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INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED ADDITIONAL CREDIT AND RESTRUCTURING
IN THE AMOUNT OF SDR 71.0 MILLION
(US\$ 100.0 MILLION EQUIVALENT)

TO THE

SOCIALIST REPUBLIC OF VIETNAM

FOR THE

SECOND NORTHERN MOUNTAINS POVERTY REDUCTION PROJECT

February 4, 2015

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CURRENCY EQUIVALENTS

(Exchange Rate Effective January 31, 2015)

Currency Unit = Vietnam Dong
VND21,340 = US\$1
SDR 0.70932 = US\$1

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ABBREVIATIONS AND ACRONYMS

AF	Additional Financing	IFR	Interim Financial Report
BP	Best Practice	ISDS	Integrated Safeguards Data Sheet
CDB	Commune Development Board	ISM	Implementation Support Mission
CDBC	Commune Development Budget Component	LDF	Livelihoods Development Framework
CDD	Community-driven development	LS	Limited Survey
CF	Commune Facilitator	M&E	Monitoring and Evaluation
CIG	Common Interest Group	MOF	Ministry of Finance
CPC	Commune People's Committee	MPI	Ministry of Planning and Investment
CPO	Central Project Coordination Office	MTR	Mid-term Review
CPS	Country Partnership Strategy	NMPRP-2	Second Northern Mountains Poverty Reduction Project
CRC	Citizen Report Card	NTP	National Targeted Program
CSB	Commune Supervision Board	O&M	Operation and Maintenance
DPC	District People's Committee	ODA	Official Development Assistance
DPI	Provincial Department of Planning and Investment	OP	Operational Policy
DPL	Development Policy Lending	PAD	Project Appraisal Document
DPMU	District Project Management Unit	PDO	Project Development Objective
ECOP	Environmental Code of Practice	PIM	Project Implementation Manual
EMDP	Ethnic Minority Development Plan	PP	Project Paper
EPC	Environmental Protection Commitment	PPC	Provincial People's Committee
ESMF	Environmental and Social Management Framework	PPMU	Provincial Project Management Unit
FM	Financial Management	RPF	Resettlement Policy Framework
GAC	Governance and Anti-corruption	SAV	State Audit of Vietnam
GoV	Government of Vietnam	SDR	Special Drawing Right
GSO	General Statistics Office	SOE	Statement of Expenditures
IA	Internal Audit	SEDP	Socio-Economic Development Plan
IBRD	International Bank for Reconstruction and Development	TA	Technical Assistance
IDA	International Development Association	VHLSS	Vietnam Household Living Standard Survey
		VND	Vietnamese Currency

SOCIALIST REPUBLIC OF VIETNAM
SECOND NORTHERN MOUNTAINS POVERTY REDUCTION PROJECT
ADDITIONAL FINANCING

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**SOCIALIST REPUBLIC OF VIETNAM
SECOND NORTHERN MOUNTAINS POVERTY REDUCTION PROJECT
ADDITIONAL FINANCING**

Project Paper Data Sheet

Basic Information - Additional Financing (AF)				
Country Director: Victoria Kwakwa				Sectors: Agriculture
GP Senior Director: Juergen Voegelé				Themes: Other environmental and natural
GP Director: Ethel Sennhauser				resources management, biodiversity, rural
Practice Manager: Nathan Belete				policies and institutions, land
Team Leader: Lan Thi Thu Nguyen				administration and management
Project ID: P148733				Environmental category: B
Expected Effectiveness Date: June 30, 2015				Expected Closing Date: June 30, 2018
Lending Instrument: Investment Project				Joint IFC: -
Financing (IPF)				Joint Level: -
Additional Financing Type: Credit				
Basic Information - Original Project				
Project ID: P113493				Environmental category: B
Project Name: Second Northern Mountains				Expected Closing Date: June 30, 2015
Poverty Reduction Project				
Lending Instrument: SIL				Joint IFC: -
				Joint Level: -
AF Project Financing Data				
<input type="checkbox"/> Loan <input checked="" type="checkbox"/> Credit <input type="checkbox"/> Grant <input type="checkbox"/> Guarantee <input type="checkbox"/> Other:				
Proposed terms: IDA 17 blend terms, total maturity of 25 years including a grace period of 5 years.				
AF Financing Plan (US\$m)				
Source	Total Amount (US \$m)			
Total Project Cost:	110.00			
Borrower:	10.00			
Total Bank Financing:				
IDA	100.00			
Client Information				
Recipient: Socialistic Republic of Vietnam				
Responsible Agency: Ministry of Planning and Investment/Department of Agriculture Economics				
Contact Person: <i>Mr. Nguyen Thanh Duong</i>				
Email: thanhduong.mpi@gmail.com				
AF Estimated Disbursements (Bank FY/US\$m)				
FY	2015	2016	2017	2018
Annual	5	30	40	25
Cumulative	5	35	75	100

Project Development Objective and Description

Original Project Development Objective (as stated in the original Financing Agreement): *The **Project Development Objective** (PDO) is to enhance the living standards of the Project Beneficiaries by improving: (i) their access to productive infrastructure; (ii) the productive and institutional capacity of local governments and communities; and (iii) market linkages and business innovations.*

With an additional feature of the AF being on institutionalizing the socio-economic development planning approach in the broader planning and budget allocation processes, the PDO will be revised to capture this important element.

Project Development Objective for the AF is revised to read: *The **Project Development Objective** (PDO) is to enhance the living standards of the Project Beneficiaries by improving: (i) their access to productive infrastructure; (ii) the productive and institutional capacity of local governments and communities; (iii) **commune integrated investment planning** and (iv) market linkages and business innovations.*

Project Description. The proposed AF will support deepening the project impacts and scaling up the existing project modalities to additional Communes and Districts and would contribute to their long term sustainability. The AF will give a stronger focus on supporting sustainable livelihoods of the farmers and further devolving fund and decision making power to commune level. The following summarizes the key elements and main activities of each component.

Component 1: District Economic Development (about 30% of total allocated provincial project funds, equivalent to US\$28.8 million). The objective of this component is to provide investment support to the District Socio-Economic Development Plans, focusing on productive and economic infrastructure for increased agriculture productivity, direct local employment and income generation, and facilitation of business innovation. This component supports specific efforts to link the supply side, namely the market and business institutions, with the poor.

