

**PROJECT INFORMATION DOCUMENT (PID)
IDENTIFICATION/CONCEPT STAGE**

Report No.: PIDC62148

Project Name	MARD M&E Capacity Building
Region	EAST ASIA AND PACIFIC
Country	Vietnam
Sector(s)	General agriculture, fishing and forestry sector (40%), Public administration- Financial Sector (40%), Agro-industry, marketing, and trade (20%)
Theme(s)	Rural markets (20%), Rural policies and institutions (60%), Rural services and infrastructure (20%)
Lending Instrument	IPF
Project ID	P159760
Borrower Name	Ministry of Agriculture and Rural Development (MARD) of Vietnam
Implementing Agency	Ministry of Agriculture and Rural Development - Department of Planning
Environment Category	C - Not Required
Date PID Prepared	31-May-2016
Estimated Date of Approval	31-Aug-2016
Initiation Note Review Decision	The review did authorize the preparation to continue

I. Introduction and Context

Country Context

Vietnam has achieved remarkable progress in economic growth and poverty reduction over the past two decades, including the occurrence of transformative changes in the Vietnamese economy. The country is quickly transitioning from a substantially agrarian society to one whose near term aspiration is to become a modern industrial economy. More recently, the Vietnamese economy is facing several challenges both at the macro and micro level. Growth has slowed with international macroeconomic shocks being compounded by domestic imbalances. While the Government of Vietnam has been implementing reforms in key areas, considerable risks to medium-term economic stability remain, especially at the micro level. A large proportion of population of Vietnam is just above the poverty line, and hence is vulnerable to falling back into poverty due to economic or weather related-shocks and longer term consequences of environmental and natural resource degradation. Despite rapid structural change, rural areas still provide the home and major sources of livelihood for some two-thirds of population of Vietnam and more than 90 percent of its poor.

Sectoral and Institutional Context

The Government of Vietnam has recognized the need to realign the functions of the state. In June 2013, the Ministry of Agriculture and Rural Development (MARD) Agricultural Restructuring Plan

(ARP) was approved. The ARP calls for a shift in sectoral goals beyond physical (output or trade) targets to include a broader set of indicators related to the triple bottom line of sustainable development. It lays a set of core principles to guide the sector development, the most significant of which are that: (i) agriculture will be market-led and consumer-driven, rather than state-directed and production-led; and (ii) the role of the government will shift from being the primary investor and service provider to being the facilitator of investments and services provided by the private sector, community organizations, research institutions, commercial banks and others. The ARP calls for the broad application of collaborative arrangements among government agencies, the private sector, farmer and community organizations, and the scientific community-the so-called 4 Houses. The roles, approaches, and expenditures of the state in the sector will be restructured in order to help realize the goals for sustainable agricultural development and rural transformation.

Implementing this change faces many constraints, including the weak monitoring and evaluation (M&E) of the sectoral performance. The structure of the institutional framework for policy design, monitoring and evaluation, and the means to review the efficiency of public programs and policies in the Vietnamese agriculture sector is complex.

Current sector monitoring covers reporting of quantitative information that is output oriented such as acreage planted or quantities produced, and focuses mainly on the achievements of government set macro-targets for those indicators. No emphasis is on sector level performance based on outcome indicators capturing improvement of livelihoods, competitiveness of different crops within but also outside of Vietnam, effectiveness of public policy and investments and the sustainable and effective use of natural resources. Hence the current monitoring system is poorly linked to the evaluation of broader strategic level objectives as described in MARD annual and medium-term agricultural and rural development plans, as well as in the various sub-sector strategy documents. In addition, the capacity of staff to monitor qualitative indicators in the context of a market oriented sector restructuring is absent to weak.

As part of MARD efforts to enhance the sector M&E system, MARD developed the Monitoring and Evaluation in Support of Management in the Agricultural and Rural Development Sector (MESMARD) project during 2006-2015 in two phases, with the funding from the Swiss Agency for Development and Cooperation (SDC). The overall goal of this project, which was implemented by the Department of Planning (DoP) of MARD, was to support MARD to build a system that can effectively monitor and evaluate the outcomes of economic growth and the impact of MARD poverty reduction policies and program, through: (i) renovated result-based planning, (ii) monitoring and evaluation of the sector and sub-sectors; and (iii) improved capacity, within MARD and selected provincial Departments of Agriculture and Rural Development (DARDs). This project received the strong support of the MARD senior management, including the Vice Minister.

Specifically, the project supported three general departments and eight technical departments within MARD, in particular the DoP, and two pilot provincial DARDs of Hoa Binh and Vinh Phuc in applying a results-based approach to sector and sub-sector plan formulation and implementation (linked to M&E) for its annual and five-year plans (2011-2015 and 2016-2020). Some of the achieved outcomes of MESMARD are: improvement in the quality of planning (better linkages between planning and budgeting), issuance of policies/strategies and laws with reference to the M&E systems, improvement in sector/sub-sector M&E indicator sets, 10 online M&E databases were developed and are operating to assist policy design making process, provide training to planning officers in MARD and provincial DARD about results-based planning and M&E, project

officers and working group members benefited from lessons learned in other countries (success and failures in putting a results based M&E system.

