

**PROJECT INFORMATION DOCUMENT (PID)
ADDITIONAL FINANCING**

Report No.: PIDA14019

Project Name	NMPRP-2 Additional Financing (P148733)
Parent Project Name	Second Northern Mountains Poverty Reduction Project (P113493)
Region	EAST ASIA AND PACIFIC
Country	Vietnam
Sector(s)	Agricultural extension and research (80%), Animal production (20%)
Theme(s)	Rural services and infrastructure (80%), Rural markets (20%)
Lending Instrument	Investment Project Financing
Project ID	P148733
Parent Project ID	P113493
Borrower(s)	Government of Vietnam
Implementing Agency	Ministry of Planning and Investment
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	19-Nov-2014
Date PID Approved/Disclosed	26-Nov-2014
Estimated Date of Appraisal Completion	26-Nov-2014
Estimated Date of Board Approval	14-Jan-2015
Decision	

I. Project Context

Country Context

In spite of Vietnam's impressive achievements in poverty reduction – poverty declined from 58 percent in 1993 to 14 percent in 2010 according to official statistics, and to 20 percent according to GSO-WB – poverty remains high at 60 percent in the West Northern Mountains Region and at 38 percent in the East Northern Mountains Region (GSO-WB methodology). Limited access to basic services, markets, and financial, land, and information resources are the most important constraints for the poor in the Northern Mountains. Addressing these constraints is hampered by weaknesses in institutional capacity and public sector management: Vietnam has moved from a highly centralized, hierarchical, central planning system, to one where many decisions are decentralized. However, capacity building at the local level has not kept pace with decentralization. A five-year (national) Socio-Economic Development Plan (SEDP 2011-2015) which responds directly to these development challenges was approved by the National Assembly in November, 2011.

Sectoral and institutional Context

Poverty is increasingly concentrated among Vietnam's ethnic minority populations. While ethnic minorities account for only 15 percent of the country's population, they make up for half of the poor in Vietnam and have experienced a much slower pace of poverty reduction compared to the majority of Vietnam's population. Poverty among ethnic minorities remains at 66 percent. Most of these ethnic minority groups live in highland or upland areas, in particular in the North-West and North-East as well as in the Central Highland regions. The Northern Mountains region has the highest rate of poverty and is home to almost one-third of Vietnam's poor.

Improvements in both the delivery and accessibility of basic public services in the Northern Mountains region are especially needed to reach the twin goals of eliminating poverty and fostering shared prosperity in Vietnam. Over the last fifteen years, the GoV has launched a number of programs through the Ministry of Labor, Invalids, and Social Affairs (MoLISA), the MPI, the Committee for Ethnic Minority Affairs (CEMA), the Ministry of Agriculture and Rural Development (MARD) and other line Ministries to address this poverty challenge. Among others, these include: (a) the Program for Socio-Economic Development in Communes Facing Extreme Hardship in Ethnic Minority and Mountainous Areas (referred to as P135) to finance the commune and inter-commune level infrastructures and strengthen planning and implementation capacity; (b) a follow-up program (P135-2) designed to reduce poverty among disadvantaged groups; and (c) Program 30-A (Support for Fast and Sustainable Poverty Reduction in Poor Districts) financing the development plans for the 62 poorest districts in the country. More recently, the GoV decided to (a) continue the series of poverty programs with the newly launched P135-3 under the CEMA; and (b) launch a New Rural Area Program (NRAP) under the MARD. In total, Vietnam currently has 16 different NTPs implemented through various ministries. The consequence of this evolution is a degree of institutional fragmentation (and resulting contestation) across major Government agencies.

The World Bank has supported Vietnam's poverty alleviation efforts through two community-driven development (CDD) operations – the Community Based Rural Infrastructure Project (CBRIP) and the Northern Mountains Poverty Reduction Project (NMPRP-1) – which introduced participatory approaches and promoted decision making at the commune level; three Development Policy Credits (DPCs); and the ongoing CDD operation (NMPRP-2) which focused on infrastructure support, livelihood activities, market linkages and further devolution of investment ownership to communities. There is evidence that the positive lessons from the Bank's support are being mainstreamed leading to a wider menu of community projects, a stronger focus on participatory planning, transparency, devolution of decision making, and institutional capacity building at the local level.