Component 2: Commune Development Budget (about 58% of total allocated provincial project budget, equivalent to US\$55.68 million). This component will provide block grants to communes to finance small-scale sub-projects at the village level for productive infrastructure and livelihood improvement activities that are identified through participatory planning processes. Livelihood support will assist the poor with strengthening the operations of Common Interest Groups (CIGs), develop necessary skills and the further development of market linkages and ensure that women participate in and benefit from the project through targeted support to village level women's groups.

Component 3: Capacity Building and Communication (about 6% of the total project provincial allocation budget and CPO's component, equivalent to US\$6.76million). Under the AF, this component will mostly focus on the farmers and other beneficiaries to help sustain their capacity for implementing project activities during the AF period and beyond. This component will continue to help improve the capacity of project implementation agencies at all levels, especially of the local governments and the communities to plan, manage, implement, supervise, and maintain productive infrastructure and livelihood improvement programs, communication and information sharing and learning. This component will also support the scaling up and institutionalization of the participatory local development planning through the Socio-Economic Development Plan (SEDP) planning process from Communes upward and include additional activities on "Institutional Development" to help deepen the policy dialogue between the project provinces and the GoV on poverty reduction.

Component 4: Project Management (about 6% of total allocated provincial project budget and CPO's component, equivalent to US\$8.76 million). This component is to ensure effective and efficient project management through facilitation of various implementation, monitoring and evaluation (M&E), reporting, coordination, and quality enhancement efforts.

Safeguard and Exception to Policies	
Safeguard policies triggered:	
Environmental Assessment (OP/BP 4.01)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Natural Habitats (OP/BP 4.04)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Forests (OP/BP 4.36)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Pest Management (OP 4.09)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Physical Cultural Resources (OP/BP 4.11)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Indigenous Peoples (OP/BP 4.10)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Involuntary Resettlement (OP/BP 4.12)	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Safety of Dams (OP/BP 4.37)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Projects on International Waterways (OP/BP 7.50)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Projects in Disputed Areas (OP/BP 7.60)	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Does the project require any waivers of Bank policies?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Conditions and Legal Covenants		
Sections I and II of Schedule 2 to the Financing Agreement	Yes	NA

Description of Covenant: The Recipient shall maintain the implementation arrangements and the Project monitoring reporting and evaluation as described respectively in Sections I and II of Schedule 2 to the Financing Agreement.

I. INTRODUCTION

1. This Project Paper seeks the approval of the Executive Directors to provide an additional credit (or additional financing) in an amount of SDR 71.0 million (equivalent to US\$100.0 million) to the Socialist Republic of Vietnam for the Second Northern Mountains Poverty Reduction Project (P113493; Cr. 4698-VN) and the amendment to the Project Development Objective (PDO) of the original financing (i.e. level 1 restructuring to the original financing). The closing date of the proposed additional financing would be June 30, 2018.

2. The **Development Objective** of the Project (including additional financing and amended original financing) is: to enhance the living standards of the Project Beneficiaries by improving: (i) their access to productive infrastructure; (ii) the productive and institutional capacity of local governments and communities; (iii) **commune integrated investment planning** and (iv) market linkages and business innovations.

3. The additional financing (AF) would help finance the costs associated with the: (a) continuation and expansion of the project's support to poverty reduction efforts in the existing six project provinces of the poorest region of Vietnam, the Northwest. These provinces are Hoa Binh, Son La, Dien Bien, Lai Chau, Lao Cai and Yen Bai; (b) increasing the Project poverty reduction impacts upon additional districts and communes¹; (c) scaling-up and deepening of the participatory local development planning (known as SEDP) and contribute to institutionalizing this approach in the Government of Vietnam's (GoV's) national poverty reduction programs; and (d) enhancement of sustainable livelihoods through further CIG development, and the strengthening of partnerships between farmer groups and agro-businesses.

II. BACKGROUND AND RATIONALE FOR ADDITIONAL FINANCING

4. **Background.** The Second Northern Mountains Poverty Reduction Project (NMPRP-2 or "Project") is financed through an IDA Credit equivalent of \$150 million, which was approved on April 6, 2010, and became effective on August 23, 2010. The equivalent of \$15 million came from counterpart funding.

5. **Project Performance.** Overall, NMPRP-2 has performed consistently well with project development objective (PDO) ratings being "Satisfactory" throughout and Implementation Progress (IP) ratings being "Satisfactory" over the past years, except that the most recent Implementation Status and Result Report (ISR), dated December 30, 2014, has downgraded the IP rating to "Moderately Satisfactory" (MS). This was because Financial Management, Counterpart Funding and Procurement were rated MS as the consequence of i) delayed budget allocation and temporary lack of counterpart funding in some of the project provinces at the year end, leading to the late payment of staff salaries and contractors' services in some communes; and ii) the preparation, submission and updating of the procurement plans were slow in some project provinces. These issues were discussed with the relevant Provincial People's Committees (PPCs) and there was a strong commitment to solve them before the end of the first quarter of 2015. Specifically, the counterpart funding balance was fully met by the PPCs.

¹Two new districts, Bac Ha and Si Ma Cai, of Lao Cai province (with 15 new communes) and other 16 new communes in Lao Cai, Lai Chau and Son La provinces are included. Four old communes (2 from Lao Cai and 2 from Lai Chau provinces) "graduate" given their good record of poverty reduction over the last four years.

6. The findings from the Mid-Term Review (MTR) and the recent implementation support missions (ISMs) reaffirm the continued relevance of the project objectives and the project targeting. The Project is on track to meet all key performance indicators (Annex 2), with some overachieving. Total disbursements as of January 31, 2015, reached USD133million or 90.6% of the IDA fund. The Project will fully disburse the funds and the original credit will close by the closing date of June 30, 2015. The Project is also in full compliance with all loan covenants. Key results of the Project to date include the following:

