forest management, actual implementation is lacking far behind defined targets.

CFM development apparently is depending to a great extent on the commitment of the provincial authorities rather than on a detailed national policy frame and in many cases provinces are even anticipating national policy development. Major achievements under CFM, as experienced in Dak Lak and Quang Binh provinces, were only possible due to a strong commitment from the provincial leadership. In this way provincial initiatives have effectively contributed to and significantly shaped national policy development<sup>13</sup>.

Methodologies have been developed, refined and expanded for over a decade through a sequence of successive technical cooperation projects and resulted in a common CFM concept for Vietnam. Technical procedures are documented in numerous project guidelines and comprehensive training materials to provide sufficient guidance for implementing agencies and participating communities. Methodologies ensure full participation of forest users in all planning and decision-making procedures and have proven feasible under

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<sup>13</sup> In Quang Binh province detailed provincial guidelines on CFM are officially approved since July 2009 and in Dak Lak provincial guidelines are expected by the end of 2009.

various sociological and ecological environments. Existing capacities and personnel under current communal and district administration are sufficient to effectively supervise communities in sustainable forest management once they have been exposed to a comprehensive on-the-job training on their new responsibilities under CFM. Local communities have proven a very effective protection force with active patrolling inside the forest preventing forest degradation

## **6.2. The CF Product of RDDL in Dak Lak province**

### Product approach and product generation

RDDL interventions within CFM in Dak Lak province dealt with many of the topics and steps of the sequential approach:

- Participatory land use planning (PLUP) / Forest land allocation (FLA)
- Silviculture and harvesting guidelines
- Sustainable forest model
- Forest protection and development regulations (FPDR)
- Benefit sharing mechanism for timber and firewood

The most significant and hence important product of RDDL in CFM particularly over the last years falls within the fifth package of CFM and deals with “benefit sharing mechanisms for timber and firewood”. Dak Lak, with the support from RDDL, has become the most prominent province in Vietnam with regards to benefit sharing under CFM. The province has anticipated national regulations (Decision 178) and created their own regulations within the framework of 2 pilots, which have been supported by RDDL. An important deviation from Decision 178 is that the timber, from which benefit is to be shared, is not limited to the additional increment after land allocation, but by growth above the ideal structure of natural forests along a model of diameter distribution on a given area. This practice aims at an improved structure of natural forests after harvesting<sup>14</sup>.

Benefit sharing for commercial timber use is practiced in the following way:

Estimated value of timber

- cost of harvest and transport to the road side, which is 25 to 30%.
- 15-40% natural resources tax (average 30%, depends on timber class)
- 10% commune levy for services in forest protection and other activities

= the amount, which can be used by the village community along their criteria.

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<sup>14</sup> Sustainable Forest Model (SFM) is used as a tool to identify the sustainable harvesting amount of timber and firewood. The model displays the distribution of tree number over different diameter classes. By comparing the actual tree number obtained through the forest inventory of each block with the SFM, the surplus of tree (if any) realized in each diameter class within a 5-year planning period is the amount that the community can harvest and benefit. Therefore, any extraction form of forest (harvesting, thinning, enrichment) is aimed at improving the existing forest structure towards the sustainable forest model. For further details see the report of Bjoern Wode.

Villages use the remaining amount for re-investment in the forest through enrichment planting, setting up a village fund, equipment for forest protection, some amount for the poor, the rest divided by the households, which participate in CFM.

In the past 5 years, RDDL has assisted the Department of Agriculture and Rural Development (DARD) in implementing the CFM benefit sharing mechanism in timber harvesting for commercial purpose in two villages. The objective of RDDL was: “provincial development of guidelines for benefit sharing, technical and administrative procedures in the framework of CFM”. The pilots have been done successfully, technical and procedural guidelines<sup>15</sup> are developed and documented by provincial DARD offices, and finally approved by the provincial PC by the end of the year 2009.

#### Ownership: partners and networks

Provincial policy development in Vietnam reveals to be rather autonomous from national development and can even anticipate and pro-actively progress ahead of national level decisions. Dak Lak province has a comparative long history in leading the development of processes and guidelines for CFM in Vietnam. The initial stages of CFM with PLUP-FLA of forest land with standing timber to ethnic minorities were a pioneering model of Dak Lak province already 10 years ago. DARD introduces financial mechanisms to promote FLA/CFM in the province in almost 20 communes by now.

Benefit sharing mechanism and its detailed procedures in Dak Lak province, as developed and piloted by RDDL for further provincial approval<sup>16</sup>, differ from what is being described in the national Decision No 178 (2001) and differ also from the procedures as laid down in Decision No 40 (2005), both of them issued by MARD on promulgation of timber harvest and other forest products regulations. So far both national Decisions have not been applied, since they are not clear and practicable for the specific situation of CFM. The benefit sharing guidelines, as developed by Dak Lak province, must be understood as an important potential contribution to the development and applicability of the yet unclear 178 Decision.

The design of benefit sharing mechanism and its procedures has been strongly supported by the results of the community forest management (CFM) pilot conducted successfully by the Department of Agriculture and Rural Development of Dak Lak Province in 2006. It was supported by RDDL and driven, and steered by the Director of Dak Lak Forest Department.

Another very important supportive factor was the long term involvement of the Tay Nguyen University. Their role was decisive for influencing policy making also at national level. Tay Nguyen University provided technical support for quality assurance, and helped to document and present innovative methods in CFM inside and outside Vietnam.

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<sup>15</sup> Guidelines developed by RDDL together with DARD include procedures for planning, implementation, harvesting and administration

<sup>16</sup> As enabled in Decision No. 2010UBND-NL dated May 2008 by Dak Lak PPC, Krong Bong district is allowed for the implementation of CFM and benefit sharing pilots. In June 2008, along Decision No. 1334/QD-UBND in Krong Bong district, a working group was established to support the implementation of the CFM pilots in Tul village, Yang Mao commune.

The consultative provincial working group on Forest Land Allocation & Joined Forest Management was another important instrument for getting the political support for the innovative CFM approach in Dak Lak. The Consultative Group delivered an ongoing networking function, got other departments on board, influenced the PPC, and played a decisive advisory role for DARD and RDDL.

Two district Forest Protection offices and district PC were important supporters and also carriers of the piloting approach and played a decisive role for implementation, monitoring and capacity development measures for benefit sharing.

### Relevance to people

Benefit sharing is particularly relevant for indigenous ethnic minorities, who are normally the custodians for natural forests in the province Dak Lak. Ethnic minorities usually have limited market access, and direct income from sustainable use of natural forests is a significant contribution to their livelihood.

Income generation: Substantial income generation as a pre-condition for, and in combination with, forest protection is being appreciated by villagers, even though initially only small amounts per household are available<sup>17</sup>. Villagers have additional access to cash through the village fund and get paid for their personal time investment in terms of 80.000 Dong per day for protection and 60.000 Dong per day for cleaning. These prices are set by the villagers and are documented in the village FPRD. Further villagers are allowed to use NTFPs and have better access to forest materials for house construction or other agricultural practices.

Organizational competences: CFM with benefit sharing helps communities to define and exercise their ownership and responsibilities for their allocated forests. This in turn raises managerial and organizational competences. Institutional arrangements at village level, such as the development of FPDR, setting up a village forest management board and joint management of forest protection and development help to sustain community spirit and build their self-confidence. Community funds have been properly utilized for common purposes and necessary activities specified in village forest development plans.

Improvement of the status of natural resources: Effective forest protection in combination with sustainable forest management supported through benefit sharing helps to reduce shifting cultivation, land conversion for cash crop cultivation, and illegal logging.

Organization of outside support: villagers of ethnic minority groups learn to interact constructively with the CPC, which plays a decisive role in a number of steps for benefit sharing: harvesting costs and minimum timber prices are announced by the CPC and trusted upon by villagers. This support is being appreciated, but not fully understood and not always transparent. Villagers don't have any alternative as long as harvested volumes are small and

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<sup>17</sup> After all official payments and deductions, about 2 million Dong per household are left. This payment is to be seen in comparison to the transaction costs (apart from actual physical work), such as 5 year planning and annual planning, quarterly meetings, regular contacts with district DARD and with CPC, constitution of the Village Forest Management Board, organization of forest protection, organization of joint production, silviculture practices, benefit sharing, etc. On the other side this income was only part of the five-year harvest quota and most of the activities have to be done only during the initial period.

villagers have not learned to organize themselves into larger organizational units for reaching better economies of scale.

#### Utilization of the product by the clients:

National level: PLUP-FLA is implemented in line with the national Decree 181 and Circular 38 of MARD. The national Decision 178 was not found practicable. This generated demands for piloting on provincial level for development and testing modalities for benefit sharing. MARD has confirmed this demand and welcomes provincial guideline development, which can be used for a national improved regulatory framework.

Province and district: during the last months of 2009 DARD has consolidated all technical guidelines for Community Forest Management, benefit sharing mechanism in timber harvesting for commercial purposes, and administrative procedures in CFM and then submitted them to PPC for approval for province wide application. All provincial communities with ethnic minority groups can now be considered for developing capacities for CFM with benefit sharing. The guidelines help to develop regulations which are in line with legal requirements, and understandable for villagers. The guidelines also help to specify and practice decision making powers of the community in development of regulation.

Further areas to be worked upon: Up to now, the 2 pilots in Dak Lak province on benefit sharing are regarded as a good method to attract local people's participation in forest management, and strengthen collaboration between commune authorities, district forest offices and villagers. Thus, lessons learnt should be drawn for wider application and follow-up support on a number of important issues, such as:

- the natural resource tax is high for community. The amount of tax should be either lessened or parts of the tax should be invested in technical and procedural advisory services (by private sector) to reduce work load for GPC and district forest offices,
- staff at district and commune level need more capacity development to support CFM,
- decentralization of administrative procedures should be clear (who at what level is exactly in charge of what?),
- strengthen the role of local forest protection officers in the process of planning, monitoring and supporting communities to apply regulations,
- establish CFM working groups with representatives from provincial, district levels to appraise documents and improve quality of documents,
- training on community fund management and technical guidance for community on forest plantation and forest enrichment.

#### Expansion, scaling up, and quality addition

So far the implementation of procedures for CFM and benefit sharing remains limited to pilot scale only, with no feasible national policy frame elaborated yet. Provincial initiatives in Central Highlands (including the 2 pilots in Dak Lak province) have pro-actively piloted simplified procedures with six benefit sharing pilots completed. Pilot results revealed that under scenarios where productive forest resources are handed over to local population, tangible benefits from sustainable timber utilization can be generated ensuring the long-term economic viability of CFM. It has been found that piloted approaches and technical practice

are relevant and applicable for the communities. Benefit sharing mechanism from timber harvesting for commercial purpose opens up opportunities for income generation.

CFM with benefit sharing is suitable in even poor forests of Dak Lak province. CFM with benefit sharing is suitable in almost 80% of natural forests in the province.

Institutional and legal considerations for scaling up: For the acknowledgement and application of CFM with timber harvesting for commercial purpose and benefit sharing mechanism all spheres of government play a significant role:

- Commune level has proven crucial in providing logistical and organizational support to communities during planning and reporting procedures and to link grass roots level with district authorities.
- District and provincial level (DARD) form the main body for timber harvest approval as detailed in community planning and utilization schemes and provide legal backing on forest protection enforcement by the community. DARD is the key organization for finalizing CFM guidelines and supporting FLA and CFM procedures. DARD also provides instructions on agricultural practices.
- The provincial government (PPC) has approved the application of standards for benefit sharing in community forestry for the entire province.
- The national level: MARD has to accept and approve core elements of the benefit sharing based CFM concept and issue general regulations.

Requirements towards higher attractiveness for local people: Administrative procedures need to be further simplified as they were implemented during the pilots. Without project support administrative procedures remain cumbersome. Remaining community funds after all deductions should have a higher percentage.

Capacities and competences in administrative, technical and organizational terms of communities need to be built and strengthened in coming years.

Forest protection by local people is to be re-enforced and supported by local authorities, so that CFM implementation is not hampered by illegal logging. Particularly the role of forest protection officers should be strengthened.

Modalities have to be found that village forest management boards can open and use bank accounts

Requirements for more capacity building of the system: DARD and DPCs have to be capable to guide and support CFM processes and in particular benefit sharing by ethnic minority groups. Capacities include knowledge and attitudes of staff, skills and resources to organize participatory approaches, knowledge and skills to understand and apply technical parameters..Local administration needs to be equipped with an unambiguous mandate and sufficient decision-making power to effectively support CFM at the implementation level.

Communities need to understand and be able to use timber markets for managing auctions properly, including minimum prices for different timber quality classes, costs of harvest and transport, knowledge of private sector dealers and wood processing enterprises. Villagers need to organize things on their own and no more need support from the commune.

General limitations for roll out and scaling up: The current national legislation cannot accommodate the demand of local people regarding major forest products and needs to be adjusted before a comprehensive roll-out of CFM can be feasible. National technical guidelines on forest management are designed for large scale commercial concession management and are not applicable for CFM. National technical guidelines on planning, approval and benefit sharing regulations remain overly complex and are not understood and applied by local administration.

At present administrative support to communities is not considered sustainable without project support due to the following reasons:

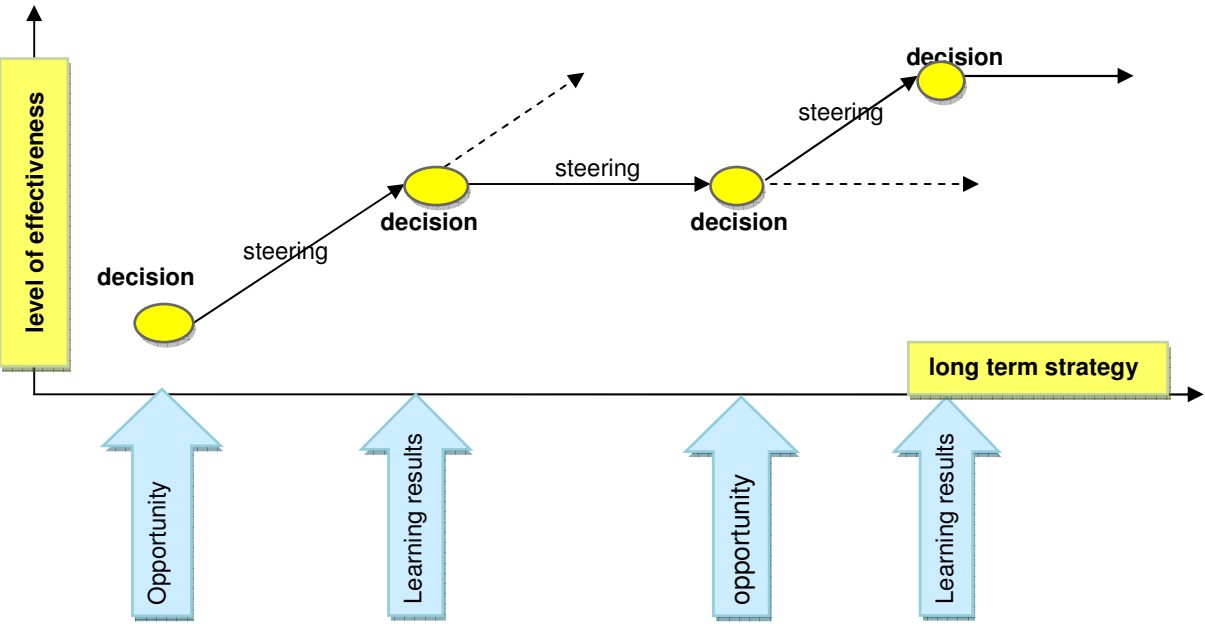
- New procedures and responsibilities under CFM are not yet part of the legal job-description of forestry staff at all levels. Sufficient attitudes, knowledge and skills cannot be assumed yet.
- Legal decision-making power of lower administration is still too limited to effectively support communities. Insufficient backing from higher level to provide a clear mandate for local authorities to support the process is often observed
- State control over forest resource utilization remains centralized and overregulated.
- Agro-forestry extension system is still technically weak and cannot provide demand-driven support to communities.

**6.3. Lessons Learned from RDDL in Dak Lak**

**Effectiveness**

Strategies in the context of German TC are seen as a combination of steering, goal oriented long term planning, decision making and the capacity to react flexibly to events, opportunities and results from learning. Better strategies raise the level effectiveness

Graph 10: Using Opportunities towards Effectiveness: Processes and Strategies



RDDL as a rural development project has the provincial Department of Planning and Investment as the main partner. For the CFM component RDDL partnered with the Forest Development Department of DARD. Other institutions such as DPC/ CPC and DONRE are involved as well. The forest development department was clearly in the lead position for most legal, procedural and service aspects around CFM and benefit sharing. This function is going to be transferred to the forest protection department in future.

RDDL supported throughout the project phases a CFM Consultative Group comprising key persons from important institutions of Dak Lak dealing with CFM. The CFM Consultative Group turned out to be instrumental for the development of the methodology and was also an important steering instrument for getting other departments on board and providing strategic advice to the PPC.

Milestones in the process: CFM as a system is a set of steps, which need to build on one another. This set was sanctioned by MARD at a national workshop on CFM in 2003, which built a work plan for coordination of all national programs and donors in Vietnam along logical sequences. MARD monitored the processes through consultants, who were invited by various projects. The overall CFM concept was identified as a strategy for Dak Lak province following this national workshop in 2003. Following decisive points conditioned and influenced further the strategy of the project:

- The option to concentrate on benefit sharing came up in 2004 and started with piloting in one commune. Contributions from Dak Lak for a wanted revision of Decision 178 by MARD supported this decision. A number of pre-steps for benefit sharing needed to be done.
- The new forest law of 2004 made land allocation to ethnic minority communities legally possible. It had been done by the province Dak Lak already before and thus was not a decisive change for the project.
- Guidelines for participatory FLA were approved in 2005 and further updated in 2007. The update is not yet finally approved, but is used for increased participation of ethnic minorities in economic development. This was an important factor for RDDL project goal achievement.
- In 2006, timber from CFM managed natural forest (336 m<sup>3</sup>) in the first pilot was auctioned by the community for the first time in Vietnam. Benefits were shared with government institutions and also partly reinvested into forest protection.
- Circular 38 in 2007 proposed a certain way for doing forest inventory, which meant a change and adaptation of methods, which had been developed so far. This Circular 38 influenced the second pilot of RDDL in Dak Lak and led to an adaptation of methods for modeling.
- In 2007 land allocation processes as supported by RDDL were interrupted due to uncontrolled logging around and partly inside the first benefit sharing pilot in one target district.
- In 2008 DARD received the ok from the PPC for a second RDDL pilot on benefit sharing from CFM in another district. In both pilots, forests have been allocated with the red books since 2001 to the communities for long-term use. However, since the allocation, the communities had not implemented activities due to lack of technical

assistance, policies, regulations, etc. Thus, such early allocation had not brought remarkable benefits to the local people.

- In 2009 timber from CFM managed natural forests (400 m<sup>3</sup>) was auctioned and benefits were shared between communities and government. Experiences from benefit sharing in 2 pilots were analyzed and presented in August 2009 at a provincial workshop by DARD with support from RDDDL. This workshop drew lessons learnt on the CFM approach and the benefit sharing mechanism from timber harvesting for commercial purpose in community forestry.
- With assistance from RDDDL, DARD summarized available experiences, and presented those to the PPC at the end of 2009. Dak Lak PPC has approval and issued provincial guidelines on CFM with benefit sharing for wider application in Dak Lak, which will perhaps be followed by other provinces of the Central Highlands.

Important achievements in the implementation of the pilots in Dak Lak province have been constantly captured, analyzed and presented to provincial authorities for further development of guidelines and technical / institutional methodologies. Particularly due to the fact that community forests have been well protected and managed and forest harvesting has brought benefits to the local people, the development in those 2 pilots has created great opportunities for significant contributions to effective implementation and further qualitative development of CFM in other districts and provinces.

Possibilities and limitations of a project strategy: RDDDL built its strategy on national and province demands and added innovation by developing inputs on institutional and technical procedure. The national request given to the province for further development of circulars became a decisive opportunity for RDDDL to transform complicated processes / formulas into workable and practical tools, which then entered revised circulars.

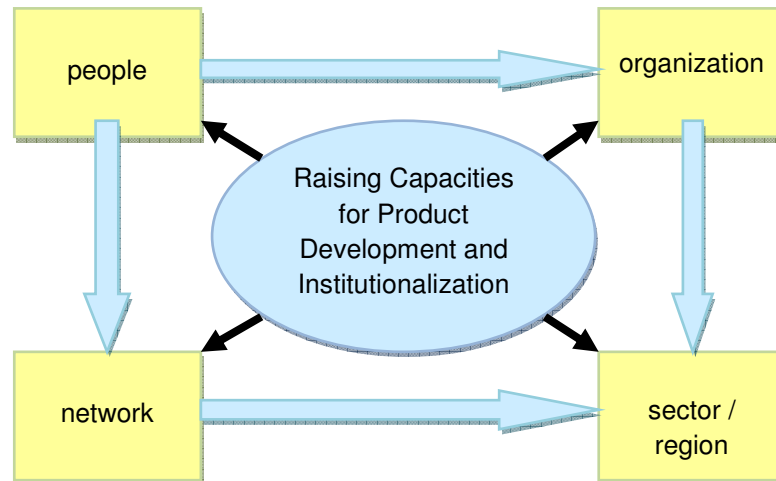
Steering by the Vietnamese authorities was open for learning and innovation with a high level of acceptance of new ideas, and growing trust in the capacity of farmers of ethnic minority groups. However, steering mechanisms were mostly not transparent and RDDDL normally did not know what eventually made decisions go through and how results from piloting would be made use of by the partner.

TC had little chances to influence decision making processes. Negotiations and pushing is done behind curtains, change processes in the Vietnamese system is a closed shop. In this situation the Consultative Group was a decisive instrument.

## Capacity Development

Capacity Development in the context of German TC is understood as a set of interventions at the levels of individuals, offices / institutions, networks and the sector, for raising their competences in dealing with changes, opportunities and challenges. Capacity Development aims at higher performances of people, institutions, networks and the sector.

Graph 11: Capacity development for product development and institutionalization



People and organizations: The inputs of RDDDL targeted skills and knowledge of people and offices at commune and district level. The main activities in this regard were trainings, guideline development, and analysis of changed processes and documentation of results of the 2 pilots. Whereas trainings were mainly at village and commune level, district DARD offices were indirectly targeted through development of technical procedures and guidelines.

The provincial level was addressed basically by doing the pilots. RDDDL supported only 2 pilots for benefit sharing. More pilots were not possible due to barriers in the provincial administrative set-up.

RDDL provided the necessary framework with all technical / procedural details for larger scale application with a set of less cumbersome and more participatory methodologies for the generation of forest protection and development regulations as well as for the many steps of CFM down to benefit sharing,. However, it was apparent from the 2 benefit sharing pilots, that effective community participation would require a lot of support for communities to enhance their capacities in understanding and making use of the given opportunities.

After the approval of provincial CFM guidelines, which is expected by the end of the year, district administration would need coaching and counseling inputs for making use of new procedures and concepts next to technical training under the changed frame conditions.

A lot of attitude change and awareness rising for the requirement of participatory approaches for CFM and particularly for benefit sharing at district and commune staff and offices is

necessary. All steps after forest land allocation<sup>18</sup> involve to a great extent participation of local people, which is a new requirement for the commune and district system.

Sector / Region: Achievements have to be seen as a further essential contribution to a long process of public sector reform in the forest sector. Many more changes and contributions are required. In terms of system's or sector capacity, an essential element will be the need to further decentralize administrative regulations. Provincial offices need to delegate more functions to district offices and further down, in order to be able to cope with a larger number of village based applications, plans, and reports.

The benefit sharing system under CFM can work only then at larger scale, when commune and district forest offices are capacitated, empowered and mandated to handle more responsibility. TOR proposals for offices at all levels have been worked out and presented to the province. Most of the presently defined tasks have to be carried out by the protection department at district level. For any roll out this would need huge HRD interventions.

Peoples' motivation in dealing with a transparent and legal system of benefit sharing will greatly depend of the actual benefits, which are appropriate to their investments and can be secured without additional payments. Towards this end, the prevailing natural resource tax system, which is based on the structure of SFE, needs to be adapted to community forestry. A minimum requirement here would be that costs of reinvestments made by communities to sustain or improve the status of their natural forests would be taken into consideration when the natural resource tax would be adapted.