The project has spread its positive influence and impact within MARD as well as other agencies beyond MARD. For example, the Danish International Development Agency project applied the plan templates developed by MESMARD in their 5 targeted provinces; Asian Productivity Organization benefited from the project practical experience particularly the MIC database; MPI studied the MIC system for designing a similar system; and many provincial DARDs in the non-pilot provinces requested technical support from the project in applying the results-based planning approach as well as developing M&E systems in their provinces.

Yet, the MESMARD was designed long before the approval of ARP in 2013. It did not include the development of new indicators to monitor and evaluate ARP and the methodologies for data collection and analyses at local and country levels. The MARD has started the development of the ARP M&E indicators, with the support from the Institute of Policy and Strategy for Agriculture and Rural Development (IPSARD). But this work requires further financial and technical support. The availability of this grant is therefore timely to continue to build sector-wide M&E based on the strong foundation established by the MESMARD project.

Relationship to CAS/CPS/CPF

The proposed activity will improve the ability of the Government of Vietnam to formulate sound evidence-based agricultural policies, and assessing progress of the sector-wide restructuring through the ARP. This falls under the Competitiveness and Sustainability pillars of the CPS.

II. Project Development Objective(s)

Proposed Development Objective(s)

As indicated in the Japan PHRD operating guidelines note, the overall development objective of the Japan PHRD grant program is to enhance the use of government system to promote evidence-based decision making through strengthening the M&E systems of recipient Ministries and Implementing Agencies in the PHRD priority sectors.

The MARD of Vietnam is regarded as a strong candidate for support due to its ongoing commitment to policy reform, analysis and formulation, and its recent efforts to strengthen its capacity for monitoring and evaluation, especially in the context of the sector-wide restructuring objectives through the ARP.

Within this context, the PDO of the proposed project is to enhance M&E capacity of MARD and selected DARDs to monitor progress of the ARP.

Key Results

Outcome: (i) the updated M&E system at MARD and selected DARDs with the refined set of measurable agricultural sector performance and ARP indicators.

Intermediate outcomes: (i) a set of new sector performance and ARP indicators developed (yes/no); (ii) M&E plan for data collection and methodologies developed (yes/no); (iii) pilot tests for selected indicators conducted (number); and (iv) staff of MARD and DARDs trained on the enhanced M&E system (number).

III. Preliminary Description

Concept Description

The recently completed ARP prepared by the MARD shifts the orientation of sectoral goals from physical targets to indicators related to the triple bottom line of sustainable development. It advocates for the sector to become market-led and consumer-driven, with the role of the government shifting from being the primary investor and service provider to being the facilitator of investments and services provided by others. The current M&E system in MARD, however, is not suitable to inform and support this restructuring process.

Decisions regarding farm enterprises, and farm policies and programs are mainly based on output oriented macro-targets (such as acreage planted or quantities produced) or technical indicators that determine adoption by farmers of technical advice and new technologies. Considerations and monitoring of indicators such as labor productivity, profitability, input use intensity and environmental sustainability are largely absent. With the restructuring envisaged sector M&E shifts its focus to sector performance indicators such as contribution to farm incomes, improvement of livelihoods, competitiveness of different crops within but also outside of Vietnam, effectiveness of public policy and investments and the sustainable and effective use of natural resources. This requires a profound understanding of farm enterprises and their economics. New data sources, actors and methodologies of joint analysis will need to be incorporated into the sector M&E to ensure that future policy reforms and decisions on investments are based on sound information and are supported by all actors affected by the policies.

In addition to developing a new set of sector performance and ARP indicators, it is equally important to carry out the following complementary activities: (i) analysis and clarification of roles and services of MARD and DARD government agencies in the ARP; (ii) capacity development to change/adjust work processes (including support to strengthening inter-departmental cooperation mechanisms) to better fulfill MARD functions especially in the context of M&E; (iii) capacity building to MARD departments entailing market oriented planning requirements and processes, project analysis, economic analysis and M&E skills, communication of ARP objectives, roles and functions throughout the entire country; and (iv) sector M&E including sector-wide planning and performance monitoring; technical assistance and capacity building for policy analysis, policy formulation and coordination of policy implementation.

CAPACITY BUILDING for M&E: Lessons from Best Practice

The World Bank has the substantial experience in helping countries to build their M&E capacity. This experience shows that while there are no precise models for creating successful M&E systems, every country and situation is different, there are some important lessons on what contributes to success. These lessons are derived from the IEG/World Bank report prepared in 2007: *How to Build M&E Systems to Support Better Government*. Of these lessons, the first and foremost is that substantive demand from government is a prerequisite to successful institutionalization. An M&E system must produce information considered useful by key stakeholders. For Vietnam, strong demand for an evidence-based M&E system should come from both its contribution to improved policy making and its contribution to full ownership of the process of policy formulation and implementation.