- a. **Geographical Coverage.** The Project has attained its full coverage and is delivering results to a total of over 159,530 households in 232 communes² across 27 districts in the six provinces covered by the Project. The Project targets the poorest region of Vietnam, the Northwest, that has the highest rate of poverty in the country. The six target provinces together account for 13% of the Vietnam's poor. District-level poverty rates in these six provinces range from 45% (Yen Bai province) to 76% (Lai Chau province), which are significantly higher than the national poverty rate of 17.2%.³
- b. **Productive Infrastructure Support.** The Project has financed over 4,700 community infrastructure sub-projects and 790 district-level infrastructure sub-projects which have directly benefitted almost one million people. Over 4,230km of rural roads and 3,250m of small bridges were upgraded; over 9,000 ha of farmland has been irrigated and in excess of 8,600 households now have access to improved water quality from 126 schemes established by the project.
- c. **Livelihood Support.** 45 partnerships between farmers and agri-businesses have been established under the Project, involving 598 CIGs comprising 11,484 households. Twenty-six partnerships have completed the first production round, ten are now in their second cycle, with the balance in various stages of second cycle preparations. Under the commune managed component, around 9,000 CIGs (an estimated 90,000 beneficiary households) were formed. Women only CIGs are 3,832 and women represent 47% of the total CIG membership. Development of the women only CIGs has been a successful intervention with 79% of the households saying they were better off due to this activity. The CIGs have successfully utilized their project initial grants and 74% are now in their second or third production cycles. Reinvestment in the next cycle has been a feature with the CIG farmers, reinvesting profits made from their initial grants and 58% have also invested additional funds. Marketing practice has evolved with over 91% of CIG members now dealing directly with traders at their farm gates. This is an increase of 20% on the Project baseline. CIG operations are also developing with groups meeting regularly and group functions include the establishment of group funds (23% of groups to date). Discussions around production experiences, with advice from the leading farmers, and sharing of market prices are two significant group functions.
- d. **Participatory Development Planning through SEDP.** The Project has demonstrated the value of SEDPs as an effective participatory planning mechanism and their potential

²During the project implementation, there were some changes and separation of communes which made the total number of project communes under the original project changed from 230 (as in original PAD) to 232.

³Poverty rates according to 2012 GSO-World Bank Poverty Line

to help integrate resources to achieve more efficient planning and service delivery at the local level. This is even more meaningful as the GoV is moving to consolidate various poverty reduction programs and 16 National Targeted Programs (NTPs) into two overarching NTPs, namely the New Rural Development Program and the National Poverty Reduction Program. SEDP process that the Project has strengthened can serve as an integrated local development planning and budgeting mechanism that feeds into the new national programs.

7. **Rationale for Additional Financing.** The GoV requested AF for the current project during the MTR mission in April, 2013. The rationale for the AF request was to continue and scale up the activities that have proven to be effective and to explore means to mainstream the positive features of NMPRP-2 into the national programs, especially the successful livelihood support to CIGs and the strengthened SEDP approach. NMPRP-2 has been a key instrument in achieving both the GoV's poverty alleviation objectives in the Northern Mountains region and the World Bank Group's twin goals of eliminating extreme poverty and boosting shared prosperity. It is one of the two ongoing Community Driven Development (CDD) operations in the Bank's portfolio which specifically targets the extreme poverty goal.

a. **Enhanced Sustainability of Livelihood Interventions through CIG Strengthening.**

The current Project is delivering results in terms of increasing small farmer production, improved market access, access to water for irrigation and household use, livelihood improvement opportunities and linkages between small farmers and agro-businesses. At the same time, the livelihoods elements of NMPRP-2 pose the greatest challenge in terms of the most suitable interventions to achieve sustainability. While the support to CIGs has resulted in business partnerships and in stronger linkages between small holder farmers and markets, challenges remain in fostering their long term sustainability. Building small holder farmers' self-reliance and developing resilient and sustainable farming systems require that there is strengthening of the CIG group functions, especially mutual support and marketing. It also requires that farmers learn new production skills, as well as how to plan and implement business, market and climate change risk mitigation strategies. The AF phase will feature assistance to farmers to further intensify and to diversify their production systems, enhanced and smarter CIG operations that include group marketing, training in climate smart agriculture, as well as better risk mitigation strategies and methods.

b. **Deepening the Participatory Development Planning through Institutionalization of SEDP.**

As a CDD project, NMPRP-2 employs a methodology in which project activities respond to local needs and employs local-level planning – via commune-level SEDPs – and implementation, including monitoring and evaluation (M&E). Experience thus far suggests that unlike top-down approaches, effective commune-level planning encourages innovative development solutions that reflect local priorities. Furthermore, the combination of hardware and 'soft' interventions are more effective at realizing sustained improvements in livelihoods compared to either on their own. Deepening the SEDP approach to accommodate programs other than NMPRP-2 could help to reduce the fragmentation in planning at the commune level and strengthen the linkage between grass-root demands with investment decision at higher level. This would help to institutionalize and mainstream the SEDP approach in the broader planning and budget

allocation processes, not only for block grants financed by NMPRP-2, but also for block grants financed by the national budget. The extended project duration provided by the AF presents an opportunity to examine further how SEDP can be institutionalized as the broader local development processes. This task entails consideration on a broad range of issues which include, among others, development of an integrated mechanism that involves various levels of government, synchronization of the planning process with the budgeting cycle, further devolution of budget management authority to the commune level, and strengthening accountability mechanism while promoting upper level to be more demand-driven upon those proposed by community and commune level via the central SEDP.

III. PROPOSED CHANGES

8. **Geographical Expansion.** The Project will continue to be implemented in six provinces of Hoa Binh, Son La, Dien Bien, Lai Chau, Lao Cai and Yen Bai. Two new districts of Lao Cai (with 15 communes), Bac Ha and Si Ma Cai, which are among the national poorest districts, will be included to implement the livelihoods programs, capacity building and SEDP activities. Four old communes (2 each from Lao Cai and Lai Chau provinces) will “graduate” from the Project given their good track record of poverty reduction over the last four years. The AF will also include 16 other new communes of Lao Cai, Lai Chau and Son La provinces with very high poverty rates. In sum, the AF will target 6 provinces, 29 districts and 259 communes over the 2015-2018 period.

9. **Strengthening linkages between livelihoods, nutrition and sanitation.** There is a strong correlation between poverty and poor condition of sanitation and child nutrition, especially stunting, and among the ethnic minority communities in particular. In order to enhance the Project poverty reduction impacts, the AF will expand the scope of sub-component activities to include nutrition, hygiene, sanitation and waste management. Nutrition-sensitivity and sanitation activities will be incorporated into the livelihood supports (eg. crops and livestock development), small scale infrastructures and capacity building (eg. behavior change, communication and awareness creation on nutrition, hygiene and sanitation) of the existing components.