After termination of RDDDL, the provincial government would need to prove that the forest management system under CFM- benefit sharing can be replicated by other communes and districts of the province, that it is sustainable and maintains essential levels of transparency for all actors involved. The fundamental requirement would include, that villagers are further motivated to protect their forests, when receiving eventually little benefits, and that returns from timber harvest are being re-invested into general improvement of natural forests

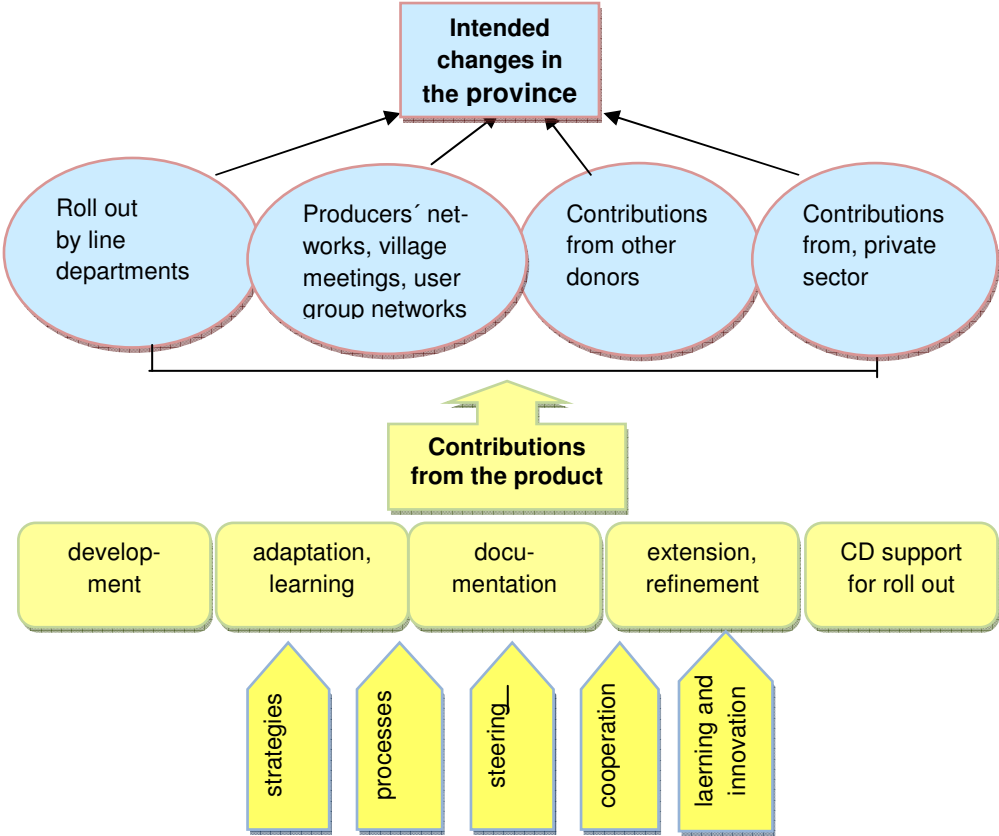
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<sup>18</sup> Building village based Forest Protection and Development Regulations, establishment of a village Forest Management Board, forest zoning, boundary demarcation, participatory forest inventory and elaboration of a 5 year management plan

**Impact:**

Impact is defined as the contribution of the project to intended over-arching results in the region or the sector, which are beyond the direct influence of the project management.

Graph 12: Impact: Contribution to Intended Changes in Provinces and the Sector



It is observed that overly high expectations are placed on CFM regarding its impact on poverty reduction in Vietnam. Numerous studies have been conducted to assess the impact after a period of only few years of forest allocation to local people. However, due to long production cycles of forestry, economic benefits from timber utilization might only be realized after a period of about a decade, which is difficult to monitor by a TC projects.

Intended changes: In Dak Lak province community forest management with benefit sharing is happening, though at limited scale, with good results, which significantly contributed to a number of applications beyond the 2 pilots and also triggered policy formulation processes at MARD, national level. The Dak Lak province recognizes and institutionalizes CFM with benefit sharing, and further provides advice to legal processes for the forestry sector, MARD.

Guidelines formulated during the course of practicing FLA (along Circular 38), FPDR (along Circular 70) and CFM (including benefit sharing, along Decision 178) have been used for the formulation / revision of national guidelines by MARD and tested in another 20 pilots<sup>19</sup>

<sup>19</sup> Those are being financed through the Trust Fund for Forests (TFF) of the Forest Sector Support Program (FSSP).

outside Dak Lak province. Another potential contribution to Decision 40/2005/QD-BNN (2005) on harvesting techniques for timber harvesting under CFM schemes is being awaited.

Various donors use CFM in technical or financial cooperation projects partly at large scale:

- KfW6 in Quang Ngai did first timber harvesting this year and is expecting the same in Binh Dinh province.
- ADB-FLITCH project considers take over benefit sharing concepts with an expected coverage of 60 communes in six Central Highlands' and Phu Yen province.
- Helvetas in Dak Nong province has used the concept as well.
- JICA in Kon Tum province has completed a benefit sharing pilot using exactly the same methodology.
- GTZ in Dak Nong builds on experiences from Dak Lak province.

Project contributions: RDDDL achieved its objective: "...provincial development of guidelines for benefit sharing, technical and administrative procedures in the framework of CFM...". Major contributions as a result, and during the course of, guideline formulation include:

- Local people not only get income through sustainable forest management, but also learn to manage and use institutions for governance, planning and monitoring.
- Communities can design, plan, and effectively implement forest protection and sustainable forest management and have the ability to handle and use financial returns from benefit sharing in a responsible manner.
- Local staff at commune and district level can effectively support and guide communities in CFM and benefit sharing.
- Technical and procedural details of managing CFM have been elaborated, tested, analyzed and documented in easy to apply guidelines.

The obvious "fringe benefits" of the intervention of RDDDL beyond the project objective, and their documentation, presentation and discussion at various platforms in a strategic manner (international consultants, Tai Nguyen University, CFM Network) generated a strong position of Dak Lak province in the CFM national debate on instruments, significance and potential benefits.

RDDL managed to use the combination of

- using experiences for ongoing learning processes and keeping learning loops alive,
- multi level approaches (interaction at village, commune, district, province),
- maintaining cooperation and mobilization of cooperating partners for networking,

in a very effective manner for reaching high level impact beyond the project objective.

#### **6.4. The CF Product of SMNR-CV in Quang Binh**

##### Product approach and generation

In Quang Bin province the contributions by the project SMNR-CV were directed at Community Forestry on forest land, which had been allocated to individual household mainly of Kinh ethnicity before the commencement of SMNR-CV.

Quang Binh, like other provinces in Vietnam, is under pressure to reduce natural forest loss caused by illegal logging. Forest land allocation to local people is understood as a suitable measure to improve forest protection situation. Forest land is mainly taken from SFEs under the national SFE reform and from land that has been managed by district administration. Government considered the issuance of land use certificates often the final step without providing sufficient information, guidance and practical support on the accompanied responsibilities and getting benefits for the new forest owners.

The major parts of forest land in Quang Binh province had been allocated in rather small plots to individual households. The management of forest land distributed to households was very unsystematic, not planned and not sustainable. Forest protection regulations had only been formally introduced (or imposed), but mostly as a blueprint without the participation of forest holders. Consequently, the regulations were not respected and followed; violations were not sanctioned.

SMNR-CV, in this situation, provided essential inputs to a practicable management concept and the formulation of improved provincial guidelines for joint planning, reporting and approval procedures on

- Forest protection and development regulations (FPDR)
- Participatory land use planning and forest land allocation (PLUP-FLA)
- Community based forest management (CBFM)

The project interventions cover various aspects under silviculture, organizational and management aspects, economics including marketing, and policy development. The support by SMNR-CV to the formation of forest user groups for CBFM is apparently the most innovative and important step for the integration of forest protection and forest development in a sustainable way. Effective forest protection shall be achieved by direct short-term (NTFP), mid-term (plantation) and continuous long-term (natural timber) benefits for forest owners.

Since CBFM is relatively new to Quang Binh province, it has carefully been piloted and monitored over the last years in order to assess its potential to strengthen forest management, including forest development and forest protection, while at the same time increasing people's benefits from the forest resources they manage. Impact indicators are defined as provincial approval of implementation guidelines and their widespread application for FPDR, PLUP-FLA and CBFM.

The SMNR-CV project has, in collaboration with its partners in the forestry sector, developed a practical manual, which accommodates both: CFM and CBFM, and thus can be applied anywhere in Vietnam. After a longer consultative process with all major stakeholders of the forestry sector in the province, the manual has recently (July 2009) been approved as the official CBFM guideline of Quang Binh province.

#### Ownership: partners, networks

The approach of SMNR-CV is in line with national strategic orientation of the forest sector in Vietnam and the province. This is in regard to

- the National Forest Development Strategy 2006 – 2020 (Decision 18/2007/QD-TTg).
- the Forestry Sector 5 year plan:

- the matrix on Establishment of CFM Pilot Schemes (elaborated during a national workshop in 2004 on Natural Forest Allocation and Community Forest Management held in Hanoi by the National Working Group on CBFM).
- Forest Land Allocation targets of the Provincial Forest Development Plan (5 years)

Though the Provincial PC is the executing agency for SMNR-CV, provincial line departments were always the main partners during process design, implementation and evaluation of field pilot activities, and during the processes of developing and finalizing guidelines. This has always been considered crucial in view of institutionalization and provincial roll out.

The responsibility of various institutions within the different packages of CBFM is as follows:

- PLUP-FLA                      DONRE and DARD
- FPDR                              DARD only
- CBFM                              DARD and CPC

Details of the product strategy have been defined in close cooperation with provincial representatives during the entire project life. DARD with the Forest Protection Sub-Department was the main partner for implementation within CBFM. A strong sense of ownership was achieved through close consultation, which ensured that products were demand-driven and specifically designed according to the needs and capacities of the partner. During the product design and development any external input was coordinated with line departments, and results discussed and agreed upon during provincial workshops.

A provincial forestry consultative group (PFCG) was officiated in 2007. Before then the PFCG had been in existence, but rather informally. The main task of the PFCG was to integrate tested and validated innovations in the regular work plans of respective government organizations. The PFCG proved to be a very useful instrument body for DARD and was found essential for smooth implementation of the project tasks. The PFCG played the role of independent consultants, but is known as a group of well connected and important key persons in the province. The PFCG was instrumental at province level only.

Another important networking device was the continuity of technical input delivery by an international consultant, who also worked at national level and with various donors at provincial level. All results from international consultancies were discussed at the beginning and the end of one assignment with the provincial forestry consultative group and adjusted based on the demands from the province.

#### Relevance to people

The main site condition in Quang Binh is that forests are mostly allocated to Kinh households. Kinh people, contrary to ethnic minority groups, have limited trust in groups and grassroots organizational set-ups, which limits per se the suitability of a CFM approach like in Dak Lak. A major project achievement was, therefore, to identify and implement a suitable application of CFM for this situation, which was found to be CBFM by forest user groups. The great advantage of building forest user groups is evident for production oriented joint learning and experiences, and shared responsibility. For benefit sharing forest user groups will not be important, since benefits are shared on an individual basis. CBFM ensures an economic scale of all activities, allows for submission of harvest permits as a group, helps to make management plans as a group and get district approval on the same.

CBFM through forest user groups contributes to an improved interaction between local people and commune or district authorities, and enhances the capacity of communes. Forest protection by people is now being appreciated, and the former forest police man (ranger) turns into a supporter from DARD.

Most important changes come from the economic possibilities, which relate individual financial investments to individual economic benefits. Contributors to raised short term household income are rattan and other NTFPs, some thinning activities of regenerating natural forests for household consumption, and sometimes agriculture crops in plantation forests. Plantation forests on small scale provide income on a medium term perspective, and sale of timber from natural forests is a long term plan. The CBFM arrangement of forest user groups has the potential to make financial investment on allocated land a reliable undertaking.

People identify CBFM through user group arrangements as a means for poverty reduction

#### Utilization of the product by the clients

National level: The high relevance of CBFM for local socio-economic development is systematically linked with relevance to the provincial forestry development policy. The policy development at provincial level for CBFM has the potential to provide significant contributions to national policy in terms of developing national level guiding regulations for CBFM with regards to follow-up procedures after forest land allocation.

Province and district: CBFM provides a clear strategy for the province on how to tackle ongoing forest degradation and forest loss. The provincial forest protection and development regulations with attached M&E system are now applied after provincial approval of the CBFM guideline. There is clarity on assignments for line departments for a specific aspect of product development.

The DARD has now a feasible tool to provide needed follow-up of a rushed provincial forest allocation. The forest administration has a clear set of meaningful instructions on how to provide support to the new forest owners. Depending on the local situation, different organizations of DARD now can take the initiative and facilitate CBFM in the field. Organizations at the district level such as the Office of Natural Resources and Environment (NREO), the Forest Protection Unit (FPU) and the Economic Division can provide support and facilitate local people in the development and implementation of CBFM plans in cooperation with staff at the commune level and with overall backstopping support from the provincial level.

#### Expansion, scaling up, and quality addition

The FDPR, PLUP-FLA as well as the CBFM guidelines have been developed over a time period of 5 years through careful piloting, testing, ongoing refinements and numerous discussions among the key stakeholders. As a result, the guidelines are easy to apply, relevant to the situation in Quang Binh, acknowledged, recognized by government, and provide obvious benefits for local people. The guidelines combine opportunities for short term income with long term investments and livelihood improvements.

Replication and expansion happen in 2 ways. One is the initiatives of farmers through farmer to farmer extension and through commune level discussions. In one commune about 500

farmers initiated replication of the principles of FDRP and CBFM and called in facilitation by district forest rangers and district approval. Their focus is on plantation of short term, fast growing timber and Rattan. The other way is through provincial and district forest departments.

The FPDR guideline has been officiated by provincial government already in 2007<sup>20</sup> and has found widespread application. At the local level application is closely monitored by the field staff of the Forest Protection Department. The provincial approval of the CBFM guideline has recently been issued in July 2009. Its utilization at larger scale by government has started in most rural districts by the relevant stakeholders for protection and sustainable management of forest resources. Implementation costs are low as the method is simple and mobilizes contributions from local people. Authorities and line departments at commune and district level have proven capabilities for using all developed guidelines. All technical guidelines follow standard formats with detailed guidance on procedures and technical information, which minimizes extensive capacity building.

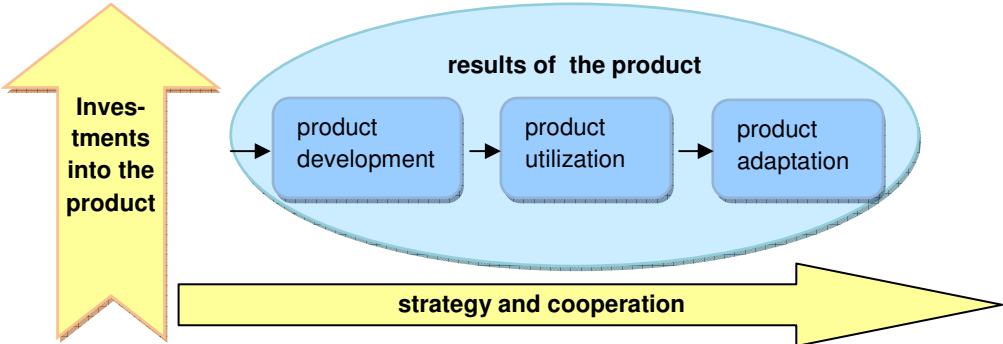
**6.5. Lessons Learned from SMNR-CV in Quang Binh**

**Efficiency**

Efficiency is being measured by the degree to which the resources invested in the development of a product are appropriate compared to the results achieved. Results should be looked at as a bundle of

- Technical product development (assist government to produce it)
- Institutional anchoring and roll out (government structures use it)
- Further adaptation and refinement after termination of support (government adds on quality)

Graph 12: Efficiency: Strategy and Cooperation for Good Investments: from Product Development to Product Adaptation



Strategy: The discussions in Vietnam in the Community Forestry subsector among donors and government gave a clear mandate to SMNR-CV particularly for the 3 sub-products: FPDR, PLUP-FLA and CBFM.

Given national demands for provincial piloting and subsequent guideline development on the one hand and the strong provincial ownership for exactly doing that on the other hand, the

<sup>20</sup> In Quang Binh, improved provincial guidelines are issued on forest protection (12/2007), on participatory land use planning and forest land allocation (06/2008) and on community forestry (07/2009), and are applied in all rural districts by the relevant stakeholders for the protection and sustainable management of forest resources

SMNR-CV had limited scope for developing additional strategies during the course of the 2 project phase. Available options were basically left to technical and procedural issues. Together with provincial line departments options were defined, piloted in the field, evaluated, refined and eventually documented as provincial guidelines.

Cooperation: The National Community Forestry Working Group has been a decisive coordinating mechanism for a national geographical and thematic work division in CFM, and contributed substantially over years to the conceptual and procedural development of pilots, guidelines, and resources utilization for CFM in Vietnam. Among a number of donors particularly the German side (TC and FC) developed through a series of projects a common CFM approach<sup>21</sup> in Vietnam, and used their network for continuation and strategic positioning of available resources such as short term consultants. Also other platforms and donors<sup>22</sup> participated actively in this networked approach towards a common understanding of, and support to, CFM in Vietnam. The SMNR-CV was part of, and benefited clearly from, those networks through tight collaboration for concept development, guideline formulation, sharing and learning exercises, etc. In that sense, SMNR.CV is part of a greater picture, which has overall leadership and ownership by the Vietnamese government.

One additional contributing factor was the continuity and consistency of approaches to CFM facilitation through the same consulting company operating at various places over a time period of more than 15 years<sup>23</sup>. Their international short and long term experts helped in creating a network for exchange of experiences and a consistency of technical advisory services for effective dissemination of new approaches. The network of German TC projects facilitated a continuous evolution and resulted in “the Vietnamese” CFM approach with a strong support from Tay Nguyen University and provincial partners of pilot provinces. Inter-project cooperation towards a national approach was tested under different socio-ecological circumstances.

Inputs and investments by SMNR-CV: Given that scenario, SMNR-CV managed to contribute to the national debates and concept development with comparative little resources. The network took care of high levels of transparency and sharing, leading to a situation in which one project site could efficiently draw on the outcomes of another site. High efficiency was further generated through strong and transparent support from provincial and district key partners for piloting and guideline development.

The cost-effective way of doing programs helped in turn provincial, district and commune administration to contribute with their own resources (manpower and budgets) in a substantial manner, and also took care of the overall demand to produce guidelines on FPDR, FLUP-FLA and CBFM, which can be used for implementation with scarce government budgets. This in turn makes it very likely, that the results achieved can be rolled out with government resources.

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<sup>21</sup> SFDP in Son La province, IFSP in Quang Binh, RDDDL in Dak Lak province, KfW6, SMNR-CV, EPMNR in Dak Nong province

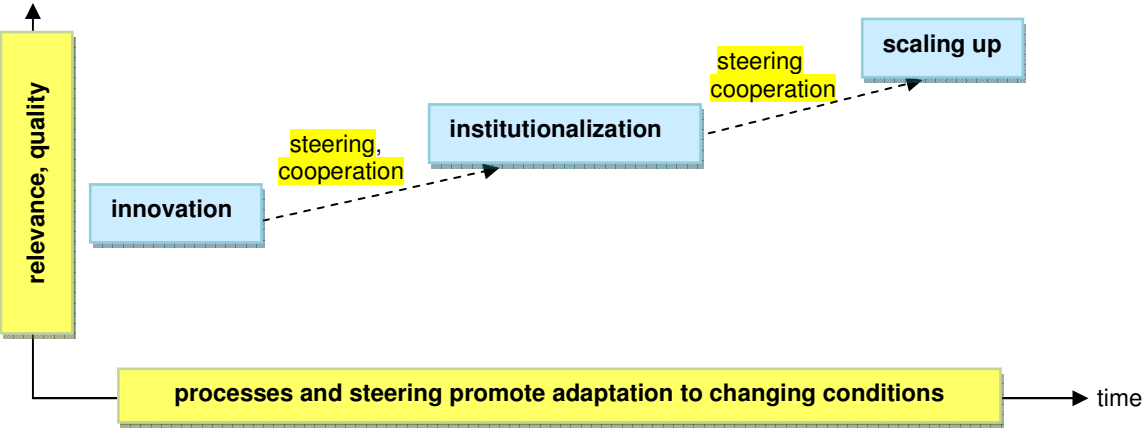
<sup>22</sup> CFM pilot program under the Forest Department (financed by Trust Fund for Forests), Helvetas in Dak Nong province, Forest Sector ADB FLICTH project in six provinces and in the Phong Nha Ke Bang, SNV - PFPF (pro-poor forest project)

<sup>23</sup> GFA Consulting Group, Germany

**Relevance and Sustainability:**

Sustainability measures the probability that the positive results of the product will continue beyond the end of assistance. Sustainability is primarily a question of institutionalization, roll out and scaling up. It depends to a high degree on the continuous or increasing relevance and quality of the product.

Graph 13: Keeping Relevance and Quality for Sustainability: Processes and Steering Promote Adaptation to Changing Conditions



In Quang Binh, improved provincial guidelines are issued on forest protection, on forest land use planning and forest allocation, and on community based forest management. All provincial guidelines are applied in all rural districts by the relevant stakeholders for protection and sustainable management of forest resources.

Institutionalization and scaling up: The various guidelines and technical manuals on CBFM got recognized and approved by the province and are being applied for the whole province. The approved guideline on CBFM is even anticipating national policy development. Provincial and district authorities are capable of accessing and arranging the implementation of the 3 developed methodologies in Quang Binh. One can assume a general high ability and motivation of replicating successfully implemented pilots along the guidelines, as those have been developed in line with the forestry development strategy. The legal framework is available to roll out all over the province.

At the same time the provincial roll out partly depends on adjustments of the national policy framework. PLUP-FLA and CBFM have long-term and large scale impacts only then, when the present lack of legal coverage on national level is solved. Forest land allocation processes at national level are stalled due to the involvement of 2 different responsible ministries, MARD and MONROE. Both work on a joint circular since almost two years.

The provincial forest consultative group, as supported and utilized by the SMNR-CV, played a significant role: working behind the scenes to make important suggestions, particularly for the application of the CBFM framework, which is based on the user groups approach in Quang Binh. While guidelines for user groups and communities are already in existence in the province, the national level still struggles with their implementation guidelines.

SMNR-CV facilitated communication channels for provincial representatives to national level and vice versa, e.g., the project invited MARD representatives to the province. Contributions

by Quang Binh to national level policy development were made particularly on the revision of the Forest Protection and Development regulations (Circular 70). Quang Bin province will continue to supply contributions (new contents, revisions, new circulars, which need CFM related consideration) to national learning on CFM procedures also in future.

Improvement of relevance and quality: In line with the current reorganization in MARD, the present forest protection sub-department under DARD in Quang Binh is going to be merged with forest development sub-department. This merger is considered beneficial for the continuation and further development of participatory approaches, since it combines previous think tank attitudes with the practitioners and field operators. This merger is also going to improve the status of present field staff. A new job description for the previous forest ranger will probably be made, which includes all relevant parts of forest development and forest management.

Quang Binh is the first province in Vietnam, which has provincial guidelines for the implementation of the Circular 70, and now has the legal and institutional conditions for protecting their forests better than before. Procedures and processes are all clear in principle, and can be used in practice.

The performance of district and commune staff has improved and is expected to further improve with growing appreciation by local people. The new face of the former forest ranger is supportive for forest protection through local participation and locally adapted regulations. With CBFM in practice the work load for district level forest offices is reduced, and the nature of work changes substantially.

Many commune authorities have realized the importance of strict and regular monitoring, which keeps awareness and creates a better understanding of things to correct. Monitoring is being shared between villagers, the commune authorities and DARD at district level.

For the future some kind of integration of services for agriculture and forestry is envisaged and wanted. Forest land amounts to some 70% of the land surface of Quang Binh province, and already now in a number of cases a contribution of about 40% of the household income is reported. Support to agro-forestry would be appreciated by local people and by commune authorities. Agro-forestry as a system to be introduced would enable farmers to raise their income from forest land until timber or NTFPs could be harvested. Crops under or in between trees has also the advantage that people take better care of their forests. Agro-forestry could become an additional value to the existing set of guidelines.

For agro forestry models the interaction between foresters and agriculture offices is important and has started. It will continue also without the project. Agro-forestry is regarded as very important also by DARD for achieving short term benefits for forest users. Necessary cooperation between various offices at district and commune level would need proper steering and coordination, which should be done by the department of rural development.

## 7. Component Participatory Agricultural Extension

### 7.1. Important Details of the Component

#### Definition, general description

Livelihood improvement for rural households in Vietnam depends to a great extent on increased productivity of agriculture land. Increased productivity is in the first place a question of advanced agricultural techniques for market integrated production with secure market demands. Particularly in food insecure areas this goes hand in hand with maintenance of diversified production typical for peasant societies at subsistence level and, on the other hand, maintenance of quality and production potential of natural resources.

The need for advanced agricultural techniques for market integrated production has been recognized at central level and generated the development of Participatory Agriculture Extension Methods (PAEM) in Quang Bin and Dak Lak provinces with the help of GTC projects. Today it is the official approach for agricultural extension throughout the provinces.

PAEM has probably more than one definition. The description at the documentation of a recent workshop on PAEM in Quang Binh (organized by SMNR-CV) provides a clear and comprehensive understanding<sup>24</sup>: "... an approach, that mobilizes farmers' maximal active participation and ownership in decision making process from the first phases of need assessment, plan preparation, activity implementation to the final stage of monitoring and evaluation of extension activities under the facilitation of extension officers to solve the farmers' problems and to satisfy farmers' needs in selecting and adopting the right and profitable techniques to their production..."

The fundamental change from farmers being the receiver of extension messages to farmers being the partner and client in the extension system can obviously have different sets of methods<sup>25</sup>, depending on the socio-cultural and economic situation of farming communities, the resource endowment of the public extension system, and the general skills and experiences of the extension staff. The scrutiny of the 2 projects in the provinces Dak Lak and Quang Binh will demonstrate possible ranges.

#### Government policies relevant for the component

The general policy direction in Vietnam concerning agricultural and rural development is towards private sector promotion, market access, and modernization. Particularly for the poorer section of peasant society government promotes improved livelihoods through participation. This is backed by the national policy through a number of decrees and decisions<sup>26</sup>.

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<sup>24</sup> See workshop proceedings on "Sharing Experience on Application of Participatory Agricultural Extension Methods (PAEM) in Quang Binh", August 2009

<sup>25</sup> Participatory Rural Appraisal (PRA), Participatory Technology Development (PTD), Farmer Field School (FFS), On-Farm-Research (OFS), Farming Systems Research (FSR) are some of the many employed methods

<sup>26</sup> Decision 80/2002/QD-TTg (2992) Policy for promotion of agricultural commodity through commercial contracts, Decision 71/2001/QD-TTg (2001) National Program for achievement of country's goal for the period 2001-2005, Decree 03/2000/ND-CP (2000), Farm Economics, Decision 80/2002/QD-TT

For more national clarity MARD called in 2006 all provinces, which have project support in participatory agricultural extension, and demanded information on models, which could be used regarding PAEM. This national demand for good practices from provinces with project support was a strong motivation for Quang Binh and Dak Lak provinces to develop their provincial guidelines based on their “best practices”. PAEM, as documented and legalized by both the provinces, is being communicated to the national level, and is being considered to contribute to the formulation of a legal document relevant for Vietnam. For PAEM a specific policy or legal document does not yet exist. So far, the national level has issued a document, which approves PAEM as a principle for participatory extension with 7 steps to be followed.