Other key lessons relevant to the circumstances of building a capacity for evidence-based M&E in

the MARD and DARD in Vietnam include:

1. The need to begin support with a clear understanding of the existing roles and capacity for M&E. In the context of Vietnam, an organizational change management is needed to clarify the different role of departments and functions within MARD and DARDs.
2. The need for a powerful champion of M&E systems, within a capable Ministry. In the context of Vietnam, this requirement has been met via the strong support of the MARD Vice Minister.
3. Care not to over-engineer the M&E system. Creation of an over-ambitious range of monitoring indicators can easily weaken an M&E system, especially during the early stages of development. Monitoring indicators that are not actively used can burden an M&E system, reducing the resources allocated to their use for analysis and evaluation.
4. The need to build a reliable data base. The value of an M&E system and demand for information will fall if data quality is poor. In many countries there is often too much (low quality) data and not enough information. Capacity building will thus entail a careful review of the existing information and statistical base provided by public institutions in the sector. As all statistics have their limitations, it is essential to understand what these limitations are, both when choosing the information to use and in using it for evidence-based decision making.
5. The need for training in M&E and the use of M&E. A strong emphasis on training is critical to successful capacity building for M&E. For all M&E systems this includes training in the establishment and maintenance of a large data base and the identification, design and use of appropriate monitoring indicators. Where the M&E system is the basis for evidence-based decision making, training in the use of this information for policy analysis and policy evaluation is especially important. Policy analysis and evaluation is the key output of evidence-based M&E systems, with monitoring as an intermediate output.
6. The need for a long-term view when building a successful M&E capacity. Countries that have built successful M&E systems have found that it is a long-haul effort requiring patience and persistence. It takes time to create or strengthen data systems, to recruit and train staff; to plan and implement evaluations and to build an effective institutional framework for using and sharing information. The ability to provide PHRD project support over a 2-3 year period will significantly improve project impact in this regard.

Project preparation and design includes the following activities:

Component 1: Support to the development of ARP M&E indicators

The objective of this component is to improve the existing M&E system to better monitor the progress of the ARP and sector wide-developments.

Main activities and outputs will include:

- (i) development of new set of ARP indicators, to cover both quantitative and qualitative aspects of the agricultural sector performance and the ARP implementation
- (ii) preparation of manuals and protocols for data collection, frequency of reporting, and roles

and responsibilities of MARD and DARDs

- (iii) pilot testing of selected indicators, especially those required impact evaluation
- (iv) preparation of the roadmap for finalization of the ARP M&E indicators beyond the project's implementation.

The work under this component will be closely coordinated with the IPSARD, and will require the services of international and local consultants, the purchase of M&E software and the limited amount of goods (computers, etc.), if necessary, the limited number of workshops and seminars in Hanoi and in selected Provinces on indicators and methodologies, and operational expenses, including for pilot tests for selected indicators.

The expected outcomes of this component are: (i) a set of new sector performance and ARP indicators developed; (ii) M&E plan for data collection and methodologies developed; (iii) pilot tests for selected indicators conducted; and (iv) the roadmap for the further M&E plans developed.

Component 2: Support to the organizational change

The objectives of this component are to improve the M&E procedures and strengthen human capacity at MARD and selected DARDs to use the upgraded M&E system.

The main activities and outputs will include:

- (i) Support the change team to clarify the roles and tasks of the MARD staff in the new M&E and carry out necessary institutional changes
- (ii) Increase awareness through information campaigns and workshops about the M&E initiative to improve the flow of knowledge between central and local governments.
- (iii) Train the MARD and DARD staff working on M&E on the approaches, roles and functions, indicators, and methodologies, and expose them to the international best practices.
- (iv) Foster collaboration with the private sector, agricultural commodity boards, research, and academia through joint workshops and activities.

The work under this component will require trainings, with the support of local and international consultants, focused workshops, and operational expenses. The expected outcomes include: (i) better acknowledgement and understanding of the need for better ARP indicators and the M&E system for effective policy making; (ii) clarified roles of central and local governments in data collection; (iii) higher capacity of the M&E staff in MARD and selected DARDs to collect and analyze new information; and (iv) more active engagement of MARD with other partners in M&E strengthening.

Component 3: Project management

The objective of this component is to carry out the day-to-day management of the project.

The main activities will include:

- (v) Preparation of the project progress reports, including M&E
- (vi) Knowledge management
- (vii) Financial management and audit

- (viii) Procurement
- (ix) Other project management activities.

The expected outcomes include: (i) timely progress report preparation; (ii) provision of high quality and timely fiduciary services (FM and procurement); (iii) knowledge management and dissemination; and (iv) other support to the smooth implementation of the project activities.

IV. Safeguard Policies that Might Apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
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	

V. Financing (in USD Million)

Total Project Cost:	1.8	Total Bank Financing:	0
Financing Gap:	0		
Financing Source			Amount
Japan Policy and Human Resources Development Fund			1.8

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