10. **Project Components.** The current design of the NMPRP-2 has proven to be effective and no significant changes are needed. The AF would give a stronger focus on supporting sustainable livelihoods of the farmers, incorporating waste management, sanitation and nutrition-sensitivity activities, and further devolving fund and decision making power to commune level. The AF would extend the existing project modalities to additional Communes and Districts and would contribute to their long term sustainability through the scaling up of the SEDP approach at the local level to (a) realize immediate efficiency gains in terms of lower transaction and overhead costs; (b) inform the dialogue at the national level on the integration of NTPs and institutionalize the SEDP approach into GoV’s poverty reduction programs to sustain it beyond the Project; and (c) encourage provinces to further devolve investment ownership to communes as appropriate. These changes can be accommodated within the existing four components with the following modifications:

- (i) **Component 1 - District Economic Development:** Subcomponent 1.1 would continue activities in the locations where the Project is currently active. The fund allocated for this sub-component will be reduced from 45% to 30% of the total project budget in order to devolve more funds to the commune level (Component 2). Sub-component 1.2 will: (a) continue to develop and strengthen business partnerships between CIGs and agro-businesses; (b) further support the diagnostic work on market and potential partners; and (c) establish a competitive mechanism to promote innovative partnerships between CIGs and the private sector. The funding for this sub-component will be changed from the current equal allocation of budget to all provinces to a more competitive funding mechanism which creates a pooled fund to be managed at the central level and the funds will be allocated competitively based upon the quality of the proposals. The selection criteria and procedures and fund flow will be detailed out in the Project Implementation Manual.
- (ii) **Component 2 - Commune Development Budget:** All four sub-components (village infrastructure improvements; livelihoods support; support for women's social and economic development activities; and support for operations and maintenance) will continue. This component would support further devolution of responsibilities by way of increasing the budget to be managed at the commune level (from the current 30% to around 58%), and proportionally reduce the budget managed at the district level. Mainstreaming hygiene, sanitation and waste management is another focus of the AF that will complement household water supply sub-project investments, reduce risk of under-nutrition and lead to improved livelihoods environmental practice. Additionally, sub-project activities will have consideration of enhanced nutritional impacts. Assisting farmers with strengthening their group operations, and with risk mitigation strategies, including support for climate change adaption technologies will be a feature.
- (iii) **Component 3 - Capacity Building and Communication:** In addition to the continuation of the existing activities, this component will support the mainstreaming/ institutionalization of the SEDP process both at the commune and district levels, and to be applied for both the block grants financed from the Project as well as for programs funded by the national budget. Successful SEDP will need to be accompanied by further decentralization of budget to the commune level in the Government's programs. This component will contribute to promote such decentralization and include additional activities related to Institutional Development to help deepen policy dialogue with the project provinces and the GoV on how to institutionalize CDD principles in broader poverty reduction programs. This component will also include a strengthening program for MPI Inspectorate in internal audit (as stated in the original FA) and procurement post review skills. Capacity building activities will also be expanded to include improving the capacity of project implementation agencies to incorporate nutrition, hygiene and sanitation messages as well as creating awareness on these themes for the targeted communities, especially among women. Activities on information sharing and learning and Communication are moved to this Component from Component 4.
- (iv) **Component 4 - Project Management:** Activities on information sharing and learning and Communication are moved from this Component to Component 3. Institutional arrangements for project implementation will be secured in new districts and

communes.

11. **Project Cost.** Total project cost by component and financed by IDA are detailed in Table 1 below for the original credit and the additional financing credit.

Table 1. Project Cost Summary by Component

Project components and Subcomponents	Total IDA-Financing	IDA Original Credit	IDA Additional Financing
	(US\$)	(US\$)	(US\$)
A. District Economic Development	91,000,000	62,200,000	28,800,000
B. Commune Development Budget	114,780,000	59,100,000	55,680,000
C. Capacity Building and SEDP planning	15,160,000	8,400,000	6,760,000
D. Project Management	25,060,000	16,300,000	8,760,000
Total Costs	246,000,000	146,000,000	100,000,000

[at SDR/US\$ exchange rate: SDR0.70932/US\$1, as of January 31, 2015]

12. **Results Framework.** The Project’s Results Framework (RF) is robustly revised given that (i) many of the indicators in the current RF have been achieved or overachieved and (ii) new outcomes indicators are added to capture the focus of the AF on SEDP institutionalization and sustainability of the CIGs. The revised RF is included in Annex 3.

IV. APPRAISAL SUMMARY

13. **Impact of Productive Infrastructures.** The infrastructure supported under the Project is highly appreciated by the beneficiary communities and has provided both substantial economic and social benefits. The project survey showed that over 65% of interviewed villagers said that roads and markets supported under the Project have helped to increase the number of traders coming to their villages to buy and sell agriculture products and other inputs, thus improving the farmers’ access to better market. Over 88% of beneficiaries reported decreased time, labor and cost of transportation which is attributable to the established rural roads. Improved irrigation systems have helped to increase the irrigated areas to around 25%, turning the one-crop production land into two-crop land, helping to increase the overall rice outputs and reduce food insecurity in the project areas. There are also reported impacts of reduced distance and time in water fetching, and increase amount of water for villagers. These in turn bring positive effects on health, sanitation and well-being of the project beneficiaries, especially women.

14. **Income and Poverty Reduction:** The livelihood interventions of the Project are bringing tangible economic impacts to the beneficiaries. Cash income from the sales of crops and livestock originating from the Project livelihood activities also improve “cash liquidity” of the beneficiary households. The M&E data shows that some 66% of CIGs have earned cash income from the sales of their livelihood products. The average income ranged from VND2.6 million (~\$123) to VND5.4 million (~\$255) per household per production cycle (3 to 4 months on average). This is quite significant given the GoV’s official poverty line for 2011-15 of VND4.8 million (~\$227) per person per annual income for poor rural households. It takes,

however, several production cycles for the majority of the farmers to fully develop their livelihoods activities and to achieve higher, more stable and steady income levels. Increasing the Project investment on livelihood activities and maximizing the returns is thus a necessary follow-up under AF to ensure Project's impacts on sustainable poverty reduction.

15. **Livelihood Interventions.** Assessment of the Project's Livelihoods program was undertaken in mid-2014 and concluded that livelihood activities have been successful in helping the farmers increase their farm output, increase incomes, diversify their farming systems, build their assets, and spread their risks. In most cases the CIG farmers chose livestock as their main diversification activity. M&E data shows that of all surveyed CIGs, around 78% of groups reported an increase in asset value, of which 39% reported a 200% increase in asset value (compared to the capital investment at the beginning of the first production cycle). The Livelihoods Assessment also noted that after the successful completion of the first production cycle CIG farmers would reinvest their profits into continuing the same activity. Investing in other activities, such as new livestock or inputs to increase production from their other farming activities e.g. fertilizer on rice or maize, which augments their income and mitigates risks, was also noted as an emerging feature. The importance of continuing to allow the CIG farmers to choose to specialize in their original livelihood, or to diversify into another, was highlighted by the Assessment. It is also recommended that the second round of the Project support should increase the proportions of investment self-financed by the farmers in their livelihoods activities. In most cases, the farmers will be expected to self-finance between 20-30% of their total investment.