### Objectives of the approach

PAEM with the overall aim to ensure participation and ownership of farmers in the process of formulating technical innovation in their agricultural production, has 3 major objectives:

- a) to address practical needs, concerns, and capabilities of farmers regarding market oriented agricultural production,
- b) to ensure participation of farmers and farmers’ groups in all steps of the extension cycle starting from needs assessment and ending with evaluation of extension results,
- c) to encourage the interaction between farmers’ groups and public sector extension workers / officers, which encourages formation and ongoing training of PAEM trainers at all levels including the farmers’ level.

The combination of the 3 objectives ensure learning cycles at all levels, supports high adoption rates of agricultural innovation, which has been tested and verified for being effective for increased productivity of agriculture land and higher income of farmers.

### Participation, the marked difference to previous government approaches

Traditionally, the agricultural extension system in Vietnam has been based on a supply oriented top down approach with very little room to adapt extension messages (or rather: instructions) to specific physical, socio-cultural, or market conditions of local stakeholders. The public sector agricultural extension machinery is guided by the National Agricultural Extension Center, led by the Provincial Agriculture Extension Center, which further directs the District Agriculture Extension Stations, and ends with the Commune Agricultural Extension workers. The conventional system is based on the 2 principles: transfer of advanced technologies, the definition of which was left to government officers, and the promotion of key farmers, who rarely became models for the larger farming community. This system does not consider participatory approaches and training based on market analysis and forecasts, and most importantly training based on the expressed needs of farmers.

The recent change of government direction towards participatory approaches in agricultural extension follows a general trend towards decentralization and the realization, that scarce public sector resources are better invested, when people are not only receivers, but take their own decision over their resources utilization, and are promoted as partners and clients to formulate their demands and preferences. Participatory extension approaches like PAEM

are appropriate for all farmers' groups ranging from poor farmers to large scale producers. Government also increasingly realizes that ethnic minorities, which usually form the poorer section of society need to be given an opportunity to be included in the socio-economic development of the province. This was particularly clearly expressed by provinces with high percentage of population belonging to ethnic minority groups.

## **7.2. The PAEM Product of RDDDL in Dak Lak province**

### Product approach and generation

In RDDDL DakLak, the agriculture participatory extension system has basically 3 pillars:

- PAEM as a bottom up extension approach starting from commune level, being organized, and supervised by the Provincial Agriculture Extension Center (AEC).
- Modeling of upland farming systems, which directly addresses ethnic minorities and has additional Village Extension Workers (VEW) as contact persons and organizers.
- Saving and credit schemes organized by the Women Union, their interaction with PAEM and upland farming models strongly supported by RDDDL and the AEC. Their clients are Kinh farmers and ethnic minority groups.

The AEC is actively involved in all 3 pillars and drives all processes in PAEM and modeling of upland farming systems. AEC has produced and organized:

- extension guidelines for DARD staff and for farmers with all necessary information regarding crops and livestock, supported by the Institute of Technology and Science,
- guidelines for training of CEW and VEW,
- technical guidelines for upland farming and training manuals suitable for ethnic minorities,
- performance checks for CEWs and VEWs with involvement of villagers.

Both, CEW and VEW receive small payments as compensation for the time inputs, which helps to provide for continuity and commitment. The general quality of their work is improving, which is reflected by increasing participation of farmers, and by better motivation of agriculture extension staff.

The AEC has trained all district extension staff as well as 175 newly recruited staff at commune level. They guide farmers groups in Kinh villages and key farmers from ethnic minority villages in improved upland farming. Ecological impacts such as enhanced soil fertility through crop rotation and use of compost, erosion control and reduction of forest degradation are considered as important as balanced subsistence food supply and the potential for additional income generation.

In Kinh villages farmers are often organized in farmers' clubs around selected commodities, which are then guided and facilitated by CEWs as resource persons through village meetings, field days, printed material, etc. CEWs are directly trained by the AEC, and regularly monitored by the district offices and by farmers' groups.

In ethnic minority villages VEW are proposed by villagers, selected and trained by CPC, and perform functions like assisting the CEW work, organizing farmers groups and field days, communication and networking, etc. For ethnic minority villages, participatory technology

development (PTD) for upland farming has so far generated 7 models for subsistence and market production, which have been tested, documented, and adopted by farmers' groups.

Saving and credit groups: The provincial Women Union (WU) in Dak Lak, on their initiative, received RDDDL support over 5 years through ToT on microfinance knowledge and skills, linking micro saving groups to financing through banking, facilitation of group formation and improving household economy. They aim at further support and stabilization of farmers' production through access to finance. The WU through district and commune networks managed to support more than 600 village level groups through saving and credit activities, among those 189 groups from ethnic minorities. This activity in turn mobilized the agriculture extension service under PAEM to include organized women groups through the WU on village, commune and district level in their technical training programs.

The village credit and saving groups have their own regulations. They mobilize credits from own savings and access to banking (at 7.8% annual interest and over 95% credit recovery rates), and receive technical advice from agriculture extension. Their exposure to agricultural extension supports bank lending for production purposes to individuals after careful scrutiny of business plans by the formal banking sector. The management guidelines of the credit and savings groups include explicitly the involvement of agricultural extension services for technical assistance for farming related investments.

The RDDDL actively supported the crucial combination and close linkage between credit mobilization and intensification of agricultural production in order to reduce the common dependency of subsistence farmers on early sales of their crops prior to the harvest.

RDDL has not engaged directly in marketing support (trends in market prices and market demands). It is assumed that farmers' groups from Kinh and ethnic minorities understand market forces before engaging in intensified agricultural production. The AEC confirms that market trends are carefully screened when a particular commodity is selected for modeling.

#### Ownership: partners and networks

PAEM guidelines have been approved in 2007 by DARD, and ever since the AEC is committed to its implementation, utilization and further improvement. Before 2007 PAEM was more a project driven activity and RDDDL shared ownership and responsibility with AEC. Today AEC and DARD use PAEM as a province wide extension approach. DARD extension service at all levels uses PAEC training material in their ToT programs. DARD also uses training material for sustainable upland farming (7 models plus 4C coffee, cashew, pepper and cassava) and mobilizes available financial sources for replication of farming models for ethnic minorities in all districts. Since 2007 PAEM became standard in Dak Lak province.

#### Relevance to people

The capacity of many smallholders and most ethnic minority farmers in the province was rather limited with regard to intensifying production and to financial investment possibilities. This also limited their possibilities to access more lucrative markets and to participate more actively in most value chains.

The relevance of the package: PAEM with CEW and VEW for upland farming modeling, in combination with WU saving and credit support for producers is indicated by high participation in field days, high adoption rates, and functioning lateral communication with

increased learning through exchange of experiences. The contribution from WU on household economy is evident from better utilization financial capital for agricultural production and higher levels of agricultural productivity.

Only in the rather small project pilot areas (4 communes in 2 districts) more than 8000 farming households of ethnic minority groups have started using models of intensified models of upland farming.

The linkage of women groups (dealing with savings and credits, supported by WU) with agricultural production (supported through PAEM) has shown high relevance. Apart from better cash availability for necessary agricultural investments village groups have raised their self-confidence in dealing with financial problems, show higher levels of market orientation and a better understanding of their household economy.

The participation of ethnic minorities in market oriented production and credit based investments is considerably lower than it can be found with the Kinh groups. Most lending from banks is being done by Kinh, not by ethnic minorities which depend on local money lenders resulting in a cycle of debts. Through the WU support, some relief to this situation was achieved. However, the credits provided to a household are rather small.

#### Utilization of the product by the clients

The product PAEM was initiated and developed in 4 pilot communes of 2 districts in Dak Lak province and has become a province wide approach, as far as provincial political decisions and guidelines are concerned. In that sense those districts and communes, which have not yet started with implementation of PAEM guidelines, should be considered as clients. The commitments so far received from provincial level suggest that this may be a question of only a couple of months. The methodology is clear and understood.

To some extent PAEM is actually being applied with some of the developed procedures in all 175 communes. In each of them one CEW has been recruited and trained.

According to the DPI DakLak proposals are being received to apply PAEM methodologies also in others sectors than agriculture. PAEM is becoming a well known brand name in the province. Other development organizations send their staff to the PAEC for getting training.

Apart from concerned institutions in Dak Lak province, PAEM has been developed as well in Quang Binh province and a mutual exchange of experiences and views has helped to shape the development processes in both provinces. Certainly the GTC supported rural development project in Dak Nong can take advantage from the lessons learned in Dak Lak.

#### Expansion, scaling up, and quality addition

RDDL has made a significant change in 4 pilot communes in the 2 pilot districts and managed to produce technical and procedural solutions which are incorporated in provincial guidelines. Roll out to the other 171 communes of the province has started recently with initial recruitment in early 2007 and trainings of all 175 CEW and it can be assumed that the government system uses major parts of the system PAEM in all parts of the province. Technical extension materials, which were developed in Dak Lak province, are being used also by MARD at national level.

It remains to be seen whether the provincial budgets will suffice the financial requirements for the roll out of all operational aspects of PAEM, once the financial inputs of RDDDL expire. In case of no further support from outside government budgets, perhaps only a few new topics can be introduced from some selected areas. It is not expected by the PAEC that significantly more pilots for upland agriculture models in other communes would be developed in future.

AEC considers PAEM to be robust enough to further generate enough positive results and energy, so that the system stays on, though it may experience some slow down and some deterioration in quality. However, agricultural production follows short term cycles. Major improvements as a direct result of PAEM can be seen and experienced after a couple of months. It can be expected that good news will spread and compel the system to continue, also in a changing environment. A major change could be that soon private sector agencies would play a much greater role for product marketing, farm input supplies, credits and also technical extension. PAEM might have to consider or even to incorporate the existence of private sector agricultural extension, which could be seen as a major threat or a great opportunity. An important factor here is the fact, that with PAEM (including the important partnership with the WU) women, farmers, and farming communities have become more confident and stronger negotiation partners to both: government and private sector.

**7.3. Lessons Learned from RDDDL in Dak Lak**

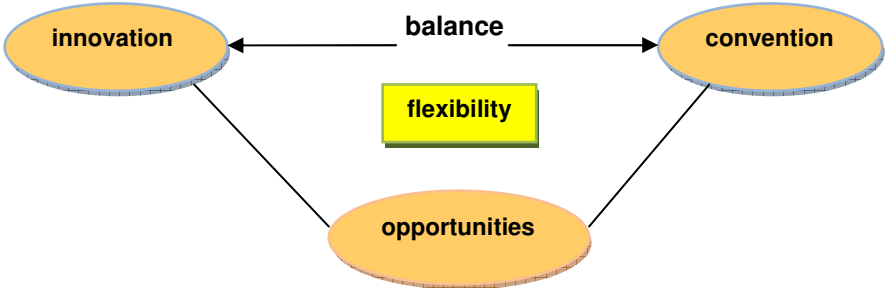
**Flexibility**

German Technical Cooperation has to find the balance on the continuum between different demands:

- long term sustainability through a clear demand orientation of products and integration of product development into conventional partner procedures, and,
- on the other side of the continuum: innovations in terms of technical, legal or institutional procedures.

The right balance requires strategic orientation and uses upcoming opportunities during the implementation processes.

Graph 14: Flexibility Keeping the Right Balance between Innovation and Integration into Conventional Partner Procedures



PAEM in Dak Lak as a product of support from GTC to provincial government has been successful in the sense that provincial government took ownership soon. After an initial period, during which the development of technical solutions to increased agricultural intensity in uplands resulted in upland agriculture models, a process, which was rather seen as owned

by the German side, AEC had taken over this modeling process and integrated it into the overall PAEM concept.

Government being in the drivers' seat is apparently the only way to long term sustainability, and the question remains, how much innovation government systems with their rather heavy machinery can absorb or even initiate after taking over a certain development process. After government (through AEC) has taken ownership of the development process for PAEM in Dak Lak, further innovation inserted by RDDDL was rather reduced. There was no obvious attempt or reason to bring to Dak Lak new knowledge or proven experience beyond tested approaches, which were already available in Vietnam.

The clear ownership by PAEC was a pre-condition for integrating PAEM into the government system. The final proof that it actually happens is expected for 2010, when the continuation of trainings, guideline improvement, ongoing monitoring and evaluation, development of additional models, etc., will be financed entirely from government budgets. During the second half of the lifetime of RDDDL, when government had taken ownership already, available funding and technical advice from GTC was probably essential for creating sufficient quality, a critical mass of obvious success stories, and room for corrective measures, so that the conventional public sector machinery was able to bring PAEM to those standards, which are attractive and convincing enough for making it into budgetary processes.

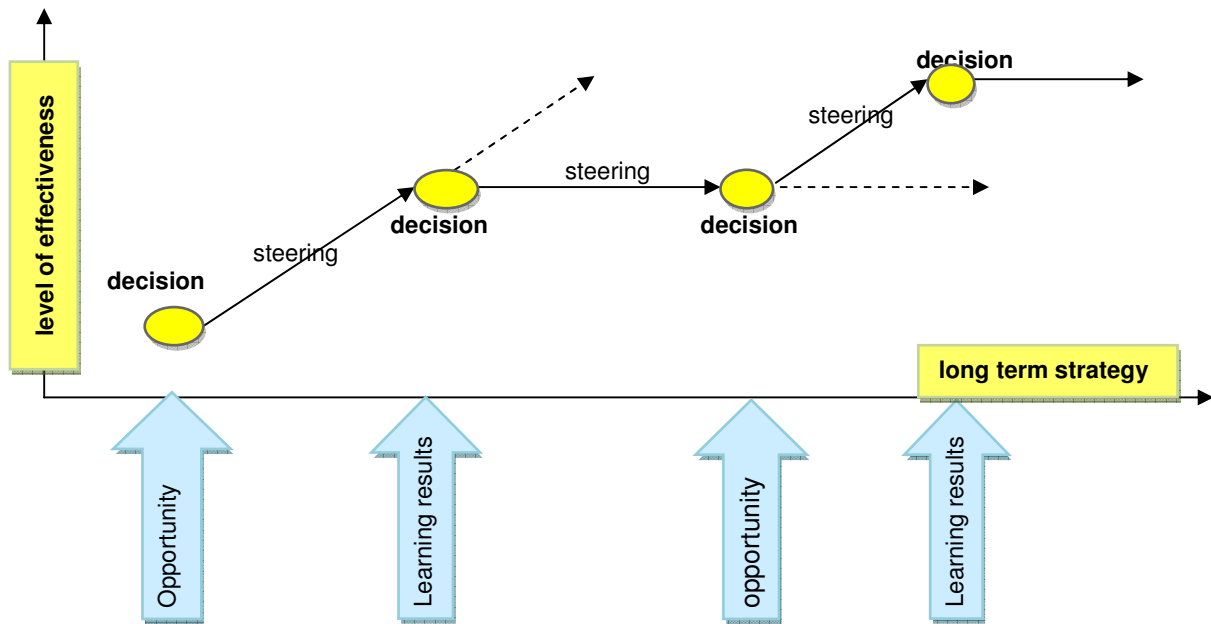
AEC had been given the mandate by MARD to develop PAEM in Dak Lak. With the technical assistance resources this happened probably much quicker and at a higher qualitative level. Most importantly it allowed for rather quick, but necessary attitude changes in government. With the insertion of CEW and VEW and their new roles in the conventional top down extension system, RDDDL used an opportunity to stimulate processes which changed roles of government staff, institutionalized new information flows, and generated new relationships between public sector and farmers' groups. Another grand opportunity was used, when the WU uttered their demands for being part of the new extension system, which allowed for a huge potential for value addition.

Working inside the public sector system has also obvious limitations. PAEM covers only a part of the whole services required for income generation from agriculture. Any linkage to private sector input supply and marketing is not provided or supported. PAEM does not attempt to collaborate with, or take into consideration, the extension services, which come with input supplies by private sector dealers. RDDDL saw opportunities for linking better quality directly with market demands and attempted for a number of commodities (cashew, coffee, pepper, peanuts) to extend project support beyond extension for production and enter value chain promotion. Results were promising only for coffee to some extent. However, it can be assumed that, on the long run, present quality standards in PAEM may not sustain without private sector participation.

## Effectiveness

Strategies in the context of German TC are seen as a combination of steering, goal oriented long term planning, decision making and the capacity to react flexibly to events, opportunities and results from learning. Better strategies raise the level effectiveness

Graph 15: Using Opportunities towards Effectiveness: Processes and Strategies



The long term strategy, which guided the development process for PAEM, was to combine a basket of mutually supportive approaches for participatory extension addressing intensified agricultural production. The long history of the conventional government extension system not being very conducive to the situation of the various ethnic groups in the province, created the clear RDDDL objective, which explicitly mentions “participation of ethnic minorities”.

Learning results: PAEM was, with substantial support from RDDDL, piloted in 4 communes of the province. The experiences documented from SFFP in Son La were a starting point. Significant adaptation processes along conditions and public sector resource availability in Dak Lak province created an early version of PAEM with only the component of agriculture extension improvement through PTD and modeling with extension of good results.

Opportunity: During the first phase, RDDDL directly supported ethnic minority groups with PTD for developing locally adapted upland farming models. When the national workshop on participatory extension called for provincial experiences and Dak Lak government saw an obligation for developing an approach in their province, RDDDL used this opportunity and introduced the PTD / modeling approach to AEC as a potentially important element of PAEM. AEC realized the potential value of this important addition and absorbed this approach under PAEM.

Learning results: The insertion of PTD into a conventional top down approach had limitations. The early PAEM version experienced a re-orientation from instructions to facilitation for joint learning with the decisive introduction of the CEW and VEW addition and massive trainings

of district officers. Then, in a series of steps a set of guidelines was developed and tested, which eventually was approved by the provincial government in 2007. Throughout the process PAEC had been very open and showed an attitude towards learning by doing until the final development of the provincial guidelines.

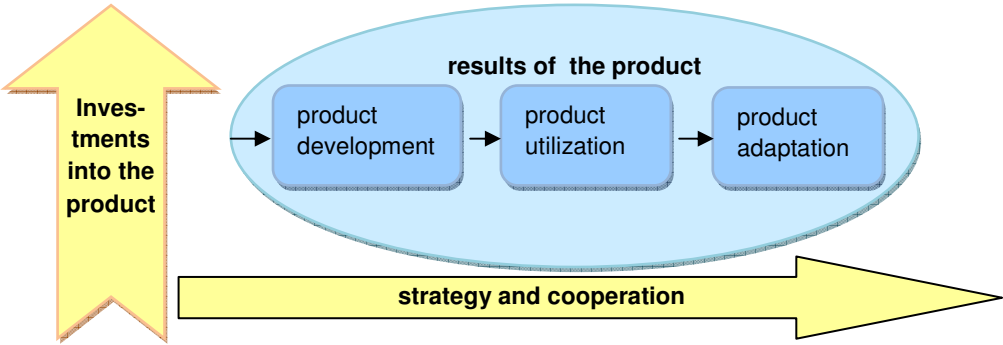
Opportunity: The WU coordination with upland agriculture modeling and the CEW / VEW scheme is rather new. The WU had since long wanted to enlarge their outreach through combining saving and credit groups with access to improved agricultural technology. RDDDL saw an opportunity in supporting the WU directly for improving their group approaches, saving and credit schemes, and linking them with agriculture extension services for making better use of available financial means at grass root level at the same time. The additional human, organizational and financial resources of the WU and their groups were found essentially useful. AEC welcomed the resources and structures of the WU for making PAEM a more powerful and also sustainable package.

**Efficiency**

Efficiency is being measured by the degree to which the resources invested in the development of a product are appropriate compared to the results achieved. Results should be looked at as a bundle of

- Technical product development (assist government to produce it)
- Institutional anchoring and roll out (government structures use it)
- Further adaptation and refinement after termination of support (government adds on quality)

Graph 16: Efficiency: Strategy and Cooperation for Good Investments: from Product Development to Product Adaptation



The project focused on 2 pilot communes in 2 districts each. The levels of investments into PAEM under RDDDL in those 4 communes seem to be high. For the initial development of the product part “upland agriculture modeling”, almost 2 years of international consultants were used for the production of the products

- 30 % of ethnic minority groups reached in 4 communes of the province with 7 upland agricultural production models
- development of technical guidelines, training guidelines, extension guidelines
- capacity development for staff and offices at 2 districts and provincial level
- delivery of drafts for the development of provincial guidelines

However, given the scenario, that with some additional inputs by the project into

- ToT courses for most of provincial and district staff,
- monitoring, study tours and exposure, workshops, for further systems development,
- negotiation with the WU, AEC, DARD for enlarging the PAEM system,

the province is likely to use PAEM with all 3 pillars throughout the province from 2010 onwards, the initial comparatively high investments seem justifiable. By design up-scaling was never done directly by the project, but concepts and methods were to be integrated into regular development administration at district and province level. The Project managed to produce technical solutions, which are incorporated in provincial guidelines, and it can be assumed that the government system uses the system in all parts of the province.

Costs for developing the product package in another province in terms of technical product development (assist government to produce it), institutional anchoring and roll out (government structures to use it), and further adaptation and refinement after termination of support (government structures add on quality) could be less, since the technical product development do not need to be repeated with the same intensity.

Some decisive institutional arrangements could probably have been an improvement:

- Earlier inclusion of the WU in PAEM,
- An early attempt to bring in private sector to the extent possible might have significant positive results on the overall efficiency,

The question, as to whether government would do necessary product adaptation with changing environments and perhaps new important actors (private sector) coming in and safeguard the quality of PAEM, can only be guesswork at this stage. Generally, the starting interaction between commune extension staff, district extension officers and villagers has the potential to produce a new momentum, which is likely to generate sufficient energy for further adaptive changes towards higher effectiveness of PAEM. Particularly district agricultural extension staff experiences the benefits of being better recognized, since farmers see and appreciate their better motivation and higher performances.

Already at the end of the project lifetime, the entire provincial agriculture extension system started taking decisive steps towards higher competences at village, commune, district, and province level. In those communes, where CEWs have been installed and trained, district extension staff experiences already now growing requests for modeling and application of PAEM methods.

PAEM acquired a positive label and is becoming famous in the province also with other development organizations, which send their staff to the AEC for training.

#### **7.4. The PAEM Product of SMNR-CV in Quang Binh**

##### Product approach and generation

The approach PAEM is based on the principle that farmers learn best by own experiences. PAEM promotes the interaction between farmers and extension workers for a joint learning process. SMNR-CV produced a series of technical training modules, which were published by DARD as the guiding training documents for the province. In addition the approach to conventional agricultural field models was revised, so that field models became simple trials,

which can be replicated by the farmers' own means. These field trials are integrated as demonstration plots into technical trainings and become subject of farmer to farmer visits.

Important for the successful introduction of PAEM in Quang Binh is that SMNR-CV has exercised capacity development for the entire provincial agricultural extension system, including all districts and communes (CEW), so that PAEM has become a provincial system.

PAEM in Quang Binh has the following main activities:

- farmers' needs assessment with market oriented concerns,
- participatory planning for agricultural innovation and support for plan implementation,
- support to the development of participatory demonstration models on crop and livestock production techniques, using farmers' available resources so that models are replicable,
- participatory training programs accompanied demonstration models,
- participatory monitoring and impact evaluation.

PAEM is understood and practiced as a flexible response by the public agriculture extension system to farmers' requirements and resources. PAEM requires substantial time and capacities from government extension staff for the whole process. Necessary skills, understanding and appreciation of the new system for achieving required levels of creativity and flexibility is not yet fully in place. In view of tight public budgets for agricultural extension, costs are decisive for the widespread application of PAEM and for sustainable impact of the method. Since PAEM has not yet been institutionalized at national level, current cost norms based on the conventional approach are not sufficient for PAEM.

PAEM has also in-built voluntary contributions from farmers in terms of time and capital, which is not initially and easily understood when people are still used to the conventional extension system, which was based on instructions and subsidies.

#### Ownership: partners, networks

Given the conventional top down agriculture extension approach of DARD, which was clearly oriented towards agricultural growth for certain commodities and export, the speed of partners acquiring ownership of PAEM as a bottom up approach focusing on participation and poverty alleviation is remarkable.

The provincial Agriculture and Fishery Extension Center (PAFEC) is responsible for steering and for the establishment process of PAEM. Final decisions are taken by the director of DARD. For facilitating provincial government to steer the process of creating PAEM and for getting PAEM to the status of an official provincial agriculture extension approach, SMNR-CV initiated and established a Provincial Agricultural Consultative Group (PACG), which was then officially mandated by the provincial government. The PACG has a wide membership of provincial key persons, and has been instrumental in getting PAEM institutionalized and officiated. The PACG was given responsibilities by PAFEC and also resources by SMNR-CV, to fulfill their function effectively.

PAEM has been officially integrated into the provincial strategy on agricultural extension. The application of PAEM has thus become mandatory in all districts and communes of Quang Binh province.

The ownership for PAEM is formally with DARD, practically with PAFEC. Innovations and updates are being managed and forwarded by the PACG.

### Relevance to people

The ownership question has also another dimension. Besides management, guidance, and facilitation there is the aspect of implementation. Ownership of PAEM can be conceived as a process, in which extension institutions and the agricultural extension management system decentralize the implementation to the commune and then to grassroots levels.

For a successful application of PAEM, the implementation process is driven by the motivation and ownership of local people. The rate of farm households accessing new technologies and adopting introduced innovative production techniques has significantly increased, which remarkably contributes to the raise of farmers' income. Farmers have realized the importance of the new roles agricultural extension has taken and the positive impact of its work on their livelihood.

PAEM generates an environment for active learning for farmers, in which they share experience and knowledge. PAEM also creates a good environment to promote a two-way communication between farmers and extension officers, ensuring information flows and encouraging participation.