In spite of the positive results of various poverty programs, both the GoV and donor agencies are concerned about the inefficiencies, administrative requirements and associated costs resulting from the high level of fragmentation in Vietnam's poverty alleviation efforts. Although a clear consensus on the consolidation of poverty programs has not yet emerged, various GoV stakeholders at the national and provincial levels, as well as donor agencies are taking initiatives to address this situation. These efforts focus on (a) the consolidation of existing poverty programs and NTPs in possibly two overarching national poverty programs; and (b) the integration of the planning efforts at the local level in one common SEDP.

Alignment with Government Strategy. The NMPRP-2 supports the Government's Resolution 80/

NQ-CP on Direction of Sustainable Poverty Reduction which aims at accelerating poverty reduction in the poorest districts, communes and villages of the country, by setting poverty reduction targets of 4 percent per annum over the 2011 – 2020 period (compared to a national target of 2 percent) and by prioritizing the mobilization of resources and support to these areas.

The GoV is moving towards medium term planning (3 years planning cycle with a multi-year budget allocation rather than annual budgeting as is currently the case). Fully implemented, this will give more predictability, flexibility, and discretion to the commune level to plan their investment priorities in a more integrated manner. The GoV is also moving towards greater consolidation of its various poverty alleviation efforts. The SEDP approach developed under the NMPP-2 fits very well both in this medium-term planning context and in the efforts to integrate various NTPs.

II. Proposed Development Objectives

A. Current Project Development Objectives – Parent

The development objective for the proposed project is to Enhance the living standards of the project beneficiaries by improving: (i) their access to productive infrastructures; (ii) the productive and institutional capacity of local governments and communities; and (iii) market linkages and business innovations. The key outcome indicators to assess achievement of the PDO are as follows:

At least 60% of the project beneficiaries report satisfaction on the selection, design, and implementation of project activities.

The project beneficiaries report an improvement in on- and off- farm income of at least 10% over the life of the project.

B. Proposed Project Development Objectives – Additional Financing (AF)

The AF focuses on institutionalizing and mainstreaming the socio-economic development planning approach in the broader planning and budget allocation processes in the project area. The PDO will, therefore, be revised to capture this important element of the AF.

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.

III. Project Description

Component Name

Component 1: District Economic Development

Comments (optional)

(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 Name

Component 2: Commune Development Budget

Comments (optional)

(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 Name

Component 3: Capacity Building and Communication

Comments (optional)

(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)

Component Name

Component 4: Project Management

Comments (optional)

(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.

IV. Financing (in USD Million)

Total Project Cost:	110.00	Total Bank Financing:	100.00
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
BORROWER/RECIPIENT			10.00
International Development Association (IDA)			100.00
Total			110.00

V. Implementation

MPI will take charge of overall project coordination at the central level, while provinces will be responsible for project implementation. At the central level, Central Project Coordination Office (CPO) will be established at the Department of Agricultural Economics in the MPI, and facilitate overall coordination with provinces, as well as serve as the focal point vis-a-vis the World Bank and relevant central government agencies. At each project province, a Provincial Project Management Unit (PPMU) will be established at Department of Planning and Investment (DPI). At the district level, District Project Management Unit (DPMU) will be created. Community Facilitators (CFs) who will provide vital support to the communes in particular in the process of CDBC planning and

implementation will be competitively selected, and hired under the project as members of DPMU. At the commune level, a Commune Development Board (CDB) will be established under Commune People's Committee (CPC) to oversee the implementation of Component 2. Each unit will be staffed with appropriate experts as required (see Annex 6 for proposed staffing and key responsibilities).

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	x	
Natural Habitats OP/BP 4.04		x
Forests OP/BP 4.36		x
Pest Management OP 4.09	x	
Physical Cultural Resources OP/BP 4.11		x
Indigenous Peoples OP/BP 4.10	x	
Involuntary Resettlement OP/BP 4.12	x	
Safety of Dams OP/BP 4.37		x
Projects on International Waterways OP/BP 7.50		x
Projects in Disputed Areas OP/BP 7.60		x

Comments (optional)

VII. Contact point

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