16. Group operations have initially focused upon planning and implementation of the production activity financed through the Project grant. Almost all the groups (90%) meet regularly and are keeping records and following their regulations. Developing group purchasing and marketing are constrained by the low incomes and poor liquidity of the members. There are, however, some successful examples of such group activities. Identification of good CIG farmer practice, its documentation, and sharing via the Project website and other methods is now being done by Project implementation staff. Strengthening the CIGs by concentrating upon their main functions and developing the leaders group management skills are the main recommendations of the Livelihoods Assessment.

17. Assisting the CIGs to become sustainable, self-reliant and resilient is the main goal under the AF phase. Although there has been satisfactory progress with the growth and development of the CIGs, challenges remain in achieving sustainable livelihoods. Moreover, M&E data shows that 21.5 % of the surveyed CIGs reported having death or damage of crop or livestock due to a combination of factors including natural calamities, poor technical management, poorer quality crop or livestock inputs, and late season commencement of some activities. Under the AF, the Project will focus on the strategies as outlined in the Livelihoods Development Framework (LDF): better targeting through differentiating the type of support based on the CIG categorization, especially the predominant poor and vulnerable (Category I and II CIGs); continuing to improve their livestock and crop production skills and knowledge; assisting farmers with climate change adaption and risk mitigation for their farming systems; enhanced waste management practice associated with livestock intensification; encouraging and developing innovations, especially around marketing and adding product value; strengthening their market assessment capacity and their marketing skills and knowledge; and enhancing

CIGs' organizational management of operations, business, group funds, and marketing, as well as the groups institutional structure, including development of leading CIGs into business associations or cooperatives.

Safeguards.

18. **Safeguards Implementation under NMPRP-2.** The Project has low environmental and social impacts since the investments are mostly of small-scale in both budget and scope. Compliance with the project's social and environmental policies has been satisfactory. Safeguards staff at all level have gained more knowledge and experience of the safeguards policies over the past four years of the NMPRP-2 implementation.

- **Environmental Safeguards:** there has been 100% compliance with the requirement to prepare Environmental Protection Commitments (EPC) for the invested 790 infrastructure sub-projects. These EPCs were all prepared to the standard required. Monitoring of the sub-projects by the DPMUs has also been satisfactory with Environmental Monitoring Reports being prepared. The issues with sub-project construction have been minor including site safety matters such as tidiness and use of medicine boxes. Environmental Codes of Practice (ECOP) is included in the bidding documents for construction contractors to ensure measures are taken during the construction to minimize environmental impacts. In addition, training and awareness raising of the DPMU staff who are responsible for the environmental compliance oversight has been another mitigation approach used. There has been a regular program of field visits by Project technical assistance staff to train DPMU staff and assess compliance.
- **Social Safeguards:** Given the small scale of infrastructure sub-projects under the parent project (at the averaged value of around USD80,000 – 140,000 per sub-project) and of rehabilitation nature on existing alignments, impact on land and other assets was minimal. By end of June 2014, 15 annual Resettlement Plans were developed for compensation for 1,006 affected households with the total payment value of VND8,022,554,000 (USD378,000 or USD375/household on average). There were some cases of voluntary donations involving very small area of land affected by the sub-projects. These cases were documented and handled in compliance with the project guidelines. While the scale of sub-projects under the AF remains the same as in the parent project, it is expected that the AF will have even lower aggregated impact, given that the proportion of overall funding for infrastructure investments has significantly been reduced. Independent monitoring of safeguards implementation, capacity building for project staff at all level and information transparency were maintained throughout project implementation. The same arrangements and mechanism will apply under the AF.

19. **Safeguards Policies under the AF.** All policies under the current project apply to the AF. In addition, the OP 4.09 (Pest Management) is triggered under the AF due to potential increased use of chemicals including fertilizers and pesticides for larger scale activities on agricultural livelihoods. The applicable World Bank safeguard policies for this project are:

- (i) **OP/BP 4.01 (Environmental Assessment):** This policy was triggered due to project environmental and social impacts and remains applicable under the AF. Nevertheless, the project is expected to have low environmental and social impacts since the investments are mostly of small-scale in both budget and scope.
- (ii) **OP 4.09 (Pest Management):** This policy is triggered under the AF due to potential increased use of chemicals including fertilizers and pesticides for agricultural livelihoods activities. Thus, to mitigate and minimize environmental and health risks associated with use of pesticides and chemical fertilizers, additional guidelines on sustainable use of pesticides and chemical fertilizers have been developed and incorporated into Environmental Codes of Practice (ECOP) applying to such sub-projects.
- (iii) **OP/BP 4.12 (Involuntary Resettlement):** This policy was triggered due to potential land acquisition and remains applicable under the AF. The project will invest in upgrading small-scale rural infrastructures (e.g. access roads, irrigation, water supply and market) and, therefore, some level of land acquisition, at small scale though, is anticipated.
- (iv) **OP/BP 4.10 (Indigenous Peoples):** This policy was triggered because of the presence of the Indigenous Peoples (or Ethnic Minorities) in the project area.

20. **Environmental Safeguards Instruments.** The main objective of the Environmental and Social Management Framework (ESMF) process is to ensure that the sub-projects and activities to be financed under the Project are properly screened for and would not create significant adverse impacts on the local environment and local communities and that the residual and/or unavoidable impacts will be adequately mitigated in line with the WB's safeguard policy and national laws. In addition, the AF would expand to 2 new districts (with 15 communes) and 16 new communes of existing districts of Lao Cai, Lai Chau and Son La provinces. Thus, the original ESMF prepared for the parent project has been revised and updated.

21. **Environmental and Social Management Framework.** For NMPRP-2 AF, the environmental impacts will be managed through applicability of safeguard instruments:

- (i) Environmental Protection Commitment (EPC) to address environmental and social impacts associated with implementation of a small investment not requiring Environmental Impact Assessment (EIA) as per Decree 29/2011/ND-CP dated 18 April 2011.
- (ii) Environmental Codes of Practice (ECOP) to address construction-related impacts, which are mostly temporary and similar in different locations. They should be included in the bidding documents for construction contractors. An ECOP contains guidelines on good practices in managing construction activities, standard environmental conditions.

22. **Social Safeguards Instruments.**

- (i) Resettlement Policy Framework (RPF): New communes are added but will only implement the livelihoods activities. The existing RPF, which was updated to include provisions under the revised Land Law (2013) and its related legal

documents, remains applicable. The implementation of the current project complies with the RPF.