When having adequate information and better understanding about innovative agriculture production techniques, farmers are more confident in sharing their experiences with others, which promotes adoption and diffusion of new production techniques in the community. The establishment and development of grass root extension networks in collaboration with key farmers helped the expansion of PAEM with increasing number of participating farmers.

### Utilization of the product by the clients

In PAEM, farmers take their own initiatives and stay responsible for their agricultural activities. They are the main clients of the system. Participatory field demonstration models were developed in a way, that sharing of implementation results with others in the same village or beyond is feasible and actively supported. With their increased capacities, horizontal communication (grassroots extension networks) becomes an important means of transporting the approach to those communes and villages, which have not yet been incorporated fully.

PAEM has been tested and improved as a successful participatory agricultural extension system based on the principle of farmers' ownership of extension activities. Their collaboration and coordination with government extension staff encourages the process of joint learning. Farmers themselves can become trainers, which further raises the efficiency of PAEM.

PAEM as a successful agricultural extension system is being discussed also in neighboring provinces, a process, which has been supported by interprovincial meetings through SMNR-CV with organizational inputs and also financially. This horizontal expansion will contribute to gaining influence on national level discussions and policy formulation.

The ADB project has taken over many principles and methods of PAEM contents and trainings.

### Expansion, scaling up, and quality addition

PAEM is officially acknowledged and was institutionalized by DARD Quang Binh in 2008 as the major extension approach of the province. PAEM principles and methodologies are documented in practical guidelines and distributed to almost all commune extension workers in the whole province and also other relevant institutions to further assist the new successful method<sup>27</sup> to be fully adopted by the public agricultural extension system.

Local people develop their own demonstration models, which is being supported and monitored by district extension staff. Monitoring results are then discussed along advantages and disadvantages and used for transfer of good models to neighbor villages and communes by district staff. In addition, government continues to organize ToT and develops further guidelines without project support. The provincial roll out happens without resources of the project already during the last months of the project lifetime.

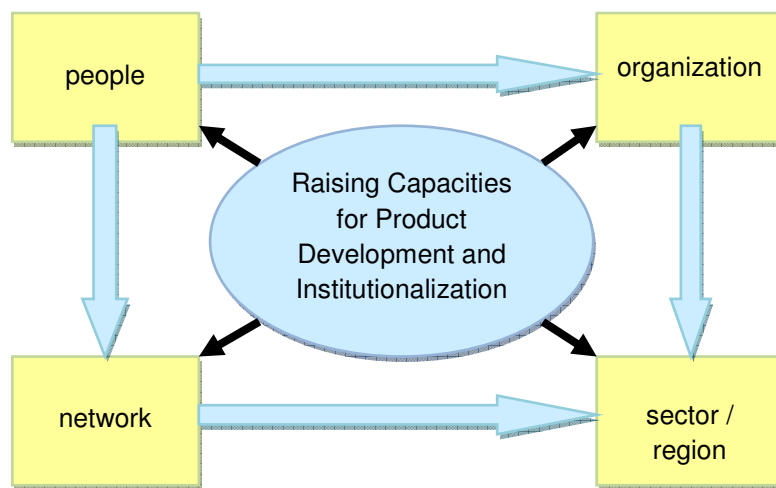
For quality addition based on learning and innovation the PAFEC is the actual partner and uses the PACG for this purpose. This constellation shall continue and is sufficient to carry on with further improvements after termination of SMNR-CV. Quality addition has its limitations because of limited financial resources of the government budget. Central aspects of further quality addition would include the professional capacity of CEW and VEW, as well as mobilization of further farmers' contributions.

## **7.5. Lessons Learned from SMNR-CV in Quang Binh**

### **Capacity Development**

Capacity Development in the context of German TC is understood as a set of interventions at the levels of individuals, offices / institutions, networks and the sector, for raising their competences in dealing with changes, opportunities and challenges. Capacity Development aims at higher performances of people, institutions, networks and the sector.

Graph 17: Capacity development for product development and institutionalization



<sup>27</sup> Achievements by 9/2009 include: 142 training courses have been conducted for CEWs, 5600 copies of training manuals have been printed, 550 PAEM guidelines and manuals on PAEM impact evaluation have been distributed, 14 models of innovative agricultural production are developed.

The network of GTC: PAEM has been an existing model, which was originally developed by the SFFP in Son La. SMNR-CV and RDDDL both used and adapted the model to the provincial conditions respectively. The GTC assisted project in Dak Nong will use it further.

Initial resistance by the sector: The PAEM introduction in Quang Binh met with a lot of skepticism at DARD. They preferred the key farmer model, but eventually the institutionalization of bottom up approaches was seen as the main concern. The key farmer model had not been sustainable with scarce government resources.

Raising capacities of people: Through PAEM extension officers from the provincial level down to commune level have been trained and upgraded with managerial skills as well as technical knowledge and skills with the main focus on the flexible adoption of PAEM principles and methodologies. This capacity building happened through 3 different trainings: Training of master trainers, ToT and training of key farmer trainers. The major training and capacity building was on the job with farmers in field days.

The systems approach: PAEM can be described as a basket of integrated elements. The core element is the agricultural model approach, which is based on farmers' needs and capacities, and which is suitable for local practices and markets. Models are developed and further extended jointly by farmers, who in turn get institutional and professional support from CEWs. CEWs are the backbone and sit at the lowest level of a provincial extension set-up, which is headed by PAFEC and generates knowledge and innovations through ongoing monitoring, two-way communication and networks.

The inbuilt generation of extension innovations through PAEM requires and produces profound changes in the mindset and perception of managers and leaders in the entire agricultural institution DARD. The change of mindsets is huge, though simple to describe: a change from instructions and control to listening and facilitation.

The systems approach in the implementation of PAEM from village to provincial levels is both: a condition for its success and an outcome in terms of practical achievements at grassroots level. Improvements don't happen at one isolated level, but stepwise with the involvement of all levels simultaneously.

Important outcome: With increasing competence of grassroots extension workers, the quality of the overall extension service has increasingly improved. The CEW at the commune level is key to linking farmers to potential innovations introduced and supported by government.

At the level of district staff the initial capacity enhancement has generated a situation, in which over 90% of agricultural extension staff organize trainings for themselves based on topics produced by the system. The management is motivated and supportive to practical application, learning and further improvement of the method for wider application.

The organizational structure is almost complete with clear mandates and duties at all levels: village, commune, district and province.

Limitations and further needs: Frequent transfer of extension and managerial staff causes constraints to the improvement of systems and processes. Transfers can partly be balanced by on the job training and coaching. That seems particularly important for facilitators and managers during practical work.

Apart from formal training courses, coaching has to happen through a number of extension cycles. Only repeated application produces sufficient confidence and abilities to react flexibly to changing conditions.

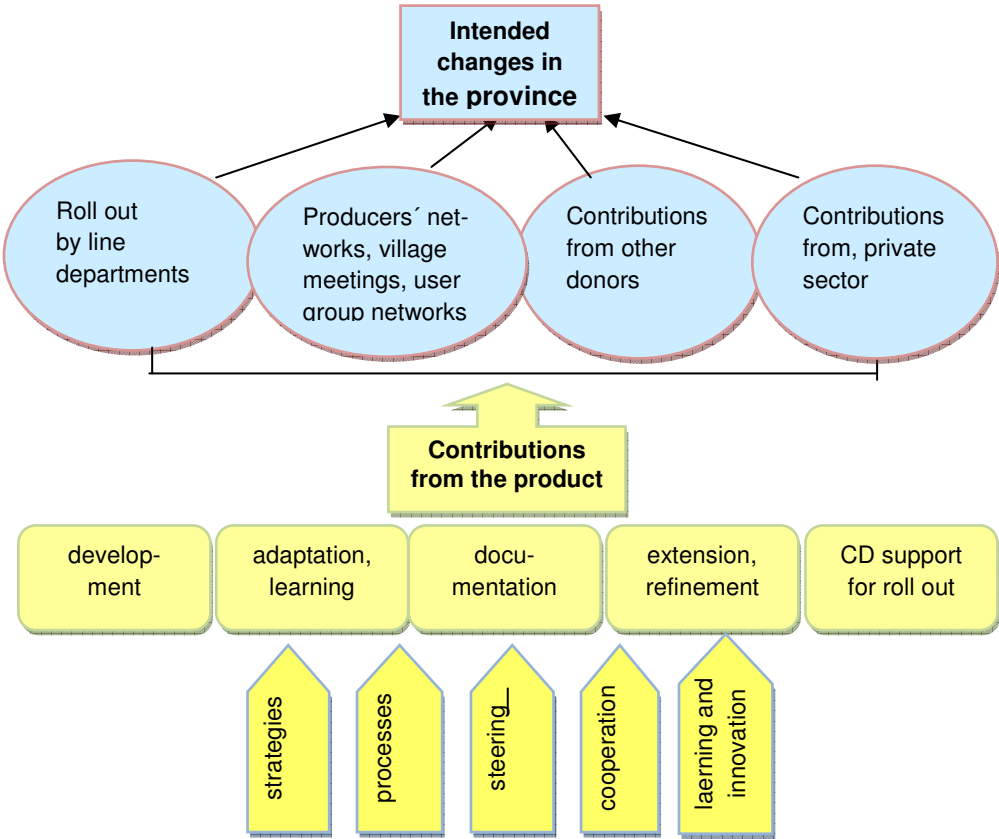
CEWs of higher age often show problems of adjusting to the new method. Often, they are not satisfied with changing from being instructors to facilitation work. Younger staff is keen to learn and more eager to become competent CEW.

Particularly in ethnic minority villages extension staff experiences transport and language problems.

**Impact:**

Impact is defined as the contribution of the project to intended over-arching results in the region or the sector, which are beyond the direct influence of the project management.

Graph 18: Impact: Contribution to Intended Changes in Provinces and the Sector



Strategic management by SMNR-CV towards impact

In terms of addressing livelihood of people, the selection of the agriculture sector for a revision of conventional to a participatory approach proved to be useful. The agriculture sector has the highest possible contribution to peoples' income in the province.

The project has, from the beginning, aligned planning and implementation of activities for PAEM with provincial and national demands. Concepts, capacities and systems built for PAEM so far meet genuine interest of provincial and national level government. At provincial level, the objectives have been fully met. It is up to the national government to utilize the

products generated by Quang Binh province for the completion and approval of PAEM guidelines at national level. The project developed in this regard further mechanisms with well prepared and organized regional meetings of provinces of Central Vietnam for presentation and discussion of PAEM. The implementation started in neighboring provinces.

Another decisive strategic input was the inbuilt integrated results based monitoring system. Farmers and government staff at all levels in the agricultural extension system start using qualitative impact indicators for measuring success. Before introduction of PAEM only numbers had been used for activity and output monitoring.

#### Overall major contributions from the project

SMNR-CV has, amongst other achievements, managed to generate the following:

- Raising farmers' confidence and capacity in analyzing, evaluating and proper selecting technical solutions and modes of production matching their conditions,
- Improvement of communication systems contribution to farmers' knowledge building and farmers' capacity to deal with innovations and opportunities coming from outside,
- Improvement of farmers' ownership of processes dealing with innovation and ability to share new knowledge with the community,
- Raising farming communities' capacities in sustainable production,
- The government extension system has become responsive.

The application of PAEM has improved efficiency and effectiveness of knowledge transfer, resulting in increased crops yields, land productivity, and income for farmers. With the strategy of continuous capacity development as an integral part of PAEM, and with the mechanism of slowly intensifying collaboration and cooperation between extension staff and farmers as an inbuilt feature of PAEM, farmers in interaction with the public extension service are increasingly able and willing to adopt new appropriate technologies in agricultural production.

#### Intended changes in the province:

The quality of the extension service has improved in both: horizontally across villages, as well as vertically, in terms of linking farmers needs and capacities with a responsive government extension set-up. The results are manifold: the prestige of the extension service has grown, farmers' trust in government ability to respond has been consolidated, and so has the enthusiasm of farmers to participate in extension programs.

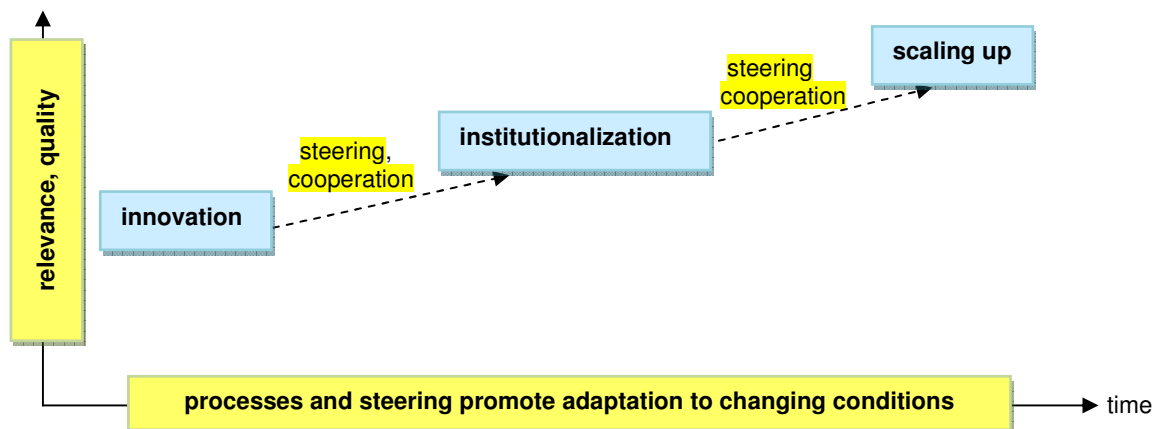
As another result the reputation of district extension staff has remarkably improved. The government staff is taken more seriously by farmers, when they respect their competence as facilitators and not as instructors.

Farmers have realized the changed role and increased impact of the revised extension set-up and see the effects on their livelihoods: improvement of farming systems, higher and steady income, better income distribution in communities, better livelihood systems, and more sustainable use and improved status of their natural resources.

## Relevance and Sustainability:

Sustainability measures the probability that the positive results of the product will continue beyond the end of assistance. Sustainability is primarily a question of institutionalization, roll out and scaling up. It depends to a high degree on the continuous or increasing relevance and quality of the product.

Graph 19: Keeping Relevance and Quality for Sustainability: Processes and Steering  
Promote Adaptation to Changing Conditions



Relevance and quality for sustainability: Relevance to the policy of provincial and national levels has been maintained, if not increased, with the discussions of expansion and implementation of PAEM in other provinces in the region. With the approval of PAEM guidelines by the government of Quang Binh the continuous development of competences of the interrelated system of extension workers and government agricultural extension set-up at all levels has started to generate additional energy for new learning and further improvement of professional capacities and livelihood systems.

Sustainability is supported by the high level of effectiveness of PAEM and the starting replication of its implementation. Models are being replicated based on farmers' available resources, new technologies are integrated into production practices, while the role of the public sector is reduced to provision of information, guidance and coaching. Models are implemented by farmers. At the same time, the application of PAEM changes farmers' capacity to understand and apply correctly advanced farming techniques.

Sustainability is achieved by the combination of several aspects:

- The approach of the extension system PAEM results in changed mindsets of extension leaders and managers and in the improvement of efficiency and effectiveness of knowledge transfer.
- Developed capacities of the provincial public agricultural extension set-up in combination with capacitated grassroots extension workers creates a system of continuous learning, generation of new knowledge and additional skills of extension officers and people.
- The application of PAEM as an integral part of the provincial agriculture extension system within the context of human and financial capacity limitations in the provincial set-up experiences the challenge of necessary cost reduction. This might further

motivate management and leadership to seek for implementation solutions with less government involvement and increased private sector participation.

- PAEM has created sufficient energy to be applied further under changed conditions after termination of the project support, perhaps with lower number of government interventions such as trainings.

Processes and steering: the role of PACG for adaptation to changing conditions: The establishment of the Provincial Agriculture Extension Consultative Group (PACG) with representation from relevant provincial agricultural institutions and its long term and effective functioning as counseling device for DARD was and will stay as a key steering mechanism for PAEM. Together with efficient support from relevant stakeholders (extension, plant protection, and other departments in DARD) the PACG has mobilized the collective energy for the institutionalization of PAEM into the provincial extension system.

The PACG will continue to introduce new elements to PAEM and transport ongoing improvements of participatory approaches into the agricultural extension system. It can be expected that the original concept as developed by SMNR-CV, to integrate the market orientation into practical agricultural extension services and strategies, will stay as a priority.

The ability of the joint ownership of PAEM, which is the collaboration of farmers and the public sector, to respond to a changed environment is one of the integral properties of the system, and will stay as a precondition and result of its effectiveness and sustainability.

## **8. Component Value Chain and Cluster Promotion**

### **8.1. Important Details of the Component**

#### Definition, general description

In the definition of the GTZ, a “value chain” is

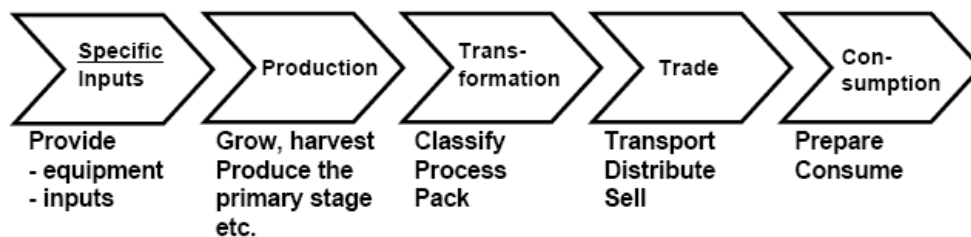
- a sequence of related business activities (functions) from the provision of specific inputs for a particular product to primary production, transformation, marketing, and up to the final sale of the particular product to consumers (the functional view on a value chain).
- the set of enterprises (operators) performing these functions i.e. producers, processors, traders and distributors of a particular product. Enterprises are linked by a series of business transactions in which the product is passed on from primary producers to end consumers.

According to the sequence of functions and operators, value chains consist of a series of chain links (or stages). Value chain promotion means supporting the development of a value chain by externally facilitating a value chain upgrading strategy. A “cluster” may simply be defined as a value chain that is concentrated at the same location.<sup>28</sup>

As illustrated in the simplified diagram, the upgrading strategy for any specific value chain aims to optimize the different stages of the chain as well as the links between them.

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<sup>28</sup> Definitions from “*ValueLinks* Manual – The Methodology of Value Chain Promotion”, GTZ 2007, see <http://www.value-links.de/manual/distributor.html>



The VC methodology adopted by the SMNR-CV is a set of pro poor Value Chain tools developed by GTZ, branded as “ValueLinks”. ValueLinks has been developed by GTZ as its specific, action-oriented approach to the pro-poor oriented promotion of value chains. The ValueLinks methodology builds on lessons learned with rural development programs and private sector promotion supported by GTZ.

For the specific regional context of the SMNR-CV in Quang Binh province, the general approach to VC promotion had to be adapted to the conditions of a relatively remote rural area, the economy of which was – until recently - largely subsistence-based with limited marketable surplus of mainly agricultural and forestry primary commodities. Even though significant progress has been made over the last decade in terms of increased market orientation, the project area is still characterized by structural limitations (weak resource endowment) and locational disadvantages (distance and access to markets), resulting in a low regional competitiveness.

#### Government policies relevant for the component

Government strategies on rural development in Vietnam generally focus on increasing agricultural productivity with the aim to improve domestic food security and/or to integrate small holders into international commodity chains (e.g. export of rice, coffee, etc.). Somewhat neglected in these strategies is the potential of adding value to primary products within the rural areas by improved processing and marketing, thus generating additional income and keeping a larger share of the value added with rural households and SME.

Government policies on industrial development, at least in theory, provide a “level playing field” for the state-owned and the private sectors. Since the introduction of the “Enterprise Law” in 2005, this has worked to the advantage of large private investors, located in the industrial centers. The more one gets away from the national level and these industrial hubs into rural areas, the more the prevalence of state-sector institutions as direct investors or dominant actors persists. The important role that the private sector could play in the economic development of rural areas, e.g. in the form of rural SME, producer groups and associations, is still largely neglected. The introduction of the value chain approach in rural areas of Vietnam is thus a largely unexplored terrain which requires improved public-private dialogue and cooperation.

The 5 years’ economic plan of the target district was considered an important document and the vice chairman of the DPC was consulted in order to provide an opportunity for the public sector to allocate resources according to chosen commodities.

#### Objectives of the approach

The introduction and application of the value chain approach in the project region is meant as a contribution to sustainable development in its three dimensions:

Economic: continued growth of regional GDP and of selected sub-sectors, more efficient use of the resource base (natural and human) in the region, linking and integration into markets by demand orientation and market information, “economics of scale” by cluster promotion, significant increases of additional net incomes of stakeholders involved in value chains,

Socio-political: distribution of additional incomes in favor of rural households and SME (poor selection and facilitation of VC), improved public-private dialogue, capacity building and strengthening of private sector organizations, improved food safety and transparency for consumers,

Ecological: selected VC to contribute to more sustainable use of natural resources (at least no negative impacts), awareness raising among stakeholders about long-term risks and potentials.

### Demand-orientation and the private sector as driving forces

Conventional approaches of sub-sector development in rural areas of Vietnam are supply-driven and heavily depend on the “guiding role” of the public sector institutions which aim to “manage” the local economy by issuing top-down instructions and providing subsidies where seems fit. In practice, the selection of certain sub-sectors or products is not based on sound market analyses, and production increases are pushed before markets or marketing channels are identified. Small producers and rural SME are reduced to the role of implementers, but nonetheless carry all the risk of market failure.

With the introduction of the value chain approach, several of these aspects are reversed: The selection of sub-sectors to be promoted as VC is a result of a participatory process (LED) in which the most important stakeholders of the public and private sectors agree on the priorities and ranking with “market demand” as among the most important criteria. The upgrading strategies for selected values chains are developed and decided in VC workshops, again with the participation of all major stakeholders. The outcome of these exercises also determines the governance structure of the VC (who is in the driver’s seat?) which in most cases leads to the establishment of producer groups or associations. The role of public sector institutions and of donor-financed projects becomes that of VC facilitators.

## **8.2. The VC Product of SMNR-CV in Quang Binh**

### Product approach and generation

The SMNR-CV project has introduced “Local Economic Development” (LED) and its approach of strategic planning as an overarching concept for the promotion of income generation of households and rural SME and for economic development of the project region. The concept was introduced in a series of stakeholder workshops at provincial and district levels which identified the priority sub-sectors to be promoted as value chains. The selection process was structured by a set of criteria which included the current and potential future market demand for the product on local, national and international markets, the potential of income increases for poor households and rural SME, ecological considerations (at least no negative impact on the environment) and a “quick win” constellation (visible results within the implementation period of the project).

The Value Chain (VC) approach was selected as the most suitable and operational instrument for the upgrading of production, processing and marketing of the products

selected during the LED process. The VC approach was applied in a series of stakeholder workshops for the analysis of specific value chains. SMNR-CV facilitates the upgrading of value chains and production clusters in the following sub-sectors:

- Natural Honey (Apiculture)
- Raw Silk (Sericulture)
- Pepper
- Mushrooms
- Selected support in other sub-sectors (rubber, rattan and wood processing)

Apart from tangible and verifiable benefits for the stakeholders in the value chains, perhaps the most important common feature in product generation is the establishment of private sector producer groups and associations, which strengthen and pursue the interest of their members.

The selection of the VC approach and sub-sectors to be upgraded was principally a decision by the project team. Conceptual discussions took place with the provincial and district DPI, following which specific line department offices were involved as direct partners on a case to case basis. Partnering with important stakeholders at district and commune level happened for each sub-sector. The implementation of specific action for the various value chains was then primarily steered by associations of private sector actors.

#### Ownership: partners and networks

The VC approach in Quang Binh was a pioneering innovation of the SMNR-CV project. Government and private sector institutions are direct partners of respective value chains and actively support selected VCs with additional funds and staff. The PPC always welcomed and supported the approach. The ownership of the approach as such, however, rests with the project, which is strategically a wanted situation.

With the successful implementation of upgrading strategies in several value chains, the producer groups and associations have increasingly become the “owners” of their respective VC. Motivated by the economic self-interest of the participating actors (including processing SME, traders and others), the organizations have become fully operational and have generated sufficient energy to continue operations after the end of the project, even in times of adverse economic conditions.

To further promote the wider application of the ValueLinks approach, the SMNR-CV project initiated the foundation of a provincial “Value Chain Group” which consists of representatives of relevant line departments, public and private service providers, representatives of producer groups and associations and a number of donor-supported development projects. Members of the group have received several trainings on the methodology of ValueLinks and its application in 2006 and 2007. The most recent seminar took place in October 2008.

#### Relevance to people

The SMNR-CV project selected sub-sectors for value chain promotion, which are pro-poor and contribute to local economic development with the involvement of particularly small and micro producers. Small producers in the rural areas have become increasingly aware of market mechanisms and orient their selection of products, quantity and quality of outputs with market demand. Better market information is provided by public and private service

providers and by improved downstream linkages to collectors and traders. Producers have concentrated in regional clusters which produce more sizable quantities which are better recognized by downstream actors. Producer groups apply measures of quality control which further enhances their bargaining power and contributes to higher producer prices, and thus to significantly higher net incomes. Traders and consumers benefit from operational value chains by more reliable trade relations and improved transparency.

#### Utilization of the product by the clients

Private sectors clients for the value chain approach include all actors along the chain, from input suppliers, producers to processors, and traders. In all VC initiated and facilitated by the SMNR-CV key actors have embraced this new approach. Producers institutionalized the approach in the form of producer associations. These organizations are recognized by other chain actors and by the local authorities. This in turn has led to a higher sense of self-reliance of rural producers also in a political sense which carries beyond the obvious financial benefits.