- (ii) **Ethnic Minority Development Plan (EMDP):** The Project will continue to be considered as an EMDP, given that the majority of the project beneficiaries are ethnic minorities. Thus no stand-alone EMDP is needed. The Project ensures the principle of “Free, Prior and Informed Consultation” being practiced. Any potential negative impacts and risks associated with the AF can be managed under the project’s environmental and social safeguard policies and guidelines.

23. Prime Minister’s approval of the safeguards documents is not required under the new Land Law provisions. In addition, in the original financing, there is already the obligation of the Provincial People’s Committees to ensure that the PPMUs implement the project in accordance with the safeguards documents. No further approval of the updated safeguards documents is required but at Negotiations confirmation of this arrangement for the AF implementation needs to be provided, noting in the Minutes of Negotiations that the respective PPCs have endorsed the updated safeguards instruments.

24. **Consultation and Disclosure.** Consultations with project stakeholders in existing and new communes, including ethnic minorities, were undertaken by provincial and district project implementation units. The revised ESMF report, updated RPF and ISDS have been disclosed locally and at the Bank’s Infoshop on Oct. 15, 2014.

25. **Citizen Engagement.** NMPRP-2 employs a methodology in which project activities respond to local people’s needs which were prioritized through participatory village meetings at the onset of the project planning. Throughout the various stages of project implementation, the poor people were involved in the small scale constructions via the community procurement, supervision of project investments and monitoring and evaluation. The Project conducted periodical citizen report cards and the surveys consistently showed high level of satisfaction of the villagers on their participation and project investment impacts.

26. **Gender.** The Project contributes to empowering women in decision making through their strong representation in the Commune Development Board (CDB). The Project requires that at least one of the two representatives of each village in the CDB has to be a woman. The women’s Social and Economic Development priorities are supported by the Project under sub-component 2.3. Choice of the type of activity is made through the Project’s village planning meetings where the women are made aware of various social and economic options they have. With the Project support, the women CIGs have had the opportunity to revamp many of their traditional handicrafts activities embedded with their culture. There has been a rapid increase in the number of women participating in CIGs since 2012. There are now 3,832 women in livelihoods CIGs, and the total number of women involved in both livelihoods and women CIGs is 53,251 (47% of the total CIG members). In the 2013 Limited Survey (LS), 79% of the households surveyed reported that they were better-off due to the women’s CIG activities and their household income has increased by over 30%. The LS also showed that a high proportion of the women CIGs members learned technical production skills and marketing knowledge from the Project’s training program. The AF continues the focus on supporting the women CIGs and the commercial development of sustainable livelihoods.

27. **Procurement.** Procurement rating of the latest ISR dated December 30, 2014 was MS. The preparation, submission and updating of the procurement plans of some project provinces were slow due largely to the approval procedures at the provincial and district levels as well as lower capacity of communes. These issues were discussed with and picked up by the relevant PPCs for improvement. The proposed AF will be implemented by the same agencies as the original financing, i.e. Central Project Office (CPO), the Provincial Project Management Units (PPMUs), District Project Management Units (DPMUs) and the Commune Development Boards (CDBs) of the six participating project provinces. The CPO, PPMUs, DPMUs and CDBs have been implementing the project for four years and have good experience and capacity to implement the AF credit. In the new districts, the DPMU procurement staff will be trained so that they have adequate knowledge of the relevant procurement provisions.

28. The CPO will provide additional procurement training, mentoring, and quality assurance to these new districts and communes. The procurement risk for the parent project was originally rated “moderate” and the procurement risk for the AF remains as “moderate” considering that: (a) the implementing agencies have reasonably good experience in World Bank procurement procedures; and (b) procurement activities under the AF are in the same scale and complexity as the parent project.

29. **Applicable Procurement Procedures.** Procurement under the proposed additional financing would be carried out in accordance with the World Bank’s “*Guidelines: Procurement of Goods, Works, and Non-Consulting Services under IBRD Loans and IDA Credits & Grants by World Bank Borrowers*” dated January 2011 and revised on July 2014 (the Procurement Guidelines); “*Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits & Grants by World Bank Borrowers*” dated January 2011 and revised on July 2014 (the Consultant Guidelines); and the provisions stipulated in the Financing Agreement.

30. **Procurement Plan.** An acceptable Procurement Plan has been prepared for the AF. The Procurement Plan will be updated annually, or as required. The latest thresholds for procurement methods and Bank prior review arrangements under the parent project will apply to the proposed AF credit. Since CPO is now very familiar with preparation / review procurement plans, the Bank will delegate its authorization to CPO in the reviewing, and provision of no objection, to the procurement plan for Component 2 - Commune Development Budget.

31. **Financial Management.** The Project Financial Management (FM) has been maintained adequately: the Interim Financial Reports and audited Financial Statements were submitted on time with acceptable quality, the Internal Audit function is in place, and most of the issues raised in the Implementation Support and Supervisions have been adequately addressed. The FM risk remained to be “Moderate”. The FM performance was rated “Moderately Satisfactory”. The key issues identified include: (i) delayed budget allocation at the provincial and district level; (ii) lack of counterpart funds at some provinces, and; (iii) delayed payments to beneficiaries at commune level. While the FM design will substantially remain the same for the AF, the Project FM will be strengthened by appropriate actions of the GoV. counterpart, including: (i) ensuring the timely allocation of sufficient counterpart fund at the province and district levels; (ii) close monitoring of the fund flow (including advances, payments and settlement of advances) to/at DPMUs and CDBs, and; (iii) enforcement of the Internal Audit function where capacity now has been strengthened to ensure that the internal control of the project is adequately guaranteed.

With these actions, the Project FM will be maintained in an acceptable manner to ensure the project funds are used for intended purposes.

32. There is no change in disbursement arrangement. The CPO, and all PPMUs, will continue to use the existing Designated Accounts (DAs) with increased ceiling at PPMUs' DAs (details are in the Financing Agreement). The same disbursement method, supporting documentation and frequency of submission of Withdrawing Applications are recommended to be followed.

33. **Project Implementation Manual (PIM).** The PIM will be updated to include the changes of the AF. These include (i) revisions to the Project's safeguard documents (that were required prior to appraisal completion), (ii) implementation lessons learned to date, (iii) focus on the SEDP institutionalization, CIG sustainability and further devolution of budget management to commune level; (iv) mainstreaming nutrition, hygiene and sanitation into the project activities among others, as well as removing some obsolete and outdated information in the PIM. The revised RF is part of the PIM, based on which the progress of the Project will be assessed and reported. The CPO has updated the existing manual, which will be formally adopted by MPI prior to effectiveness of the AF credit.

Annex 1: Operational Risk Assessment Framework (ORAF)
Vietnam: NMPRP-2 Additional Financing (P148733)

Risks			
1. Project Stakeholder Risks			
	Rating	Moderate	
Description: The Government of Vietnam at national, provincial, and district levels, as well as the implementing agency have demonstrated a strong commitment to the parent project as well as to the proposed additional financing. With the focus of the AF on SEDP institutionalization, it requires commitment and capacity at various levels, especially communes and districts to ensure this approach sustains beyond the project.	Risk Management : i. The MPI will continue to provide the basis for shoring up political support and commitment to the project. ii. Regular public consultations and workshops at the national and provincial level will continue to be organized to disseminate information on project progress and solicit feedback. iii. Capacity building activities will focus on capacity at communes, districts and provinces to ensure coordination among agencies and integration of available programs and resources for poverty reduction at localities.		
	Resp: Recipient	Stage: Implementation	Due Date: Ongoing
2. Implementing Agency Risks (including Financial and Fiduciary)			
A. Capacity	Rating:	Moderate	
Description: The Central Project Office (CPO) has built up capacity during the implementation of the original project (P113493). Internationally-recruited technical assistance supports national staff on project implementation. However, local capacity to implement the project remains a constraint. Procurement and FM systems, acceptable to the Bank, are already in place.	Risk Management : i. The current project management structure will continue during the Additional Financing and its effectiveness will be monitored by regular implementation support missions. ii. Technical assistance by national and international specialists will continue. iii. Enhanced capacity-building activities, initiated under the parent project, will be further strengthened. iv. Regular procurement and FM implementation reviews will be conducted by Hanoi-based WB staff to ensure, inter alia, timely submission of IFRs. v. Regular fiduciary workshops and clinics will be conducted by Hanoi-based WB staff. vi. During preparation, the Project Team and the Bank will jointly review Procurement and FM systems to agree upon areas of further improvement and simplification.		
	Resp: Recipient and Bank	Stage: Implementation	Due Date: Ongoing
B. Governance	Rating:	Moderate	

<p>Description: The high degree of social stratification and persistence of the “<i>wontok</i>” system create the risk of elite capture of the project’s resources. While the project has demonstrated its effectiveness in targeting a high percentage of youth and women, this may limit access and benefits to targeted poorer groups.</p>	<p>Risk Management :</p> <ul style="list-style-type: none"> i. Transparent and inclusive planning and tender processes already established under the on-going project would be continued as well as monitoring and certification of sub-project activities. Routine community consultations to announce the project’s activities, list of works and rules of participation would be augmented by further training of project participants. ii. The parent project’s geographic targeting of areas that have a higher poverty density as well as a self-selection mechanism for the poor through the setting of the wage at the market clearing rate (which happens to be the same as the minimum wage) will be continued under the additional financing. iii. The project MIS provides detailed information on repeat contracts awarded to community groups (and beneficiaries). iv. Implementation support missions will monitor the satisfactory implementation of the above and follow-up on any corrective action necessary. 			
	Resp: Recipient	Stage: Implementation	Due Date: Ongoing	Status: In progress
3. Project Risks				
A. Design		Rating:		Moderate
<p>Description: Project design has been fine-tuned during the implementation of the parent project. However, based on experience to date, the capacity of Local Governments at the Commune level is uneven and may affect the quality of implementation.</p> <p>The parent project has demonstrated the effectiveness of the participatory planning mechanisms at the local level. However, the existence of various poverty alleviation programs, each with their own planning mechanisms, can stretch the capacity of local government institutions.</p> <p>The parent project has fostered linkages with micro finance institutions. However, there is a risk that CIGs might not have the access to technical</p>	<p>Risk Management :</p> <ul style="list-style-type: none"> i. During project preparation, special attention will go to the identification of capacity building needs at the local level, and appropriate mechanisms to address these. ii. The project will support the scaling up of the SEDPs which would contribute to the consolidation of participatory planning mechanisms at the local level. iii. The project will further develop partnerships with extension services, including technical advice related to climate change adaptation. 			
	Resp: Recipient and Bank	Stage: Implementation	Due Date: Ongoing	Status: In progress

and market knowledge required to develop their farming potential. There is also a risk that climate change would negatively affect livestock and farming activities.				
B. Safeguards	Rating:		Low	
Description : An Environmental and Social Management Framework (ESMF) is in place including simple checklists and clear guidelines to ensure application. Special attention is dedicated to the consultation processes with indigenous people.	Risk Management : i. Environmental safeguards compliance will continue to be monitored by Bank missions. ii. Sensitization and outreach efforts to facilitate appropriate consultations with indigenous peoples and ethnic minorities will be further strengthened.			
	Resp: Recipient and Bank	Stage: Implementation	Due Date: Ongoing	Status: In Progress
C. Program & Donor	Rating:		Moderate	
Description: The proposed project involves coordination requirements amongst other development partners who are active in the poverty reduction agenda and especially who have supported SEDP in other regions of the country as well as with the GoV's programs.	Risk Management : i. Consultation will be maintained throughout the project preparation and implementation ii. Thorough review of the good practices and lessons learnt in other donors' and GoV's program and reflect them in the project design and implementation. iii. Maintain good policy dialogues both at project level and program level, the latter works at the central level to leverage improvements in the existing targeted poverty programs that can be applied nationwide which would be supported with a program or analytical work and/ or technical assistance (and could dovetail with the Government's own efforts to streamline the national targeted programs).			
	Resp: Recipient and Bank	Stage: Implementation	Due Date: Ongoing	Status: In Progress
4. Overall Risk				
Overall Implementation Risk:	Moderate			
Description: With the nature of the project being a CDD, it is important to ensure participation of local people in all project implementation stages, information transparency, gender sensitivity, decentralization of decision making and fund management, among others. The team recommended maintaining the robust M&E/MIS to help mitigate a number of risks identified. Clarity of oversight responsibilities of different levels of implementation, financial management and reporting and enhancing internal audit are to be further strengthened.				