With public sector clients, the acceptance and further utilization of the value chain approach is not yet as evident. The relevant line departments on provincial and district levels (planning, agriculture, trade & industry, and others) all have a mandate in promoting local economic development by improved processing and marketing, but lack the incentives to actually do so. However, a certain change of mind set is observable in part of the administration, notably with younger and more dynamic officers, to enter a public-private dialogue and to provide more market oriented services. Private sector service providers, which developed expertise in enterprise development, LED, value chain promotion, etc., and have established in the market, do exist in the province and are important clients of the product.

The value chain approach as such has a fourth category of clients, which are other donors or donor funded programs / projects. The ADB among other donors is in contact with the provincial value chain promotion group and adopted the principles for their poverty reduction program. Producer associations get already direct support from the ADB financed program.

#### Expansion, scaling up, and quality addition

Since the public sector presently does not have a direct mandate to promote the value chain approach, the further expansion and scaling-up of the ongoing VC initiatives or initiation of further application of the VC approach as such depends primarily on market conditions, the dynamics of producer organizations, and available private sector service providers. Quang Binh has a private sector service provider, which was established with support from SMNR-CV, and which has meanwhile sufficient business volumes (including work for support to some producer groups and associations) to become a sustainable institution.

Associations are well trained on management and communication skills and started active networking beyond their direct business interests. Those networks take care of improvements of trainings and better management tools. In addition, more contacts with district and provincial departments are conducive for resourcing support for qualitative improvements of management in specific sub-sectors. Government at provincial level has developed a list of qualitative aspects for measurement of the conduct of associations.

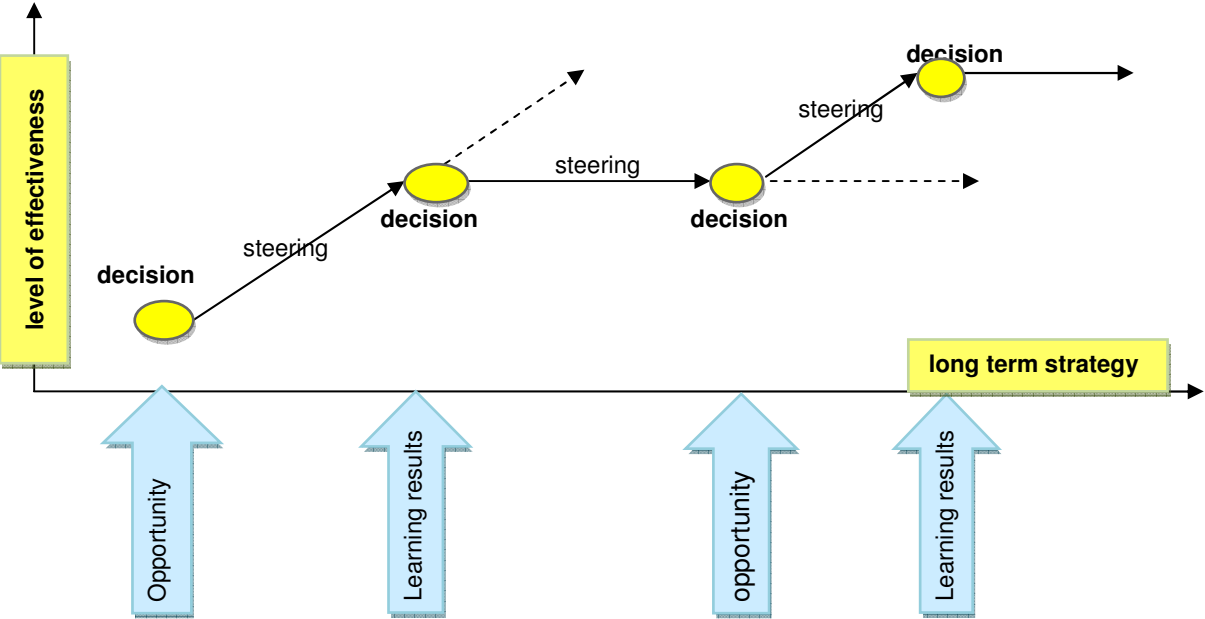
The wider application of the value chain approach in other sub-sectors might be carried forward by a number of other donor-financed projects and several officers of line departments which are members of the provincial “Value Chain Group”.

**8.3. Lessons Learned from SMNR-CV in Quang Binh**

**Effectiveness**

Strategies in the context of German TC are seen as a combination of steering, goal oriented long term planning, decision making and the capacity to react flexibly to events, opportunities and results from learning. Better strategies raise the level effectiveness

Graph 23: Using Opportunities towards Effectiveness: Processes and Strategies



In order to achieve highest possible levels of effectiveness the introduction and application of value chain and cluster promotion in the SMNR-CV has followed a sequence of strategic decisions, from the more general considerations at the beginning of the project to very detailed issues of the facilitation strategy and its phasing out for specific value chains.

The selection of the value chain approach, and more specifically the GTZ methodology of ValueLinks is the result of an assessment of strategic options and alternatives. The project screened more than 20 different approaches to local economic development, value chain and cluster promotion, most of them, however, were better suited for more favorable economic framework conditions than can be found in relatively remote rural areas. It was seen as an opportunity that in 2005 the first edition of the ValueLinks manual provided a more pro-poor approach and was therefore selected as the most suitable tool box for the local context of the SMNR-CV. Applying these tools, learning experience has led to an emphasis on the more practical aspects of the method and the simplification of some of the tools.

For the selection of specific value chains, a participatory process of ranking led to the selection of priority sub-sectors, based on economic, social and ecological criteria (e.g.

market demand, income generation and its pro-poor distribution, environmental impacts). Steering of this process was mostly needed for the provision of input information such as assessments of production and market potentials, or environmental impact assessments. The selection of specific value chains was a longer process, which started with 2 and eventually had 4. The strategy for having this relatively high number followed considerations like risk diversification, allowing for better trial and error approaches, and the provision of sufficient learning ground.

Value chain analysis for specific sub-sectors basically aims to identify strong and weak points in the different stages of a chain and in the linkages between them. Provided with input information on external factors (e.g. markets, appropriate technologies), the key stakeholders (producers, processing SME, traders) of a sub-sector derive from this analysis their operative strategies for upgrading the value chain, including operational and budget plans to overcome the major constraints. The formulation and implementation of these plans is a generic process which often involves learning loops and corrective action. In an extreme case, this has even meant to give up the further upgrading of the chain (rubber).

Based on the operative or upgrading strategy of the key stakeholders, the project developed for each value chain initiative a consultancy and facilitation strategy, which aims at the long-term development of the sub-sector, its potential for up-scaling and focuses support activities on capacity development of the chain actors. The strategy is oriented towards synergies of implementation processes which may be grouped into three major categories: “Business processes” mainly relate to skills and production technologies, “management processes” mainly relate to organizational and marketing aspects of the value chain, and “back-up processes” which relate to the support of an enabling environment (e.g. strengthening service providers).

For each value chain, the facilitation strategy of the project was developed along changing needs of the key stakeholders. Whereas initially the expressed needs were support activities in technical aspects (the core process of how to improve production and processing), the focus of expressed needs later shifted towards organizational aspects (the process of how to manage growth). One of the key learning results during this shift was the necessity to institutionalize the value chain by the formal establishment of associations as in the case of natural honey and silk, or at least as producer groups as in the case of pepper and mushrooms. The third dimension of back-up processes concerns efforts of the associations to lobby for more external support and to efforts of the project to contribute to an improved business environment generally.

The implementation of the upgrading strategies by the stakeholders and the related facilitation strategy by the project was accompanied by monitoring of achievement, most importantly of the degree of institutional consolidation of the producer groups and associations.

Impact monitoring as a key to successful steering caused a range of implications:

- In the very successful case of the VC on natural honey this has led to an exit strategy and early phasing out of the direct project support.
- The value chain on raw silk has seen severe shocks caused by external factors (devastating floods and market entry of Chinese competitors) which have led to a

revised strategy of rehabilitating and consolidating the sub-sector to render it internationally competitive.

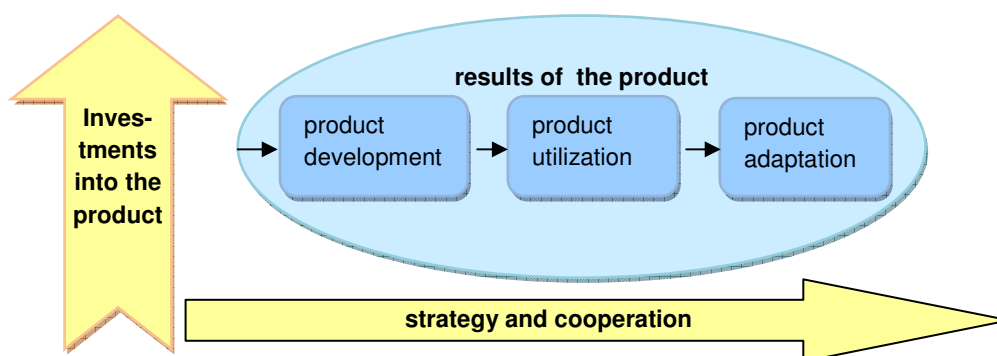
- The pepper VC has recently seen drastically falling world market prices which call for further productivity increases and improved marketing techniques.

## Efficiency

Efficiency is being measured by the degree to which the resources invested in the development of a product are appropriate compared to the results achieved. Results should be looked at as a bundle of

- Technical product development (assist government to produce it)
- Institutional anchoring and roll out (government structures use it)
- Further adaptation and refinement after termination of support (government adds on quality)

**Graph 24: Efficiency: Strategy and Cooperation for Good Investments: from Product Development to Product Adaptation**



Inputs or investments into the development and application of the value chain approach mainly refer to the initial adaptation of the Value Links methodology in the local context and to the specific needs of the stakeholders in the selected sub-sectors. This process was mainly driven by strategic considerations and the resulting upgrading and facilitation strategies. Resources for the implementation of these strategies came from the stakeholders themselves, and from a number of other cooperation partners. The inputs from the SMNR-CV project was mainly input information and capacity building. Apart from those upgrading and facilitation strategies, building up and maintaining “cooperation” in a wide network of partners has become a decisive success factor for product results.

Since cooperation networks differ with each value chain, the example of the VC on natural honey may serve as an illustrative example for a clear and continuous strategy towards the achievement of high efficiency of support by SMNR-CV:

Seen from the perspective of the key stakeholders in the chain, cooperating partners may be grouped as internal and external partners:

Internal partners are directly affected by the upgrading strategy. They include as primary stakeholders the district apiculture associations, beekeeper's clubs at villages and other individual beekeepers, also the District People's Committees (DPC) as well as traders who supply inputs for beekeeping and merchandize honey products. Farmer's Union and Agricultural & Forestry Stations in the districts are referred to as secondary partners.

External partners are indirectly involved in the upgrading strategy, acting as service providers and establishing temporary forms of collaboration: e.g. Bee Research and Development Centre (BRDC), a local consulting company, the CEFE Trainer's Club, etc. Other actors complemented the supportive activities of SMNR-CV, such as the Ethnic Minority Centre (EMC), the ADB poverty project, the Department of Science and Technology (DST), an NGO (Counterpart International, CPI) and others.

The key actors of the VC and those who would benefit the most from upgrading were to be the individual beekeepers; the majority of them were organized in the form of village beekeeping clubs. SMNR-CV had collaborated with these clubs by conducting training needs assessments and by delivering technical training courses. On a higher level of cooperation the formation of apiculture associations on district level brought about the most significant changes in the structure of the apiculture value chain in terms of institutional anchoring and roll out.

The major functions of the associations cover a wide range of coordinating / steering tasks:

- enhancing exchanges and cooperation among the beekeepers and between beekeepers and other relevant actors,
- formulating a development strategy, a master plan as well as long- term and annual plans for apiculture development in the two districts,
- disseminating beekeeping,
- up-scaling honey production in the locality,
- applying effective marketing means and launching sales promotion campaigns,
- improving public relations in order to mobilize further support from local authorities and donor funded projects, NGOs and line departments.

Relations with external cooperation partners also include those to the mass organizations (Farmers Union, Women's Union) as well as to national and international apiculture associations.

From the facilitator's perspective of the SMNR-CV project, the establishment and effective operations of the associations obviously meant that the cooperation with the bee keepers became easier to handle. Supportive activities became easier to organize the more the associations themselves took over the ownership of an upgrading process. Consequently, the role of the project changed from a driving stakeholder towards that of a facilitator as one among other supporting external cooperation partners.

Thus cooperation reduced from a continuous initial support to a case-to case intervention. During this process, the associations increasingly prepared their action plans on their own and refined the product of value chain promotion to their own specific needs. Support by SMNR-CV was then mostly on further management training courses for the executive boards of the associations. Technical training courses and technical consulting or coaching missions were increasingly delivered by the "master bee keepers" of the associations, and also by local authorities of others districts and by other projects. With the institutional consolidation of the association, the direct project support could eventually be phased out.

For the VC on raw silk, the producer association in the production cluster effectively organizes information exchanges among and technical trainings for farming households. The association has established reliable trade relations with the silk reeling factories (private

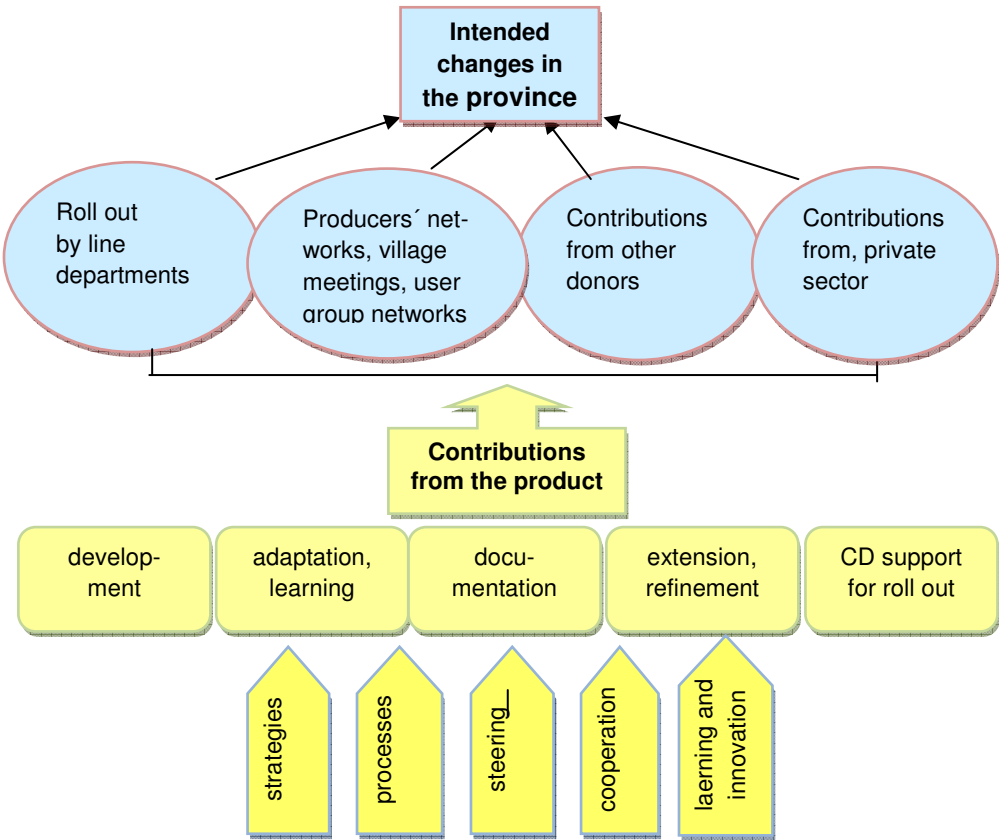
SME) in the locality and is well on the way of diversifying its customer base by expanding to neighbouring provinces. As for the further adaptation of the value chain approach, the silk VC is faced with the challenges that a larger part of the resource base (mulberry plantations) has recently been destroyed by floods and that over the last year, Chinese competitors have entered the market with better quality a lower prices.

In the pepper VC, producer groups have effectively disseminated improved technologies of plant protection and integrated pest management (IPM) to substantially reduce a common plant disease, thus increasing productivity and outputs of pepper cultivation. Cooperative relationships were established with public service providers (the agricultural extension system) as well as private service providers (traders in agro-chemicals). Group negotiations with collectors and traders have led to higher ex farm prices, and traders themselves now deal directly with exporting companies, thus increasing their margins. As a further adaptation of the VC approach, the producer groups have established savings and credit schemes to buffer price fluctuations for their poorest members.

**Impact:**

Impact is defined as the contribution of the project to intended over-arching results in the region or the sector, which are beyond the direct influence of the project management.

Graph 25: Impact: Contribution to Intended Changes in Provinces and the Sector



In the impact chain of the project component on value chain promotion, the intended indirect benefits include the improvement of living conditions in the mountainous areas of the

province as well as the reduction of over-exploitation and sustainable use of natural resources.

Changes in the province: The observable changes in the province over the last years include

- a remarkable increase of the GDP in the poorer districts of the province,
- a likewise over-proportional decrease of the poverty rates, and
- a much higher awareness of environmental concerns among all stake-holders in the public administration and the private sector.

While over the last five years growth of GDP per capita was between 8 and 10 % for Quang Binh province, growth in the poorer districts was as high as 14 %. Over the same period, the percentage of households falling below the poverty line could be reduced by slightly over 2 % per year on average of the province.

Most likely, government interventions such as infrastructure programs and more needs-based services have contributed most to these achievements. Better market access of previously remote communes of the province has encouraged more market-oriented modes of production among rural households and has led to new institutional forms in production, processing and marketing. Rural producers are increasingly aware, that they can improve their living conditions not only by raised agricultural productivity and market oriented outputs, but beyond this, significantly increase their cash incomes by further processing. Market opportunities and competitive advantages are identified and the improvement of technologies and communication for certain products and sub-sectors have improved. Dynamic individuals create networks of other producers and business linkages to upstream suppliers and downstream customers around them. With or without external support or the explicit label, these innovations are in fact the improvement of “value chains”.

The widespread application of these innovations is still in an early stage, but is supported by other donor-financed projects and is embraced by the private sector. The initiatives of the private sector may even be seen as the most relevant indicator when it comes to the longer term sustainability of the value chain approach, since it is based on practical experience in the markets and is driven by economic interest. The role of the public sector administration and their line departments has started to change from that of “main actors” to that of facilitators and service providers. A change of mind set of the decision makers which is so far only observable with the younger and more dynamic cadres is here as essential as a change of the function of the public sector.

Project contributions: The project impact indicator for the component on value chain promotion reads: "In the intervention areas, the additional net income of households and small enterprises involved in the promotion of value chains increases by at least 10% annually".

Based on the project's monitoring data, this annual income increase has been achieved for all VC supported, with the exceptions in 2008 of the silk VC and the pepper VC. For the VC on natural honey, average incomes have more than doubled over the last five years. For the more experienced bee keepers, incomes have even increased by a factor of more than 10. With the selection of pro-poor oriented sub-sectors the project actively worked towards the over-proportional decrease of poverty rates in the province and helped to generate a better understanding of production potentials in the market economy and market mechanisms particularly in more remote rural areas of the province.

Other project contributions include:

- in all supported VC, the number of involved producers and other actors has at least doubled, awareness of market mechanisms and product quality,
- formation of producer groups and associations, which are better linked and have improved bargaining power against market forces and government,. and

Last, not least, there is a positive contribution to the sustainable use of natural resources, and thus on the environment. This was assured with the selection of the value chains as well as with the steering of the upgrading strategies (including the choice of technologies) of value chains, e.g. replacement of “bee hunting” by organized “bee keeping”, protection of river banks by mulberry plantations, and eradication of pepper plant disease and replacement of wooden poles for cultivation.

## **9. Future Options for German TC for Sustainable NRM**

### **9.1. Assumptions and Underlying Principles**

#### Assumptions:

1. Vietnam has presently a forest coverage of 38 % of the land surface with the ambition to extend the forest coverage to even higher percentages. It can be assumed that the forest sector remains to be of high interest for the Vietnamese government and also to donors. At the same time the Vietnamese government has a genuine interest in raising contributions from the forest sector to the GDP beyond present levels, while maintaining the existing wealth and functions of bio-diversity properties of natural resources.
2. The Vietnamese government also has a genuine interest and preference in identifying and using an inclusive approach towards raising the GDP through higher contributions from forest functions and productive use of forests and forest land. This inclusive approach would combine livelihood functions with environmental functions and economic functions of forests.
3. Over the last years the tendency could be observed that the Vietnamese government makes efforts in changing the present combination of ongoing forest plundering and provision of subsidies for protection with a system, which safeguards peoples´ needs, economic growth, and creates a viable mechanism of protection through income from production, value addition, or other locally generated services.

#### Principles:

1. In this scenario presently available good results and valuable practices / experiences of rural development projects in Vietnam, which have been achieved within Vietnam-German TC should be kept and further used, even when the sector Rural Development as such would no longer be a core area of support by GTC. Good results and valuable practices / experiences could further be used in a different or modified context, which is “Sustainable Natural Resources Management / Forestry.
2. The design and implementation of a new or modified approach to NRM, in the context of Forestry combined with poverty orientation, should not depend on another round of

pilots in a number of provinces. It should rather address systems development in the NRM Sector.

3. A new approach should make use of, and be aligned with, international debates and procedures important for the NRM Sector: Climate Change adaptation and resilience, carbon markets, CDM.
4. A new approach should encompass all important subsectors of forestry in Vietnam and identify important conditions and positions for participation of local institutions such as user groups, villages, village clusters, producers' associations, companies, local authorities, SFE, etc.
5. The development of a new approach towards systems development in the NRM Sector will need time to make best use of existing resources, available knowledge, and apparently possible synergies through alignment and harmonization.
6. Particularly the principle of achieving synergies with other donors and achieving higher effectiveness through alignment will probably gain importance in the context of ongoing discussions around usefulness and importance of direct delivery systems of German Economic Cooperation. Whereby direct TA delivery could be used in combination with Financial Assistance modalities around either direct budget support or financial support to basket arrangements within program based approaches (PBA).
7. A new approach towards systems development in the NRM Sector must not be compartmentalized, but rather allow for a flexible combination of instruments and approaches according to geographic, institutional, and political opportunities, considering macro-economic parameters: those would particularly take into account planned or existing aid programs of other donors in the NRM sector.

## **9.2. Envisaged Results**

An important result would need to address innovative sustainable financing mechanisms, which would generate income generation from forest management in combination with forest protection and higher productivity of forest land utilization. This aim has recently gained increasing prominence in national discussions around NRM in relationship to increased GDP, contributions to poverty alleviation through improved livelihood systems for rural people, and the range of important forest functions. This aim will further gain prominence when post 661 discussions will turn more towards sustainable forest management instead of mechanisms for subsidizing forest protection.

Important outcomes would include an improved data base for forest research and improved forest management planning, Increased institutional capacities for effective support to forest protection sustainable forest management, and acknowledged procedures and instruments of national forest valuation. Another outcome would probably look at reduced natural resource taxes as an incentive for sustainable forest management.

### 9.3. Potential Approaches and Instruments<sup>29</sup>

#### Potential Approaches

For the envisaged results above a range of potential approaches could be selected for further scrutiny. In the approaches listed below good results and valuable practices / experiences of rural development projects of Vietnam-German TC should be partly included, whenever possible:

1. Decentralized development planning for optimum forest land utilization and convergence (creation of synergies) between the various national target program and financial flows at local level.

This would re-enforce and build further on decentralization for participatory rural development, and would make use of available DDP products.

2. Local economic development as a direct outcome of decentralized development planning for identification of partnerships and potential synergies between the public and private sector.

This would build on ongoing policy implementation for privatization and market integration of agricultural and forestry production, and would make use of available VC products.

3. Agro-forestry on degraded forest land in combination with plantations or forest rehabilitation in poor production forests.

This would contribute to discussions of potential synergies between support services for forestry and agriculture by DARD, and would make use of available CF and PAEM products.

4. Value chain promotion for commercial timber from rich and medium natural production forests in combination with CF - benefit sharing<sup>30</sup>.

This would form an innovative approach to sustainable financing of community forestry, and would make use of available CF and VC products.

5. Payment for environmental services for forest rehabilitation and sustainable forest management in poor production and protection forests

This would form another innovative approach to sustainable financing of community forestry and support ongoing concept development and piloting for valuation of ecosystem services of forests in combination with suitable institutional arrangements for local public / private trade. This would make use of available CF products.

6. Carbon trading, voluntary and compulsory markets for forest rehabilitation and sustainable forest management in poor and medium production forests<sup>31</sup>.

This would be in support of presently ongoing discussions and conceptual debates in the context of the Vietnam UN REDD program and could generate substantial

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<sup>29</sup> see here an overview of Sustainable Financing Mechanisms for Community Forestry, ANNEX 6:

<sup>30</sup> see here ANNEX 8: Value Chain for Timber under CF

<sup>31</sup> see here ANNEX 7: Commercial benefits from Degraded Natural Forests: REDD and CFM,

experiences and evidences for new or adapted forms of REDD + in the near future. This would make use of available CF products.

### Instruments, TC interventions

Following suggestions for TC interventions are classic in present forms of German programmatic technical assistance. Their utilization in future options for German TC for sustainable NRM would depend on the choice of approaches:

1. Organizational development at national level for preparation for participation of Vietnam in international mechanisms for sustainable forest management in the context of post 2012 climate regimes,
2. Design, institutionalization and operation of program based approaches with basket financing at national level,
3. Institutional capacities and frameworks for utilization of available public funds for decentralized partner integrated public private partnerships at province level,
4. Institutional capacity development and creation of conducive frameworks at producers' levels: cluster village approaches for associations, legal bodies, 2 tiers organizations,
5. Data, information, and knowledge management systems for lateral and vertical active learning processes and research in Vietnam and between Vietnam and global discussion forums.