Annex 2: Summary of Achievement of Project Outcome Indicators

Project Outcomes Indicators	Target Values		Status at Mid Term – Dec. 2012 and by Dec. 2014 (in brackets)
	Year 3	Year 5	
<ul style="list-style-type: none"> At least 60% of the project beneficiaries report satisfaction on the selection, design, and implementation of project activities. 	10%	60%	<p><u>Citizens Report Card</u>: Selection – 85% (93%), Design – 66% (73%), implementation – 68% (82%)</p> <p><u>Community Report Card</u> (all-women FGDs): Selection – 72% (85%), Design – 47% (62%), Implementation – 75% (NA)</p>
<ul style="list-style-type: none"> Project beneficiaries report an improvement of per capita income at least by 10% 	5%	10%	This will only be done by the End of Project Assessment which is scheduled for Jan.-June 2015.
Intermediate Outcome Indicators			
<i>Improvement of access to productive infrastructure</i>			
<ul style="list-style-type: none"> At least 60% of households in the project areas report satisfaction of economic benefits due to productive infrastructure improvement in accessibility to basic infrastructure including: road, irrigation, water supply and market. 	10%	60%	<p><u>Citizens Report Card</u>: Access to roads – 48% (96%), Access to irrigation – 37% (75%), Access to water supply– 45% (81%), Access to markets – 11% (52%)</p> <p><u>Community Report Card</u> (all-women FGDs): Access to roads – 45% (95%), Access to irrigation – 28% (60%), Access to water supply– 20% (50%), Access to markets – 0% (14%)</p>
<ul style="list-style-type: none"> Improvement in agricultural output at least by 10% 	5%	10%	<p><u>Household survey</u>: Rice production and yield – 11-17% increase (20%)</p>
<i>Improvement of productive and institutional capacity for local government and communities</i>			
<ul style="list-style-type: none"> At least 60% of project beneficiaries report satisfaction with public services delivery. 	30%	60%	<u>Citizens Report Card</u> : Public services delivery – 77% (74%), Public representation and service delivery – 73% (67%)
<ul style="list-style-type: none"> At least 60% of women and ethnic minorities satisfied with their level of participation in planning and decision making process. 	30%	60%	<u>Community Report Card</u> : Public services delivery – 45%, (75%) Public representation and service delivery – 27% (NA)
<ul style="list-style-type: none"> At least 60% of communes integrate the NMPRP-2 into their Socio-Economic Development Plans (SEDPs). 	30%	60%	41%, (100%)
<ul style="list-style-type: none"> At least 60% of communes have undertaken a risk assessment of their plan before submitting proposals for project interventions. 	30%	60%	To be modified
<ul style="list-style-type: none"> At least 80% of targeted clients satisfied with agricultural services. 	30%	80%	The baseline satisfaction rate was 20%, 2013 81%,
<i>Improvement of market linkages and business innovations</i>			
<ul style="list-style-type: none"> Number of households involved in non-farm income generating activity increases at least 15% 		15%	Income data will be collected by the End of Project Assessment.
<ul style="list-style-type: none"> Over 60% of farmers in CIGs market their products beyond the farm gate to retailers, processors and other value chain members. 	20%	60%	<p><u>Citizens Report Card</u>: 55% (66%)</p> <p><u>Community Report Card</u> (all-women FGDs): 22% (31%)</p>

Annex 3: Result Framework

Project Development Objective (PDO): <i>Enhance the living standards of the project beneficiaries by improvements of: (i) access to productive infrastructure, (ii) productive and institutional capacity for local government and community, (iii) commune integrated investment planning, and (iv) market linkages and business innovation.</i>		
Project Outcomes Indicators (Original as Formally Revised in January 2014)	Status	Revised Project Outcome Indicators
PDO Indicators		
<ul style="list-style-type: none"> At least 60% of the project beneficiaries report satisfaction on the selection, design, and implementation of project activities. 	Dropped	
<ul style="list-style-type: none"> Project beneficiaries report an improvement of per capita income at least by 10% 	Revised	<ul style="list-style-type: none"> An increase in per capita income among Project beneficiaries of at least 15%. (*)
	New	<ul style="list-style-type: none"> At least 60% of Common Interest Groups (CIGs) have a sustained increase in their livelihood production assets.
Intermediate Outcome Indicators		
<i>Improvement of Access to Productive Infrastructure</i>		
<ul style="list-style-type: none"> At least 60% of households in the project areas report satisfaction of economic benefits due to productive infrastructure improvement in accessibility to basic infrastructure including road, irrigation, water supply and market. 	Dropped	
	New	<ul style="list-style-type: none"> Travel time to farm production areas is reduced for at least 60% of farmers.
	New	<ul style="list-style-type: none"> At least 60% of households have increased the frequency of their visits to markets and farm inputs suppliers.
<ul style="list-style-type: none"> Improvement in agricultural output at least by 10% 	Dropped	
<i>Improvement of Productive and Institutional Capacity</i>		
<ul style="list-style-type: none"> At least 60% of project beneficiaries report satisfaction with public services delivery. 	Dropped	
<ul style="list-style-type: none"> At least 60% of women and ethnic minorities satisfied with their level of participation in planning and decision making process. 	Revised	<ul style="list-style-type: none"> At least 60% of women and ethnic minorities regularly participate in planning and decision making process.
	New	<ul style="list-style-type: none"> At least 50 CIGs obtain formal status as collaborative groups (“To Hop tac”).
<ul style="list-style-type: none"> At least 80% of targeted clients satisfied with agricultural services 	Continue	<ul style="list-style-type: none"> At least 80% of targeted clients satisfied with agricultural services.
<ul style="list-style-type: none"> At least 60% of communes have undertaken a risk assessment of their plan before submitting proposals for project interventions. 	Dropped	
<i>Improvement of Market Linkages and Business Innovations</i>		
<ul style="list-style-type: none"> Number of households involved in non-farm income generating activity increases by at least 15% 	Dropped	
<ul style="list-style-type: none"> Over 60% of farmers in CIGs market their products beyond the farm gate to retailers, processors and other value chain members. 	Revised	<ul style="list-style-type: none"> At least 60% of CIGs established by the project have an ongoing contractual business relationship with their agribusiness partner.
	Revised	<ul style="list-style-type: none"> At least 60% of CIGs established by the project make marketing decisions using market information from a minimum of two different sources.
<i>Improvement of Commune Integrated Investment Planning</i>		
<ul style="list-style-type: none"> At least 60% of communes integrate the NMPPR-2 into their SEDPs 	Revised	<ul style="list-style-type: none"> At least 60% of Project districts consolidate C-SEDPs into their district SEDPs.
	New	<ul style="list-style-type: none"> Participatory C-SEDP Guidelines are institutionalized in all project provinces by 2017.

(*): 15% growth is from the start of the Project (2010 Baseline) and is the rate of growth over and above the underlying growth rate that occurred in the non-treatment communes.