## **10. Further Thoughts**

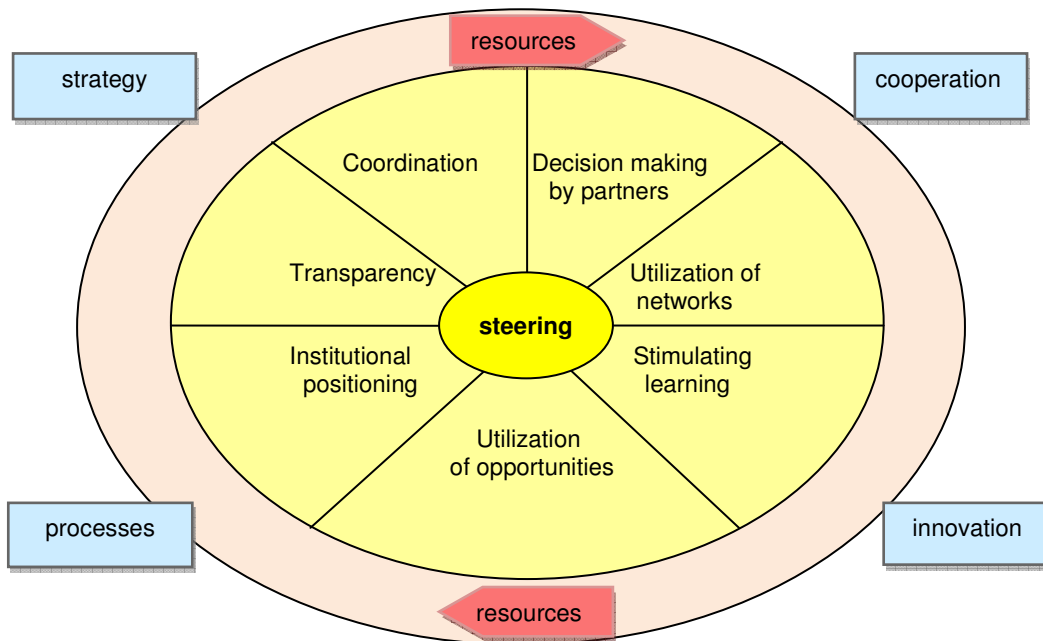
A few additional methodological thoughts of relevance came up during the course of the mission.

### **10.1. Steering Structures and Steering Functions**

In German Technical Cooperation steering is understood as structures and processes of communication and decision making. Steering structures are well managed then, when the whole range of important steering functions is effectively used. In practice, this range is far beyond taking decisions, or utilization of available budgets. As far as the lessons learned from the two projects go, successful steering includes a number of additional aspects and action, which are more on the soft side.

Secondly, the Capacity Works success factors could be interpreted in a way, that "steering" is just one of the five, and probably on the same level as "processes" or "cooperation". But as the analysis of the products of RDDDL and SMNR-CV have shown, steering is probably in the center of all Capacity Works success factors, and influences to a great extent the other four ones, provided, there are sufficient resources in place to create a "steering modality" with various possible dimensions:

Graph 26: Steering Structures and Steering Functions for Product Development

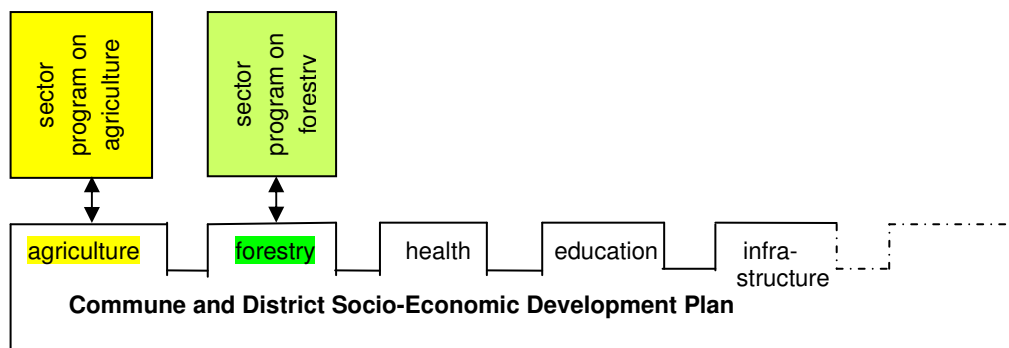


### 10.2. Synergies between Socio Economic Development Plans and Sector Programs

The emphasis on planning procedures and plans in the public administration of Vietnam will probably remain for years to come. In this regard the newly introduced procedures under the participatory Decentralized Development Planning have the potential to generate a comprehensive picture of peoples' priorities in terms of development needs, which could generally serve a useful and important source of information for any sector.

Therefore, any sector based intervention in rural areas would potentially show higher levels of relevance for local people and could benefit from created synergies between SEDPs and sector programs, if Commune and District Socio-Economic Development Plans would be consulted and used as a basis and reference:

Graph 27: Synergies between Socio Economic Development Plans and Sector Programs



As it was observed in some communes, the VDP-CDP serves as a basis for development priorities in a village also for PAEM and CF. However, the interaction is not integrated

institutionally, and sector relevant parts of the VDC are only a rough basis for sector plans, and not always made use of. With the present level of recognition by sector planning, the VDP-CDP can at best provide some ideas about the importance and preferences of villagers in agriculture and forestry.

## **ANNEX 1: Abbreviations Used in the Text**

ADB	Asian Development Bank
AEC	Agriculture Extension Center
BMZ	German Federal Ministry of Economic Cooperation and Development
CBFM	Community-Based Forest Management
CDP	Commune Development Planning
CEFE	Competencies Based Economies Through Formation of Enterprises
CEW	Commune Extension Worker
CF	Community Forestry
CFM	Community Forest Management
CFMB	Commune Forest Management Board
CIEM	Central Institute of Economic Management
CPC	Commune People Committee
CPI	Counterpart International
CW	Capacity Works
CWG	Commune Working Group
DAFES	District Agricultural and Forestry Extension Station
DANIDA	Danish Agency for International Development Assistance
DARD	Department of Agriculture and Rural Development (at provincial level)
DDP	Decentralized Development Planning
DED	German Development Cooperation
DOLISA	Department of Labours, Invalids and Social Affairs
DoNRE	Department of Natural Resources and Environment (at provincial level)
DOST	Department of Science and Technology
DPC	District People's Committee
DPI	Department of Planning and Investment
DSF	Department of Science & Technology
EMC	Ethnic Minorities Committee
FAO	Food Agriculture Organization
FC	Financial Cooperation
FFI	Fauna and Flora International
FFS	Farmer Field School
FLA	Forest Land Allocation
FPD	Forest Protection Department (at provincial level)
FPDR	Forest Protection and Development Regulations
FPU	Forest Protection Unit (at district level)
FU	Farmer's Union
GDP	Gross Domestic Product
GTC	German Technical Cooperation
GTZ	Gesellschaft fuer Technische Zusammenarbeit

HD	Health Department
ICM	Integrated Crop Management
IFSP	Integrated Food Security Project
JICA	Japan International Cooperation Assistance
KfW	Kreditanstalt fuer Wiederaufbau
LED	Local Economic Development
M and E	Monitoring and Evaluation
MA and D	Market Analysis and Development
MARD	Ministry of Agriculture and Rural Development
MOLISA	Ministry of Labours, Invalids and Social Affairs
MoNRE	Ministry of Natural Resources and Environment
MPI	Ministry of Planning and Investment
NGO	Non Government Organization
NREO	Natural Resources and Environment Office (at district level)
NRM	Natural Resources Management
NTFP	Non Timber Forest Product
ODA	Overseas Development Assistance
OECD	Organization of Economic Cooperation and Development
OECD-DAC	Development Assistance Committee of the OECD
OFS	On Farm Research
PACG	Provincial Agricultural Consulting Group
PC	Peoples Committee
PAE	Participatory Agricultural Extension
PAEM	Participatory Agricultural Extension Method
PAFEC	Provincial Agricultural Forest Extension Centre
PBA	Program Based Approach
P&E	Planning & Development
PFCG	Provincial Forestry Consulting Group
PLUP	Participatory Land Use Planning
PMU	Program Management Unit
PPC	Provincial People's Committee
PPP	Public Private Partnership
PR	Public Relations
PRA	Participatory Rural Appraisal
PSC	Project Steering Committee
PSEDP	Participatory Socio Economic Development Plan
PTD	Participatory Technology Development
RDDL	Rural Development Dak Lak
RECOFTC	Regional Community Forestry Training Centre for Asia and the Pacific
REDD	Reduced Emissions from Deforestation and Degradation

SEDP	Social Economic Development Planning
SFDP	Social Forestry Development Project
SFE	State Forest Enterprise
SFM	Sustainable Forest Model
SME	Small Medium Enterprise
SMNR-CV	Sustainable Management of Natural Resources in Central Vietnam
SNV	Netherlands Development Organization
TA	Technical Assistance
TC	Technical Cooperation
ToT	Training of Trainers
UN	United Nations
VC	Value Chain
VDP	Village Development Planning
VEW	Village Extension Worker
VFMB	Village Forest Management Board
WU	Women Union

## ANNEX 2: Terms of Reference

### **“Lessons Learnt” from Integrated Rural Development / Natural Resource Management in Vietnam**

#### **Background**

The German-Vietnamese technical cooperation projects “Sustainable Management of Natural Resources in Central Vietnam” (SMNR-CV) and the project “Rural Development Dak Lak” (RDDL) pursue similar objectives and project concepts. Both projects have been supported by GTZ over the last 6 years and will be phased out by the end of 2009, or early 2010 respectively.

The concepts in both projects are based on earlier projects carried out by GTZ in Vietnam, notably the “Social Forestry Development Project” (SFDP) in the Northern province of Son La, and the “Integrated Food Security Program “ (IFSP) in the North-Central province of Quang Binh. The integrated approaches of these earlier projects were further developed and adapted to the specific regional contexts of Central Vietnam by the SMNR-CV and to the Central Highlands by the RDDL.

The components of both projects are broadly defined by the following work areas:

- Decentralized, participatory development planning  
Originating in earlier methods of “Participatory Rural Appraisal” (PRA), both projects developed the PRA toolbox into a more comprehensive planning method, termed “Village and Commune Development Planning” (VDP-CDP), tested and introduced the innovation in cooperation with the planning authorities in their provinces. The bottom-up, grass roots oriented method was adopted by a number of donor-supported projects for their own planning purposes and has become known as a GTZ trademark. However, to be fully integrated into the conventional top-down planning system, the method had to be simplified. Based on expressed needs of people at village and commune levels, participatory elements are now part of the system of “Socio-economic Development Planning” (SEDP) and are widely applied by the local authorities.
- Up-land agriculture / participatory agricultural extension / value chain promotion  
Given the scarcity of arable land in both project regions and the lack of knowledge and techniques of the local population to intensify land use in a sustainable way, the local agricultural extension (AE) services are ill equipped to address these key problems. Like in planning, the conventional AE system is top-down and gives little consideration to specific local needs or market conditions. In cooperation with the AE providers, both projects have therefore introduced the “Participatory Agricultural Extension Method” (PAEM) as an innovative approach and further adapted the method to the specific conditions of up-land agriculture. To further increase incomes of the target groups and to improve their integration into the market economy, the processing and marketing of raw materials from selected sub-sectors is promoted by the upgrading of value chains.
- Community Forestry  
Large parts of both project regions are covered by forests which have traditionally been managed and/or protected by large scale State Forest Enterprises (SFE). In recent years,

parts of the forest land has been distributed to households and communities, which often lack, however, the technical skills and organizational knowledge to manage these forests in a sustainable way. Both projects have therefore supported local forest authorities and target groups in testing and introducing appropriate forest protection and development regulations, the allocation of forest land to households and communities as well as in the planning and implementation of community (-based) forest management (CFM or CBFM).

## **Objectives**

The objective of the mission is not a formal project evaluation, but the documentation of the “lessons learnt” of both projects in terms of concept development and implementation results. The mission will focus on the GTZ contribution in this process, taking in to account experience of counterpart government agencies, target groups and intermediaries, as well as the socio-economic, political, institutional, and natural environment, under which the projects were designed and operate..

Based on the above-mentioned broad project components, the mission will identify “good practices” in each of the work areas and extract from these “products” which are in compliance with international quality standards of development cooperation.

The output of the mission will present these products for further utilization (replication and scaling up) not only as modules for rural development projects, but also for other related thematic contexts, such as climate change adaptation/mitigation, conservation/ biodiversity, land use planning and land management, sustainable forest management, local and regional economic development, etc.

Internally, the output of the mission is meant to be a contribution to knowledge management to GTZ and further to German Development Cooperation at large. Externally, the targeted users (clients) of the study include other donor organizations involved in Vietnam and the region. Apart from international clients, intended users of the study include Vietnamese line departments on provincial and national levels. The study has thus a clear market orientation with the aim to secure and further create opportunities for GTZ with public and third party commissions as well as co-financing arrangements.

## **General Approach of the Mission**

The objectives and orientation of the study imply a constructive approach to capturing concepts, approaches, and the achievements of both projects and a presentation of these in a way that potential clients perceive these as products that can be replicated or up-scaled in their own context.

The focus on marketable products implies that internationally recognized quality standards for measuring success of ODA programmes are applied to characterize these products. Such standards are defined by OECD-DAC with the criteria of “impact, effectiveness, efficiency, relevance, sustainability and innovation” which are each accompanied by number of guiding questions.

To further describe and classify those products which have been filtered out as internationally marketable, the five success factors of the GTZ management instrument “Capacity WORKS” (strategy, cooperation, steering structure, processes and

learning/innovation) will be selectively applied as a useful guideline particularly for the question as to how the programme management did get the successes built.

## **Outputs**

The mission will have following outputs:

- Debriefing to GTZ Hanoi with methodologies applied, major conclusions, and description of concepts for further use of the findings of the mission
- Presentation of major findings, analysis and recommendations in a study report, which complies with the objectives and general approach as outlined above. The text should be written in a form easily comprehensible.
- A folder, which can have a wide distribution and which has all relevant information available in a comprehensive manner. The folder and its contents have to be designed and presented in an attractive manner, using short text, pictures, and graphs. The folder contains
  - product sheets of not more than 2 pages each for up to 7 identified products from both projects SMNR-CV and RDDL
  - a brochure with a summary of methodologies and description of German technical Cooperation and the projects SMNR-CV and RDDL

## **Specific Activities**

- Preparation: Familiarization with “Capacity WORKS” and intensive study of project documents, to be made available by the two project team leaders, preparation of structure and detailed outline of the study
- Field missions: Meetings and discussions in Quang Binh and in Dak Lak with project teams, partners and other important stakeholders including target groups; presentation and discussion of first findings
- Elaboration of draft main report (in Vietnam), presentation and discussion of major findings with team leaders, key project staff and GTZ responsible (AV) in Hanoi
- Finalizing of report and submission as soft copy (WORD) not later than 5 weeks after the mission
- Design and submission of the folder with up to 7 product sheets and a brochure not later than 12 weeks after the mission.

## **Mission Team**

The mission team will consist of a team leader (rural development expert) charged with the overall responsibility for the mission. He will be assisted by an international expert on Local Economic Development / Value Chain promotion, an international expert on Community Forestry, and a Junior Expert from GTZ P&E.. The project teams in Quang Bing and Dak Lak will support the mission as resource persons.

## **Time Frame**

With respect to the complexity of the task, the following time frame is suggested:

- Preparation (in August 2009): 5 days for the mission team leader, 3 days each for the other team members
- Field missions (starting beginning of September 2009): 10 days each in Quang Binh and in Dak Lak for the mission team leader and the 3 international consultants;
- Elaboration and presentation of draft main report in Vietnam: , 10 days for the mission team leader
- Finalizing of the study report: 3 days for the mission team leader
- Design of the folder with up to 7 product sheets and the brochure: 14 days for the mission team leader

### ANNEX 3: Schedule of the Field Visits in Quang Bin and Dak Lak Provinces

**Time :** From 20/08/2009 – 29/08/2009

#### Participants:

Dr. Hans Helmrich - Head of the mission

Mrs. Diana Caceres – Member –Expert at GTZ Head Office

Dr. Jens Kallabinski – Member - CTA of GFA-GTZ project in Dak Nong

Dr. Bjoern Wode – Member - GFA expert

Date/ time	Contents	Location	Participants	Remarks
<b>Thursday 20/08/2009</b>	<b>Travel to Dong Hoi, Quang Binh</b>			
11:00-12:10	VN Flight Hanoi to Hue	Hue Airport	Delegation (Helmrich, Caceres, Wode)	
13:00-14:40	VN Flight HCMC to Hue	Hue Airport	Delegation (Kallabinski)	
15:00-18:00	Transfer/Arrival in Dong Hoi	Saigon Quang Binh Hotel	Delegation	Project car (Driver Mr. Sanh)
<b>Friday 21/08/2009</b>	<b>Work in Dong Hoi</b>			
08:30 – 11:30	Work with Project team (Introduction and general presentation of the project, discussion of indicative work plan)	Project Office	Delegation and project team	
12:00 – 13:15	Lunch	Saigon Quang Binh Hotel	Delegation	
13:30-14:30	Work with Quang Binh PPC: Introduction of the delegation, purpose of the Lessons Learnt Mission	PPC Office	- Mr. Hoai, Vice Chairman of PPC, representative of PPC Office - Dr. Hans Helmrich - Mrs. Diana Caceres - Dr. Jens Kallabinski - Dr. Bjoern Wode - PMB of SMNR-CV	- PPC
15:00-17:00	Formation of Working Groups, specific tasks and responsibilities	Project Office	Delegation , project team and representatives of Provincial Partners (Consultative Groups)	Mr. Nhung Mr. Dan, Mr. Vien Mr. Tuong
17:30 -	Informal welcome reception	Hai Yen Restaurant / beach		
<b>Saturday</b>	<b>Dong Hoi, Tuyen Hoa district</b>			

Date/ time	Contents	Location	Participants	Remarks
<b>22/08/2009</b>				
7:00- 9:00	Dong Hoi to Dong Le		- Lesson learnt delegation - PMB and project staff	4 cars
9:00-11:30	Work with Tuyen Hoa DPC (leaders of Tuyen Hoa district, TH Technical Assistance Group, Economics Section, Finance-Planning Section, Agriculture Extension Station, Forest Protection Unit	Office of TH DPC	- Lesson learnt delegation - PMB and project staff	- DPC of TH and technical sections
11:30-12:30	Lunch			Reservations Hotel, Restaurant
	<b>Fieldtrip in communes of Tuyen Hoa – visit models</b>		<b>2 groups:</b> <b>Group 1: WA1,WA2b,WA2a</b> <b>Group 2: WA3</b>	<b>G1: An, Ngu; G2: Sanh,Son</b>
	<b><u>Group 1: WA1, 2a and 2b</u></b>			2 cars
13:00-15:00	- Visit Tay Truc Silk Reeling Factory - Visit households planting mulberry and raising silkworm	Mai Hoa commune and Duc Hoa commune	- Lesson learnt delegation - PMB, WA1, 2a and 2b staff	Mai Hoa CPC
15:30-17:00	- Work with representatives of Steering Board of Sericulture Association and of Duc Hoa Sub-Association - Work with representatives of CPC on VDP/CDP - Visit and study about VDP planning at some villages - Work on training activities of grassroots extension workers using PAEM method - Work with local farmer on PAEM-based model implementation	Duc Hoa commune	- Lesson learnt delegation - PMB, WA1, 2a and 2b staff	Duc Hoa CPC
	<b><u>Group 2: WA3:</u></b>			2 cars
13:00-15:00	- Work with CPC on community-based forest management	Dong Hoa commune	- Lesson learnt delegation - PMB, staff of WA3	
15:30-17:00	- Visit model of community-based forest management in Dong Hoa commune	Dong Hoa commune	- Lesson learnt delegation - PMB, staff of WA3	
	Overnight at TH DPC's Guesthouse and private hotel	Dong Le town	- Lesson learnt delegation	Drivers and logistics

Date/ time	Contents	Location	Participants	Remarks
			- PMB, project staff	team
<b>Sunday 23/08/2009</b>	<b>Fieldtrip to Minh Hoa district</b>		<b>2 groups (for morning section)</b>	
07:30 – 08:30	Dong Le – Quy Dat		- Lesson learnt delegation - PMB, project staff	
8:30 – 10:00	<b>Group 1: WA1 and 2a</b> - Work with Hoa Phuc DPC on VDP/CDP - Visit models of Community Development Program	Hoa Phuc commune	- Leader of CPC, poor farmers involving in Community program - Lesson learnt delegation - PMB, WA1 and 2a staff	Hoa Phuc CPC
8:30 – 10:00	<b>Group 2: WA2b and 3:</b> - Visit models of beekeeping (Apiculture Association of Minh Hoa)	Xuan Hoa commune	- Lesson learnt delegation, PMB, project staff - Households of Mr. Long and some other members of the Association	
10:30 – 11:30	Work with DPC Minh Hoa, Finance-Planning section, Economics Section, TA group	Office of MH DPC	- Lesson learnt delegation - PMB, project staff	Minh Hoa DPC
11:50 – 13:30	Lunch	Quy Dat town	- Lesson learnt delegation - PMB, project staff	
14:00 – 15:30	- Work with CPC of Hoa Hop on community-based forest management and visit model of Hoa Hop	Hoa Hop town	- Lesson learnt delegation - PMB, project staff	4 cars
15:30 – 17:30	Back to Dong Hoi			4 cars
		Saigon Quang Binh Hotel	Delegation	
<b>Mon - Thurs 24-27 /08</b>	<b>Dong Hoi (mini-workshops for each working area of the project)</b>			
<b>Monday 24/08/2009</b>	Mini-workshop on Participatory SEDP	Saigon-Quang Binh Hotel	- Leaders of DPI - Participatory Planning Group - Lesson Learnt delegation - PMB, project staff	
8:00-8:30	- Introduction, objectives to be achieved by the Workshop		- Lesson learnt delegation	
8:30 - 9:15	- Report on Lessons learnt of the method of participatory SEDP		Head of the PPG	

Date/ time	Contents	Location	Participants	Remarks
9:15 - 9:30	Tea break			
9:30 - 10:30	- Report on replication/ application of participatory planning at district level - Reports on renovation in participatory planning against conventional planning		- Report of Planning Section of Tuyen Hoa  - Report of Planning Section of Quang Ninh	
10:30 - 11:30	Questions/answers, experiences sharing among participants		Participants	
11:30 - 12:30	Lunch at Hotel			
13:30 - 15:00	Discussion and summary of major lessons learnt		Moderated by Lessons Learnt delegation	
	End of the workshop			
15:00 - 16:30	Time for individual discussions with key stakeholders		Lessons Learnt delegation Key stakeholders	On demand of delegation
<b>Tuesday 25/08/2009</b>	Mini-workshop on PAEM	Saigon-Quang Binh Hotel	- Leaders of DARD, PAFEC. - The PACG and representatives of district extension workers - Lesson learnt delegation - PMB, project staff	
8:00-8:30	- Introduction, objectives to be achieved by the Workshop		- Lesson learnt delegation	
8:30 - 9:15	- Report on Lessons learnt of the method of PAEM		Head of the PACG	
9:15 - 9:30	Tea break			
9:30 - 10:30	- Report on replication/ application of PAEM - Report on effectiveness and sustainability of PAEM at grassroots level		- Report of Extension Station of Tuyen Hoa district  - Report of Extension Station of Minh Hoa district	
10:30 - 11:30	Questions/answers, experiences sharing among participants		Participants	
11:30 - 12:30	Lunch at Hotel			
13:30 - 15:00	Discussion and summary of major lessons learnt		Moderated by Lessons Learnt delegation	
	End of the workshop			

Date/ time	Contents	Location	Participants	Remarks
15:00 - 16:30	Time for individual discussions with key stakeholders		Lessons Learnt delegation Key stakeholders	On demand of delegation
<b>Wednesday 26/08/2009</b>	Mini-workshop on VC promotion	Saigon-Quang Binh Hotel	- VC Group and representatives of associations, clubs of apiculture, sericulture, pepper - Lesson learnt delegation - PMB, project staff	
8:00-8:30	- Introduction, objectives to be achieved by the Workshop		- Lesson learnt delegation	
8:30 - 9:15	- Report on Lessons learnt of the method of VC promotion		Head of voluntary VC Group	
9:15 - 9:30	Tea break			
9:30 - 10:30	- Report on replication/ application of VC - Report on promotion for business linkages and transferring the operation of VCs into associations of producers		Mr. Tuong – VC group Mr. Phuc – VC group	
10:30 - 11:30	Questions/answers, experiences sharing among participants		Participants	
11:30 - 12:30	Lunch at Hotel			
13:30 - 15:00	Discussion and summary of major lessons learnt		Moderated by Lessons Learnt delegation	
	End of the workshop			
15:00 - 16:30	Time for individual discussions with key stakeholders		Lessons Learnt delegation Key stakeholders	On demand of delegation
<b>Thursday 27/08/2009</b>	Mini-workshop on Community Forestry	Saigon-Quang Binh Hotel	- Leaders of DARD, FPD, DFD, Sub-FIPI - The PFCG - Lesson learnt delegation - PMB, project staff	
8:00-8:30	- Introduction, objectives to be achieved by the Workshop		- Lesson learnt delegation	
8:30 - 9:15	- Report on Lessons learnt of Community Forestry		Head of the PFCG	
9:15 - 9:30	Tea break			
9:30 - 10:30	- Report on replication/		- Report of Quang Binh	

Date/ time	Contents	Location	Participants	Remarks
	application of CBFM and FLA in Quang Binh - Report on effectiveness and sustainability of development of participatory FPDRs		DFD  - Report of Quang Binh FPD	
10:30 - 11:30	Experiences sharing among participants		Participants	
11:30 - 12:30	Lunch at Hotel			
13:30 - 15:00	Discussion and summary of major lessons learnt		Moderated by Lessons Learnt delegation	
	End of the workshop			
15:00 - 16:30	Time for individual discussions with key stakeholders		Lessons Learnt delegation Key stakeholders	On demand of delegation
<b>Friday 28/08/2009</b>				
08:00 – 12:00	Reflection and formulation of first indicative conclusions of the Lesson Learnt Delegation re the SMNR-CV project	Hotel or Project office	Lessons Learnt delegation	Project team on stand-by
12:00 – 13:15	Lunch			
13:30 – 15:30	<u>Working session with Project</u> - Short presentation of indicative conclusions of the Lesson Learnt Delegation - Discussion with project team	Project office	Lessons Learnt delegation Project team	
15:45 – 16:30	- Work with PPC on the outcomes of the mission	PPC Office	- Mr Hoai and representative of PPC Office - Lesson learnt delegation and PMB	

## Rural Development Dak Lak - RDDDL

### TENTATIVE ITINERARY: RDDDL LESSONS LEARNT 2009

Date	Itinerary program/participants	Address	Remark/contents
Sa, 29.8.	Arrived in Buon Ma Thuot city, DakLak province	Dam San Hotel	RDDL books the hotel
Mon, 31.8.	08:30-11:30: Work with CTA and project staff 13:30-16:30: DPI Dak Lak Mr. Ho Vinh Chu (Vice-Director/Dir.-RDDDL) Mrs. Hoa (Coordinator-RDDL) CDP-Working Group	17 Le Duan, BMT	
Tue, 01.9.	08:30-10:00: People's Committee Dak Lak Mr. Y DHam Enuol (Vice Chairman) n.n. (PPC-Office)	17 Le Duan, BMT meeting hall	Discussion on the general project management, CDP issues
	10:00-11:30: DARD / Forestry Mr. Tan van Nhat (Vice director Forestry Department)	DARD Forest Development 47 Nguyen Tat Thanh	
	13:30-15:30 Agricultural Extension Centre Mr. Nguyen Xuan Diep (Vice-Director) Mr. Vo Huu Loi (Training Section)	Km9, QL 14 (Dat Ly)	Discussion on PAEM, Coffee and pepper value chain
	15:30-16:45 Women Union Mrs. Nguyen Thi Anh (Vice Director) Mrs. Tran Thi Phong / Mrs. H Rum	21 Truong Chinh	Rural credit issues
Wed, 02.9	Independence day/ national holiday		
Thur, 03.9	06:30-08:00: Travel to Ea H'Leo District 08:30-10:00: Ea H'Leo District People's Committee Mr. Nguyen Thang Long (Vice Chairman) Mr. Le Cong Phuong (Planning&Fin. Sect.) Mr. Truong Van De (Planning&Fin. Sect.) Mr. Le Ngoc Tung (Agric. Extension) Mrs. Trieu Thi Dnh (Women Union) Mr. Nguyen Van Huong (Economic Section) Mrs. Nguyen Thi Anh Huong (Vice-Chairlady Ea Sol CPC) Mr. Nguyen Dinh Van (Chairman Ea Haio PC)	Ea H'Leo district PC	VDP, CDP, PAEM, 4C, Rural credit etc.
	10:30-11:30 Visit and working to T'Ly Village, Ea Sol Community	Ta Ly Community House	Pilot on CFM, LUP/FLA, benefit sharing
	11:30-13:30 Lunch at community house	Community house	
	13:30-14:00 Visit to Chu village, Ea Sol Commune	Chu community house	Rural credit group; 15 members
	14:30-16:00 Visit to 7C village, Ea Hiao Commune	Mr. Toan's coffee garden	on 4C (common Code for coffee community association); 30 participants
	16:00-18:00 Travel to BMT		

## Rural Development Dak Lak - RDDDL

Date	• Itinerary program/participants	Address	Remark/contents
<b>Friday, 04.9.</b>	07:15-9:00 Travel to Mdrak District		
	9:00-11:00 M' Drak DPC: Mr. Dinh (Vice Chairman DPC) Tan (Economic Section) Pham Thi Nga (Planning & Fin. Sect.)	Mdrak PC	Discussion on introduction of: • Decentralised Development Planning • FLA/CFM
	12:00:13:00 Lunch in Mdrak district		
	afternoon: Visit the training course on CDP integration in Krong Pak district	Krong Pak town at computer room	DCP intergration
<b>Sat, 05.9.</b>	07:15-9:00 Travel to Krong Bong district		
	9:00-11:30 Visit and working at Tul village, Yang Mao commune: District and commune staff (5 staff) Forest community board (12 villagers)	Tul community house and	Discussion on: • FLA/CFM • Benefit sharing • Forest visit to see the forest and timber
	12:00:13:00 Lunch at the community houses with villagers	Tul community house and	
	13:00:15:00 Visit the ethnic minority villages	at Hoa Phong commune, Krong Bong district	Rural Credit in cooperation with extension activities
	15:00:16:30 Visit and working with EaBHoc commune, Cu Kuin district Mr. Dao Dinh Phuong, Chairman of commune	Ea BHok commune, Cu Kuin district	VDP, CDP's perception of commune leaders
<b>Sun, 06.09.</b>	all day: Review project documentation and reports		
<b>Mon, 07.9</b>	<b>Option day for the mission: to be decided</b>		Field trip to upland farming models, individual talks,..?
<b>Tue, 08.9.</b>	08:30-11:30:Report of lesson learnt from delegation to relevant partners Feedback from and to project		
	13:30-15:30:Report of lesson learnt to PPC and DPI		
	16h30 Return to base		

## **ANNEX 4: Methodology, Guiding Questions for the Study,**

1. The Project has, during the last 6 years of implementation, generated a number of outputs and services, which further are called the “products” of the project.

### Product Definition

- Ownership and generation by partners, partners make use of the product
- Products meet the market demands of tomorrow
- The process of production can be described and classified. Products can be labeled as standalone products
- Products can be communicated and transported
- The value of a product justifies costs of production, transport and marketing
- The impact of product utilization meets development goals of partners

2. The products of the project have been generated in the 4 working areas:

- Socio-Economic Development Planning
- Participators Agricultural Extension
- Value Chain Promotion
- Community Forest Management

3. The Mission shall look at the project products in those 4 working areas and identify, analyze, and document important details, which can and should be shared with other provinces or donors in Vietnam.

4. Important considerations for the identification, analysis and documentation of products are institutions, institutionalization, roll out, and, if relevant, chances for scaling up of the achievements of the project within the 4 working areas. Hereby institutions of both, the public and the private sector will be important.

5. as a first step of analysis, the mission will scan the identified products along internationally agreed criteria, which measure the success of a project. Those criteria are the following:

a) Relevance: Are we doing the right thing?

This criterion measures the extent to which the objectives of the development measure match the needs of the target groups, the policies of the partner country and partner institutions, the global development goals and the German Government’s basic development-policy orientation

b) Effectiveness: Are we achieving the objectives of the project?

This criterion measures the extent to which the intended direct results (objectives) of the development measure are being achieved

c) Impact: are we contributing to the achievement of the intended overarching indirect benefits of the project?

This criterion measures the extent to which the project is contributing to achieving the intended overarching results (benefits) and is producing other indirect results.

d) Efficiency: Are the objectives being achieved cost-effectively?

This criterion is a measure of the degree to which the resources invested in a development measure are appropriate compared to the outputs and results achieved.

e) Sustainability: Are the positive results durable?

This criterion is a measure of the probability that the positive results of the development measure will continue beyond the end of assistance.

6. Once, this exercise is done for each identified product and successful products have been found, the next step is to examine, how those successful products were generated.

7. For the question of: “how it has been done”, the Mission will use another set of questions, which are called the “Success Factors of Capacity Works”, and which are useful to elaborate on the management of the project. This set of questions includes:

*a) Strategy*

- How well are outputs / products suited for the achievement of the project objective?
- What were strategic options of the measure?
- Demand orientation of the measure, balance with strategic offer of TC?
- Is the strategy of the measure aligned with the sector strategy of the partner country? And further with the national development strategy of the partner country

*b) Cooperation*

- Has the project strategy been developed together with key partners?
- Does the project support networking between the direct partners and other organizations? With what results?
- How are cooperation with other TC measures (in the country / region) made use of? Could synergies be developed?

*c) Steering Structure*

- Is the steering structure (structures and processes of communication and decision making) functional in terms of taking over responsibility, commitment and ownership
- Is the steering structure (structures and processes of communication and decision making) functional in terms Flexibility and learning orientation
- Are impact chains (most significant steering document) developed together with partners? How are impact chains being used?

*d) Processes*

- Are implementation processes clear and coordinated with the partners?

- Are implementation processes functional with regards to transfer of learning experiences for process management to partner structures?
- Have appropriate change processes been identified in the partner system? Are those known to the project team?

*e) Learning and Innovation*

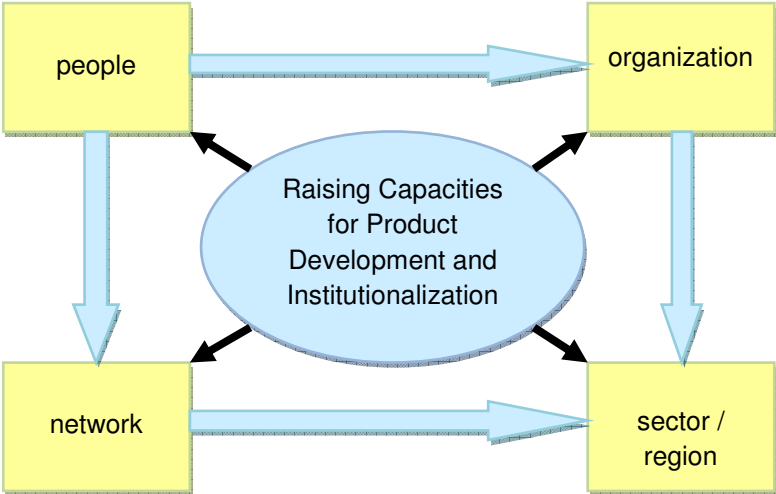
- How is learning in all other 4 success factors analyzed, synthesized, documented?
- How are learning results made available to other important persons / organizations (counterpart, public sector, civil society, private sector)? What are channels, instruments, processes?
- Was the project successful in adapting operational planning according to changing environments?

As a result the Mission develops a document on how to do successful rural development, which becomes an interesting piece of information for other provinces as well and for the country as a whole.

**ANNEX 5: Presentation of 6 Models for Product Description**

**Model 1: Capacity Development for product development and institutionalization:**

Capacity Development in the context of German TC is understood as a set of interventions at the levels of individuals, offices / institutions, networks and the sector, for raising their competences in dealing with changes, opportunities and challenges. Capacity Development aims at higher performances of people, institutions, networks and the sector.

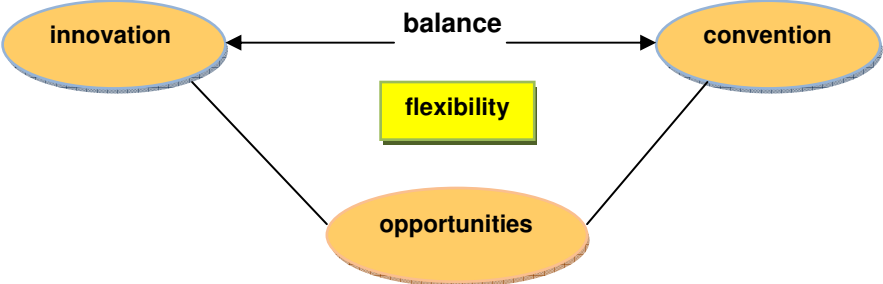


**Model 2: Flexibility: Keeping the Right Balance between Innovation and Integration into Conventional Partner Procedures**

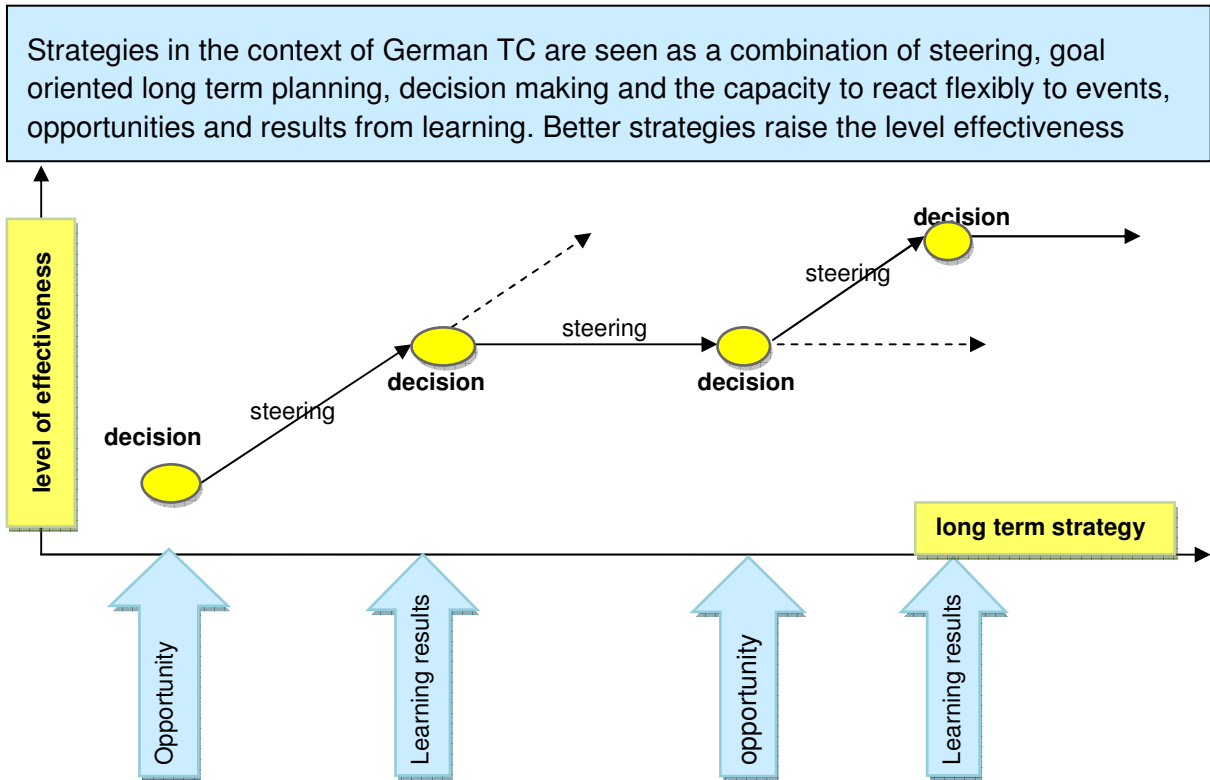
German Technical Cooperation has to find the balance on the continuum between different demands:

- long term sustainability through a clear demand orientation of products and integration of product development into conventional partner procedures, and,
- on the other side of the continuum: innovations in terms of technical, legal or institutional procedures.

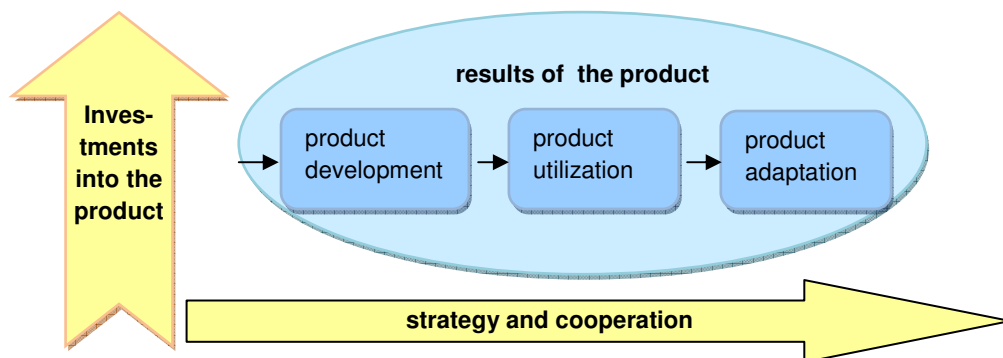
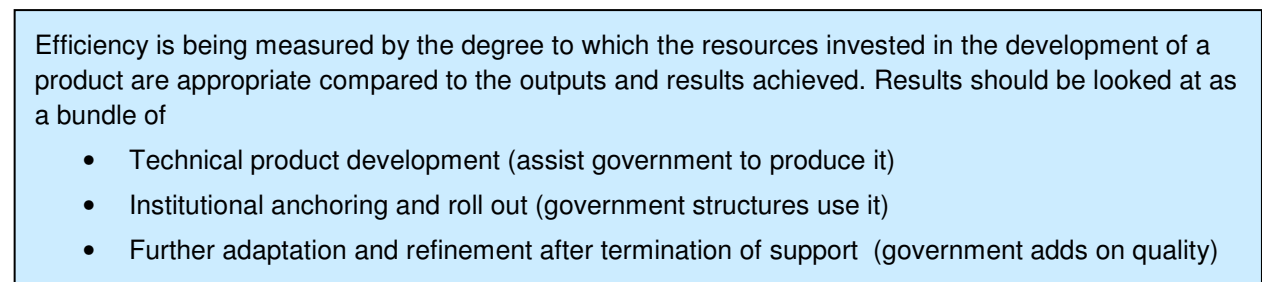
The right balance requires strategic orientation and uses upcoming opportunities during the implementation processes.



### Model 3: Using Opportunities towards Effectiveness: Processes and Strategies

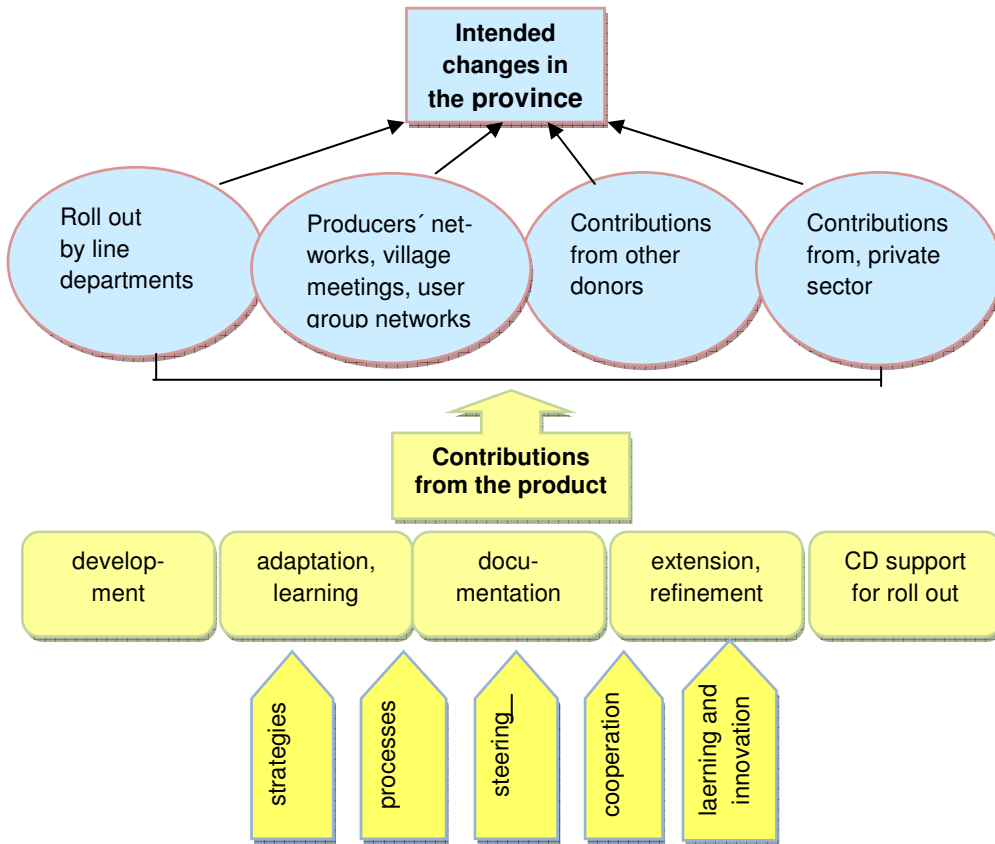


### Model 4: Efficiency: Strategy and Cooperation for Good Investments: from Product Development to Product Adaptation



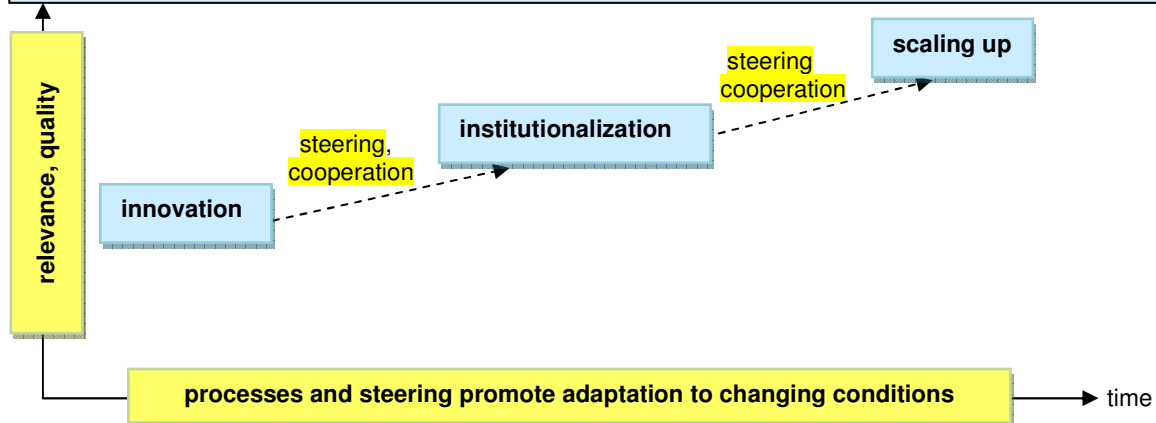
**Model 5: Impact: Contribution to Intended Changes in Provinces and the Sector:**

Impact is defined as the contribution of the project to intended over-arching results in the region or the sector, which are beyond the direct influence of the project management.

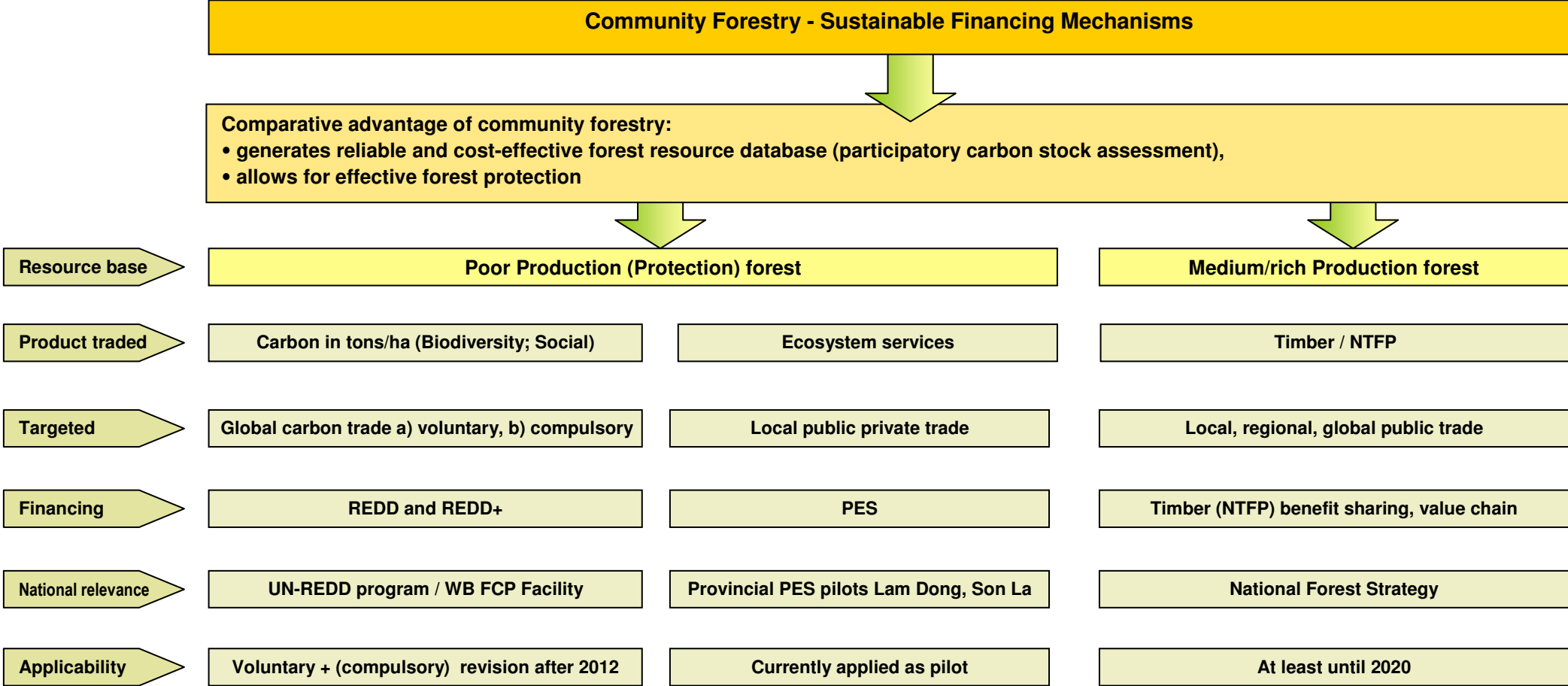


**Model 6: Keeping Relevance and Quality for Sustainability: Processes and Steering Promote Adaptation to Changing Conditions**

Sustainability measures the probability that the positive results of the product will continue beyond the end of assistance. Sustainability is primarily a question of institutionalization, roll out and scaling up. It depends to a high degree on the continuous or increasing relevance and quality of the product.



**ANNEX 6: Financing Mechanisms for Community Forestry**



## **ANNEX 7: Financing Mechanisms for Sustainable NRM: REDD - Commercial Benefits from Poor Production Forests**

### **1. General**

Understanding: Reduction of emissions of CO<sub>2</sub> from forest destruction and also increasing CO<sub>2</sub> capturing capacities of forests

#### Focus on natural forests

- a) growing (degraded) forests through sustainable management , limited timber harvest would be ideal, since then CO<sub>2</sub> consumption would be slightly above CO<sub>2</sub> emission
- b) balanced CO<sub>2</sub> in forest parks

The voluntary market (presently 1-2 USD / t CO<sub>2</sub>): Payment to farmers is being stalled until there is prove that carbon stocks have not been decreased.

Sale of carbon certificates to dealers, who also take care of certification and guarantee proper monitoring of growing carbon stocks.

The compulsory market (presently 10 to 12 USD / t CO<sub>2</sub>): Kyoto protocol has determined targets, following CDM mechanisms. Functions well with industries (reduction of pollution), since it is easy to measure. It does not yet function in the forest sector, where things are difficult to measure.

Problem area besides difficulties of proper measurement of carbon stock changes: If REDD becomes to the CDM, climate targets would have to be raised drastically, because forests' contributions would be many times those of industries, and the markets would be immediately be flooded with certificates. That would in turn dramatically reduce the value of certificates. Targets should not be lifted in order to stay with set procedures for reducing emissions with costly certificates.

### **2. REDD in Vietnam**

REDD funds or REDD markets are not yet decided internationally. The question presently is whether Vietnam can become REDD capable. This is primarily a question of reliable data on carbon stocks.

Presently the Vietnam UN REDD program intends to build a nation-wide monitoring model based on remote sensing without ground truthing and without benefit sharing for farmers. . The present discussion on REDD is at the moment only at national level. MARD prefers to use funds through SFE, and then further find ways to provide funds for communities. MARD does not see that CFM (for max. 10% of forest land) is a high priority, MARD sees more potentials with SFE, which have much higher importance for present forest areas.

However, REDD could be integrated with CFM and should contribute to higher acceptance for CFM. An advantage would be that CFM could guarantee that presently available carbon sink capacities would remain. That is a safe argument, since the data base is easily made available. A reliable data base from SFEs is not easily available. CFM will gain importance in VN, because SFE will not continue to exist in their present form.

In this regard, the Vietnamese strategy for REDD (UN based) further has to be clarified on national level. MARD would be responsible for coordination, selected provinces would be pilots

#### Strategy and methodology

- The international community emphasizes REDD +, including bio-D and benefits for communities Is the long term perspective.
- Possible strategies: create better data base in the framework of REDD. Carbon stocks (REDD) or possibly also bio-diversity in REDD +. Also possibly additional benefits for communities (also REDD +).
- Community based forest inventory should be done also for REDD based on simple data collection. Participatory carbon stock monitoring is not new and is being done at various places. There are 18 different models.
- The advantage of CFM would be, that data are easily available with sufficient reliability, communities can determine bio-diversity properties and carbon stocks, communities are participating in benefits, growth increments are under harvested volumes.
- REDD funds could be accessed through direct carbon stock trading with private companies. Needs certification (by FSC), which is expensive.
- Each type of forests needs different regression formulas. Done by T.N. University. Data could be used also from inventory done along guidelines provided by circular 138. No differentiation of different types of trees.
- Calculation of carbon stocks to be organized by a provincial department, which gets the data and channels information to national level.

#### Condition at province level:

- CFM is in the focus of the province, CFM pilots are there already, Completion leads to approval of CFM guideline by DARD.
- Relevant departments: forest department, protection, DPI, University, MARD, DONER, PPC, to be invited to a workshop for better understanding and getting a commitment from MARD which says that the work at the province is being supported along national guidelines. Further, that existing forests would not be earmarked for any other use.

### **3. Application of CW success factors for REDD in Vietnam**

#### **Strategy**

#### Project objective: Innovative finance mechanism for CFM.

- communities have access to finance through forest protection
- degraded forests are being managed through income generation through carbon trading by communities
- local people have knowledge beyond admin re: bio-D and could be trained in participatory carbon stocks monitoring

- CFM approach would be extended beyond present areas
- forest validation could be organized with values of timber and better qualitative aspects than only timber, economic potentials of forests. Could include further aspects such as tourism, watershed functions, validation all important forest functions. Is presently being discussed with PES

#### Strategic options of the measure

- forest protection and income generation (CFM) REDD +, strategy development for the time period after 2012. Development of know how and base line data. Sales of CO2: Carbon trading on voluntary markets
- forest protection and income generation (CFM): further valuation of forest functions (environmental services and PES) through CFM, sales of forest functions. Contribution to national forest valuation policy.

#### Demand orientation of the measure, balance with strategic offer of TC?

- National state is interested in maintaining natural resources and not to pay for this. Self financing forest protection mechanisms, sustainable financing of forest protection and livelihood improvement for people living with forests
- International donor community (including BMZ) wants to have know how for more meaningful investment.
- Innovation: sustainability of self financing forest protection
- Fits with strategic orientation of FSSP

#### Alignment with the sector strategy of the partner country

Matches objectives of the present national forest strategy 2020

### **Cooperation**

#### Development of the project strategy together with key partners

- National level partners:  
UN REDD Program in MARD, Department of Forestry, Universities, RECOFTC, FAO  
Department of Forestry, Universities, RECOFTC
- Present appropriate pilot provinces  
Lam Dong, Dak Nong, Kieng Giang, others  
Son La, Lam Dong, others

#### Support of networking between the direct partners and other organizations

The whole REDD system is yet to be developed. Purpose: the processes and results aiming at REDD and PES would be usable and approvable by Vietnam authorities. Important networking partners: FIPI, Universities, RECOFTC, Forest Science Institute, CIFOR, WWF, IUCN, PIK (Potsdam Institute for Climate Research) Weltforstwirtschaftsinstitut Hamburg

#### Cooperation with other TC measures (in the country / region), synergies

GTZ Green Sector, AUS AID, IFAD, ADB, SNV, SIDA, DANIDA, Norway, FINIDA (National Forest Monitoring Information System)

## **Steering Structure**

Functional steering structure in terms of taking over responsibility, commitment and ownership and also in terms of flexibility and learning orientation

Proposed steering structure: MARD is responsible for REDD, FSSP, (like minded Donor Group) inclusion of Universities (TN University, Hue University, Xuan Mai University), provincial forest departments of pilot provinces

Important aspects of flexibility and learning: changes of topics and decisions in international discussions, no solid plans, which need to be followed. Flexible management and utilization of budgets. Active online information forum. Need for professional information management by an active group of professionals, filtering and interpretation of internationally generated news for the Vietnam context,

Development of impact chains

Understandable and workable impact chains for communication, orientation, monitoring and steering, need for continuous adaptation and changes

## **Processes**

Clear and coordinated implementation processes

Strategy formulation and negotiation with MARD on the approach:

- MARD is required to steer
- concept development with implementation provinces in Vietnam, which have CFM pilots
- Minimum for CFM is forest land allocation with red books.
- Technical backing, consulting from universities,
- Coordination of donors and international discussions through FSSP.
- The TFF could be re-formulated and instrumentalized for REDD-CFM

Provinces:

- CFM in pilot provinces on the basis of FLA, data base, participatory inventory and Bio - D assessments, etc.
- Identification and further development structures for implementation
- Necessary change of believes and attitudes

National level:

- Installation of functioning info mgt for ongoing screening of international regulations and , discussions, conference results,
- Development and adaptation of VN- relevant regulations and structures for REDD / CFM.
- Clarity on standardized process for data collection and storage, development of data base management re: bio-D and forest inventory / carbon stocks

## **Learning and Innovation**

### Interaction between actors at provinces and between provinces and the national level

- constant active info flows for lessons learned from pilots and results from newly developed methodologies,
- facilitation of updates regarding methodologies at provincial level along international discussions and lessons learned.
- Key themes: consideration of needs for re-classification of Vietnamese forest types presently: special use, protection and production forest in the context of Bio-D for REDD / CFM. Idea: multi-functional multiple use forests to be considered.

### Generation, management and utilization of technical data

- Bio-Diversity and carbon stocks, Bio-D: flora perhaps developed, fauna not yet fully developed for practical purposes.
- Important consideration is practicability, cost efficiency, do-ability by local people, easy monitoring of changes.
- Costs of capacity development at all levels, monitoring of processes, necessary capacity and awareness for involvement of local structures (Dt. Forest office, commune)

### CFM as an opportunity for initiating sustainable financing mechanisms for forest protection and income generation

- Acceptance of the abilities of communities,
- Acceptance of easy to use methods, dare to pilot, accept failures,
- CFM as an additional opportunity for getting better inventories

## **ANNEX 8: Financing Mechanisms for Sustainable NRM: Value Chain Approach for Timber from Medium and Rich Production Forests**

### **1. Application of CW success factors for REDD in Vietnam**

#### **Strategy**

##### Project objective:

Maximizing stable monetary benefits from sustainable forest protection and management. Outputs should include

- Income generation and fair price for forest owners /users from timber sales
- Support for forest protection
- Higher transparency of market forces / prices
- Capacitating Dt. forest department and local administration
- Empowerment / capacitating forest communities
- Networks between forest communities and timber traders
- Transfer of technologies (mobile sawmill)
- Scaling up proven practices for wider application and for informing policy making processes

##### Strategic options

- a) sale of unprocessed timber to timber traders
- b) processing timber by local people and sale of semi-finished products (sawn timber)
- c) creation of higher value by certification through FSC
- d) legal forest users institutionalized in associations / cooperatives, registration, legal entity with one or more tiers

##### Demand orientation and alignment

Contributes to current revision of circular 178, effective implementation of national forest strategy, needs approval of CFM / benefit sharing guidelines on provincial level

Innovation: combination of benefit sharing from CF with VC promotion for harvested timber not yet thought of in SE Asia by any donor cooperation or national strategies

#### **Cooperation**

##### Development of project strategy together with key partners

Provincial level: Forest Protection and Management of Forest Protection Department, Processing Department, DARD

##### Networking between the direct partners and other organizations

ADB FLITCH national Forestry Program for concept development in terms of organizing timber survey jointly

Support to provincial government for surveys, hosting of, and participation in, key workshops aiming at strategic and conceptual clarity

Installation of a provincial consultative group for effective steering, communication, getting together provincial actors, coordination, tapping existing resources available in the province

#### Cooperation with other TC measures, synergies

Future cooperation: ADB for large scale implementation at province level

National GTZ supported Forestry Programme, component 2 as an important partner at national level

Value chain approach as developed by SME project, done and adapted in Quang Binh, GTZ SN Rural development, private sector development (assets for Asia)

Continuity in using selected pool of known consultants for development of national networks and exchange of experiences

### **Steering Structure**

#### Functioning steering structure for taking over responsibility, commitment and ownership

Prov. and District DARD, planned: Consultative Group, PCP and DCP for steering and implementation. Private Sector yet to be identified. Timber Trading Association, HAWA (HCMcity) VINAFOR, Tropical Forest Trust

Functional steering structure in terms of flexibility and learning orientation is utmost important. This product is a learning process as such.

#### Development of Impact Chain

Needs to be done together with the Steering Structure participants.

### **Processes**

#### Clear and coordinated implementation processes

6 Working Packages with responsibilities of actors have been developed, which specify most important work areas presently identified. Interrelations between the 6 Working Packages should be developed and clarified for short term and mid-term OP

- Implementation processes need to be oriented towards learning and establishment of workable procedures:
- Pilot character,
- Requirements for constant monitoring, analysis and documentation,
- annual SWOT analysis,
- Importance of Provincial Consultative Group for learning and transfer of experiences,
- Partner structures are here Provincial structures and also networking partners.

#### Expected change processes in the partner system

The whole approach would only function, if significant change processes in the provincial partner system would be possible. Latest when it comes to roll out the partner system would need to re-orient their understanding of practicalities of benefit sharing and transparency.

Change processes also to be seen in regard to the interaction between government structures line departments, PC, and the trader community against the position and status of communities / associations / cooperatives.

## Learning and Innovation

Important arrangements to be considered for learning and innovation:

- Project / Product Newsletter, which is attractive for all to read
- Weekly forestry meeting
- Be mentioned occasionally in reputed and appreciated national and international magazines
- Be mentioned in local / national newspapers
- Be a topic for the meetings of FSSP, MARD, Hanoi
- Use occasions to participate and speak on relevant seminars / conferences in Vietnam and the region
- Use quarterly monitoring systems for plan adaptation and short reports

## 2. Application of OECD DAC Criteria

### Relevance

For people: raising economic benefits of CFM, benefit sharing, income, jobs, more effective protection of natural forests

For policy, admin: police function of forest administration is reduced with CFM. Question is whether former forest police men can be trained to be good in providing technical and coaching. If not, an alternative would be privatization of forest advisory services, paid from natural resource taxes. Costs of services include salaries, overheads, and mobility.

Can cooperatives organize their own technical advisory services? Functions of DARD would then be reduced to monitoring, supervision, regulation, data base management function for market intelligence.

For public sector: given by existing legislation, and the need to protect natural medium and rich forests.

### Effectiveness

More than 50% of villages / associations organize and manage their auctions independently from project inputs during the last years of the project lifetime.

### Framework

- CF Benefit sharing regulation on provincial level issued.
- Sufficient forest land of sufficient quality has been allocated. Cluster building is possible geographically and logistically.
- Annual harvesting amount delivers sufficient quantities, which triggers auctions
- Clarity on forest within the CF administration, supportive to the process: trained staff, motivated, active. Mandated, regulated, able skilful, willing and motivated

Improved harvesting techniques: mobile saw with following attributes:

- reduction of transport within forests,
- no destruction of forest land,

- reduced cost of road building and road maintenance.
- needs more strict protection regime for effective monitoring of planks / sawn timber being taken out.
- mobile saw (licensed) to be privatized: Highly effective for village cluster approach

## **Efficiency**

### Assumption:

Scale: at least 3 provinces with 500 villages: 500 villages x 200 (per village) = 100.000 Cubic meters annually.

Association of village clusters: having at least 1000 cubic meter per auction. Means, an association should have minimum 5 villages. Legal body e.g., cooperative, is being supported by state (DARD has a department to foster cooperative registration in agriculture).

Output: easily 30% higher outputs for villagers on the basis of 80 USD per cubic meters: is about 3 Mio € additional value creation for 500 villages per year, calculated from year 4 onwards.

Inputs: by project for 6 years, full operation in 500 villages starting in year 5.

- Jobs of the association / cooperative:
  - Joint village management plan 5 years with annual harvest figures,
  - organizing auctions,
  - negotiation with PC and company, (replacing the present system, where village needs to delegate organizational matters to the commune).
- Jobs of the project:
  - Getting provincial authorities on board
  - Capacity building for the new system
  - Communication, exposure, negotiation, transport of knowledge
  - Local contracts: for pioneering, modeling during the first 2 years
- Inputs by the project:
  - Consulting months: 24 international for design, negotiation, organization of demonstration effects, linkages, networking, back up, technical know how
  - Consultant months: national 120 or more for constant coaching, contacts to MARD / PC, village level operation supervision, etc.
  - Local contracts

## **Impact**

People: Improved livelihood systems through increased income. Minorities learn to organize themselves, professionalization, specialization, market integration, opening to markets, self confidence, develop to “normal citizens” of Vietnam

Natural resources: Bio- D, optimum shape of natural forests, bio-mass left in forests adds to soil quality.

Forest admin: concentrates on key business, state functions, learns to accept and appreciate.

## **Sustainability**

Ecological sustainability is assured by improved sustainable forest management through approved harvest regime.

Economic margins are sufficient for additional benefits beyond immediate needs and operational costs

The time investment by local people is better paid than it would be possible through illegal logging

## **ANNEX 9: CF: Community Forestry - List of Important Legal Documents and CFM mentioned in the Forestry Development Strategy Vietnam 2006-2020**

### **List of important legal documents**

- Decision 178 (2001) specifies benefits and obligations of households, which have been assigned forest land. This decision was not found practicable, and the national level requests for contribution from successful provincial pilots, which can help to revise this decision including implementation guidelines. The national requirement for the revision of Decision 178 has been a driving force for the Dak Lak province to develop CFM benefit sharing exercises with the support from RDDDL. MARD confirmed the demand and encouraged Dak Lak government to draw lessons learned from CFM piloting for benefit sharing.
- Circular 38 (2007) provides a very detailed though feasible and comprehensive guideline on how to proceed with allocation of existing forest resources. The Circular is clearly stipulating a participatory approach by involving forest receivers in data collection and boundary demarcation. Field implementation as conducted under the KfW6, GTZ-RDDL, GTZ-SMNR-CV, GTZ-EPMNR and TFF-PPFP has proven its feasibility under different socio-ecological conditions. As additional benefit, inventory results as developed for forest land allocation (FLA) are legalized planning data that can be directly used for CFM management planning procedures without additional budget required for CFM planning.
- Circular 80 (2003) guides the implementation of Decision 178 and has so far rarely been applied in reality. It is under continued revision, leaving local people in a state of uncertainty regarding their potential future benefits and thus limiting any private initiatives for long-term forest investment and development.
- Decision 40 (2005) regulates forest product harvesting
- Decree 181 (2003) guides the implementation of the land law and is particularly important for PLUP-FLA processes (as is Circular 38)
- Circular 70 (2007) guides the formulation and implementation of village Forest Protection and Development Regulations. CFM management can only be sustainable if forest protection can be ensured and outsiders can be excluded from unregulated resource use. Village Forest Protection and Development Regulations have to be formulated with participation of villagers and to be approved at district level to become legal regulations which can be enforced.
- Decision 661, the Five Million Hectare Reforestation Programme (5MHRP), is forming the State's major forestry program until 2010. The 5MHRP aims not only to reforest Vietnam, but also to address issues of rural poverty and national socioeconomic development such as: "...to create employment, increase incomes for local people..."

## **CFM mentioned in the Forestry Development Strategy Vietnam 2006-2020**

- *“...improvement of livelihoods for people working in forestry, especially for ethnic minority people in mountainous, remote and isolated areas.”*
- *“...forests have to be managed closely and belong to specific owners. Unless the forest owners (organizations, enterprises, households, communities etc.) will get clear benefits, rights and obligations, then the forest resources cannot be sustainably protected and developed”.*
- *“...the state encourages organizations, households, individuals and local communities to invest, manage, harvest and use forests sustainably”.* In view of achieving this goal, forest allocation schemes are to be completed and forests are to be: *“...managed by private enterprises, communities, cooperatives, households, and individuals as stipulated in the law”.*
- CFM also appears under the projected implementation progress, as expressed in the chapter on renovating the forest sector institutions, policy, planning and monitoring: *“...development of mechanisms to promote the participation of private sector, community, and households in forestry activities...”* and *“...development of community forestry management...”*.
- The subsequent list of priorities for 2007 to 2010 mentions under point 5: *“...piloting and developing community forestry management...”*

## ANNEX 10: CFM Steps

CF Steps	important details with particulars in DakLak and Quang Binh	
Participatory Land Use Planning (PLUP)	1	provincial guidelines Quang Binh and DakLak: have been issued with the backing of national decisions since 2005. These provincial guidelines in principle do not take into account details of Circular 38, since that is not practicable. Circular 38 has detailed cost norms, which are not used or budgeted anywhere in Vietnam.
	2	formation of district FLA steering group and commune working groups
	3	collection of available documents and plans, also maps important: decision on prov. /district level, what land can be used for what purposes. Natural forest land is not to be converted to any other purposes. District has final planning authority, but depends on fund allocation from the province
	4	training of commune working groups
	5	clarification of forest land to be allocated for HH, groups, villages. Quang Binh: focus on Kinh households, DakLak: focus on ethnic minority groups
	6	village meeting, assessment of status of forest and forest land in the village. These are rough estimates on what kind of properties are generally available. GPS ground truthing of boundaries by GPS
	7	development of current land use village maps
	8	development of village land use plans along open discussions mainly for utilization of barren land. (Natural forests are not at the disposal). Highly degraded natural forest land can also be declared as afforestation site, depends on district protection officer
	9	agreement on village land use plan, finalization and presentation to CPC
	10	development of commune land use plan and approval by CPC and DPC
Forest Land allocation (FLA)	1	preparation and development of the village FLA plan
	2	agreement on households to receive forest land. Important here is the expected way of forest land utilization either by forest user groups (Quang Binh) or the community (ethnic minorities in DakLak). In case of forest user groups, each selected will be allocated with forest land. A problem here is a general lack of participation, insufficient clarity for farmers, what can be decided upon. Steering of the process by cadastral officers, who have little concerns over participation. Often pre-prepared by cadastral officers and only confirmed superficially by villagers. The cadastral office only is responsible for the end product, not for the participatory process. In Quang Binh, the land allocation was done in a quite non-conductive manner for proper forest land utilization prior to the commencement of SMNR-CV. In DakLak RDDDL supported: a) need for participatory processes as such b) technical details, which support conflict free end results c) transparent processes, which make participation possible for local people d) training for implementing agencies
	3	preparation of lists of HH, which get forest land
	4	preparation of a village FLA sketch map
	5	delineation of boundaries in the field, calculation of plot areas. This should be done by GPS

		supported discussions with farmers. Calculation of area per HH. Max. 30 ha per HH. Normally only 0,5 to 2 ha allocated. Circular 38: boundary demarcation needs to be done in a participatory way. Future owner needs to be present, when decisions are taken
	5	participatory forest inventory, calculation of timber volumes. Participation leads to cheaper processes, with higher quality and with higher acceptance. The national level legislation is still based on the compulsory use of Circular 38 (does not say, how to use), major input by RDDDL for simplification and usability by district administration for DakLak. In Quang Binh provincial guidelines have been issued.
	6	preparation of village FLA map. Circular 38 says, how the map has to look like
	7	preparation of commune FLA proposal and handing over to CPC and DPC for approval.
	8	finalization of village forest land allocation map for households or villages
	9	submission paper for issuance of Land Use Right Certificate and Forest Use Right Certificate
	10	aggregation and compilation of cadastral documents
	11	appraisal and approval of cadastral documents
	12	hand over land use right certificates: Red Books. Red Books are only for forest production forests, not for forest protection forests. Forest production forests can be natural forests and plantations forests 2 end products, which the farmer needs to have: a forest management profile, which is generated by DARD and the red book issued by DONRE, which deals with the forest land. The 2 end products are not yet harmonized, since a joint circular of MARD and MONRE is still in the process,
<b>Forest Protection and Development Regulations (FPDR)</b>	1	manual on FPDR issued by provincial DARD. District DARD supports development of village based FPDR, which then is approved by the district. The need for a FDPR is accepted and supported by MARD.
	2	gather land use maps, plans
	3	definition of objectives, benefits and rights. Those go along 6 themes: all of them say, what is ok, what is not permitted.
	4	forest resources mapping, clarification on what land what kind of properties are available, including production forest and protection forest. In the past farmers were asked to protect forests without any benefits
	5	analysis of problems of forest protection and development
	6	village-specific regulations on protection and development Discussion, on how to protect, how to penalize, etc, by farmers in collaboration with the commune
	7	finalizing the draft, submission. Approval by CPC and DPC
	8	dissemination and implementation of the FPDR
	9	internal (villagers) and external (rangers) monitoring and evaluation. Quang Binh has developed a provincial system, which supports better learning of reasons for violations of agreed rules for forest protection

<b>Community Based Forest Management (CBFM)</b>	1	CB forest management needs to be in line with provincial guidelines, which serve as a basis for village level decisions. DakLak does not have yet those approved provincial guidelines, neither does the national level have any. In RDDDL, CBFM guidelines still have the status of pilots. In SMNR-CV (Quang Binh) the province issued the guidelines CBFM-133QD-SNN, which specify CBFM for forest user groups. The national level does not yet have any CBFM guidelines.
	2	CBFM is in principle applicable by HH, User Groups, and the entire village. In DakLak, for ethnic minority groups the entire village is given the red book. In Quang Binh red books are issued to households
	3	establishment of Commune Forest Management Board. This is compulsory for DakLak, as decided by DARD, even in the absence of a provincial decision on CBFM
	4	collection of relevant documents, maps
	5	agreement on suitable areas for CBFM. For DakLak, CBFM is in principle only for natural forest management, not for plantation forests. For Quang Binh, CBFM refers to joint protection and management of forests by user groups with individual benefits, which includes also plantations.
	6	training on CBFM Mgt Board, User Groups
	7	forest zoning, forest block description and re-assessment of forest status: what areas of natural forests would need what kind of interventions at what time. What are the resources in terms of quality and quantity. Management according to blocks
	8	set-up a village forest management group. That is a small group of villagers, who take care of decisions beyond the level of individuals, possible also a forest protection group, if funds are available for paid protection
	9	boundary demarcation: DakLak: village boundary is clear and does not need any new measurement Quang Binh: another round of outer demarcation of the land of the forest user group needs to be done. General: In case one forest is owned by more than a village, a demarcation could include more than one village
	10	participatory forest inventory, identification of harvestable amounts. This needs to be done again after 5 years with a simplified method, and without volume calculation
	11	elaboration of a 5 year CBFM plan: forest management goal: selective cutting, plantation and enrichment planting, stand improvement (thinning), protection. A sustainable forest model is based on inventory results (only for natural forest). 5 year CBFM plan includes all activities
	12	submission of CBFM plan to CPC and DCP
	13	appraisal and approval of CBFM plan with consultation of forest protection unit at district level
	14	implementation of CBFM plan: admin and reporting procedures, silviculture activities, benefit sharing, monitoring and evaluation, annual activity planning. Benefit sharing: National legislation 178: only additional growth belongs to farmers on allocated land, not the entire standing timber. If 2 %, then all is owned by the farmer after 50 years. Decision taken by DakLak province prior to the Decision 178. The province started with benefit sharing on a pilot basis, supported by RDDDL. Provincial regulation say: Value of timber minus costs of harvest, minus 15-40% natural resources tax, minus 10% levy on commune level for forest protection activities, the rest to be

		decided upon by village level criteria. Those include re-investment, enrichment planting, setting up a village fund, equipment for forest protection, some amount for the poor, etc DakLak is so far the prominent benefit sharing province in Vietnam.
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