

Socialist Republic of Viet Nam

Ex-Post Evaluation of Japanese Technical Cooperation Project  
“Project for Enhancing Functions of Agricultural Cooperatives”

External Evaluator: Tomoo Mochida, OPMAC Corporation

## 0. Summary

The Project aimed to establish good models for enhancing the functions of agricultural cooperatives (hereinafter referred to as “ACs”) which, in turn, would lead to improvement in the livelihoods of the members of three Pilot Agricultural Cooperatives (hereinafter referred to as “PACs”) and the surrounding 11 Satellite Agricultural Cooperatives (hereinafter referred to as “SACs”)<sup>1</sup> in the two Pilot Provinces (Thai Binh and Hoa Binh provinces) in the north of Vietnam. Under the Project, PACs and SACs were provided with support for formulating mid-term plans based on their members’ needs, for formulating and implementing concrete programs for improving their activities and developing their organizations based on the mid-term plans, and for carrying out training for the capacity development of officials and staff of PACs and SACs, and government officials. The Project is highly relevant to Vietnam’s development policies and needs, and to Japan’s ODA policy towards Vietnam. Generally speaking, all of the Outputs were achieved by the completion of the Project. Although the functions of PACs were enhanced and the results of the Project were utilized in policy documents relevant to the development of ACs, it is considered that good AC models, which are expected to be duplicated in other areas, have not been established yet. Therefore, the effectiveness and impact of the Project are evaluated to be fair. In terms of the Inputs of the Project, as both the Project cost and the period of cooperation exceeded the plan, the efficiency of the Project is evaluated to be fair. No major problems have been observed in the policy background and institutional, technical, financial aspects of the implementing agency and counterparts. Therefore, sustainability of the Project effects is high.

In light of the above points, this Project is evaluated to be satisfactory.

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<sup>1</sup> There are three PACs in total. They are An Ninh and Binh Dinh ACs in Thai Binh province and Dong Tam 1 AC in Hoa Binh province. On the other hand, there are eleven SACs, six in Thai Binh province and five in Hoa Binh province. The six SACs in Thai Binh province are Trong Quan, Nguyen Xa, Thuy Phong, Quynh Nguyen, Thai Binh Joint Marketing and Hong An ACs. The five SACs in Hoa Binh province are Ba Lam 1, Hoa Son, Mu Rieng, Khu Pheo, and Dan Chu ACs.

## 1. Project Description



Project Locations



Office of Binh Dinh AC, one of the PACs, in Thai Binh Province

### 1.1 Background

In order to strengthen ACs, the Government of Vietnam strived to transform the old style of ACs into a new regime, establishing new forms of ACs based on the “Law on Cooperatives (1996)”. Since 1999, with cooperation from the Japan International Cooperation Agency (hereinafter referred to as “JICA”) and other organizations, the Government has actively tried to transform ACs into the new type. With the backing of the Law, there was a total of 9,069 ACs in Vietnam as of the end of November 2004 as the new forms of ACs were established and the old types transformed into the new forms. However, as the activities of the old ACs had centered on primary production, many of the ACs did not carry out processing works and sales of agricultural products on their own initiative. The business functions and management methods of the new ACs followed the style of the old ACs. In addition to this, due to lack of experience and ability on the part of management officers and staff at ACs, efforts to engage in businesses, such as processing of agricultural products, joint purchase of materials for production, joint sales of agricultural products and internal credit businesses, were too slow to meet the high expectations of AC members.

The Project aimed to establish good AC models to strengthen the functions of ACs, which would lead to an improvement in the livelihoods of members. For this purpose, the Project supported the preparation of mid-term plans (three to five years) based on the needs of AC members, the promotion of business activities and organizational development based on the mid-term plans, and capacity development of AC management officers and staff, and government officials. After the completion of the Project, AC models developed under the Project are expected to be recognized as AC models for the improvement of farmers’ livelihoods widely in Vietnam, with the models utilized not only in the northern region but also in the other regions of Vietnam.

## 1.2 Project Outline

|                             |  |   |
|-----------------------------|--|---|
| Overall Goal                | AC models made by the Project are recognized as AC models for improving farmers' livelihood in Vietnam, and the models are utilized in not only in Northern Region but also in the other regions of Vietnam.   |   |
| Project Purpose             | Good models for enhancing of functions of ACs that lead the members' livelihood improvement are established in Pilot Provinces.  |   |
| Outputs                     | Output 1   | Activities of the PACs & SACs are improved.   |
|                             | Output 2   | Organizational development of the PACs and the SACs is promoted.  |
|                             | Output 3   | Capacity of the related officials and staff of PACs and the SACs is enhanced.   |
|                             | Output 4   | Capacity of public officials in the Pilot Provinces to strengthen functions of agricultural cooperatives is enhanced. |
| Inputs                      | <p>&lt;Japanese Side&gt;</p> <ol style="list-style-type: none"> <li>1. Experts: 7 experts<br/>6 long-term, 1 short-term</li> <li>2. 23 Trainees received in Japan</li> <li>3. 19 Trainees for Third-Country Training Programs<br/>(10 for Thailand and 9 for the Philippines)</li> <li>4. Equipment: 17 million Japanese yen</li> <li>5. Local cost: 85 million Japanese yen</li> <li>6. Construction cost of three AC offices: 46 million Japanese yen</li> </ol> <p>&lt;Vietnamese Side&gt;</p> <ol style="list-style-type: none"> <li>1. 16 Counterparts</li> <li>2. Land and Facilities:<br/>Project offices (Ministry of Agriculture and Rural Development (hereinafter referred to as "MARD"), and Department of Agriculture and Rural Development (hereinafter referred to as "DARD") in Thai Binh and Hoa Binh provinces), land for offices at PACs</li> <li>3. Local Cost: 3.0 billion Vietnamese dong (VND)<sup>2</sup></li> </ol> |   |
| Total Cost                  | 509 million Japanese yen (JPY)   |   |
| Period of Cooperation       | March 2006 – March 2010 with an extended period from March to September 2010   |   |
| Implementing Agency         | MARD, Department of Cooperatives and Rural Development (hereinafter referred to as "DCRD")   |   |
| Cooperation Agency in Japan | Ministry of Agriculture, Forestry and Fisheries  |   |
| Related Projects            | <p>&lt;Technical Cooperation&gt;</p> <ul style="list-style-type: none"> <li>- Training for AC chairpersons in Vietnam (1999 - 2004)</li> <li>- Conferences on acceleration of establishment of ACs in the south (2001 - 2003)</li> <li>- Dispatch of Japan Overseas Cooperation Volunteers (hereinafter referred to as "JOCV")</li> <li>- Dispatch of experts for ACs (1998 - 2005)</li> <li>- Project for enhancing functions of agricultural cooperatives Phase 2 (2012 – 2015)</li> </ul> <p>&lt;Multilateral Institutions&gt;</p> <ul style="list-style-type: none"> <li>- Strengthening the competitiveness of smallholder farmers (The World Bank, 2008 - 2014)</li> <li>- Developing Business with the Rural Poor Programme (International Fund for Agricultural Development, 2008 - 2014)</li> </ul>   |   |

<sup>2</sup> The Vietnam dong (VND) is the unit of local currency in Vietnam. The JICA exchange rate is 0.0048 VND/JPY (December 2013).

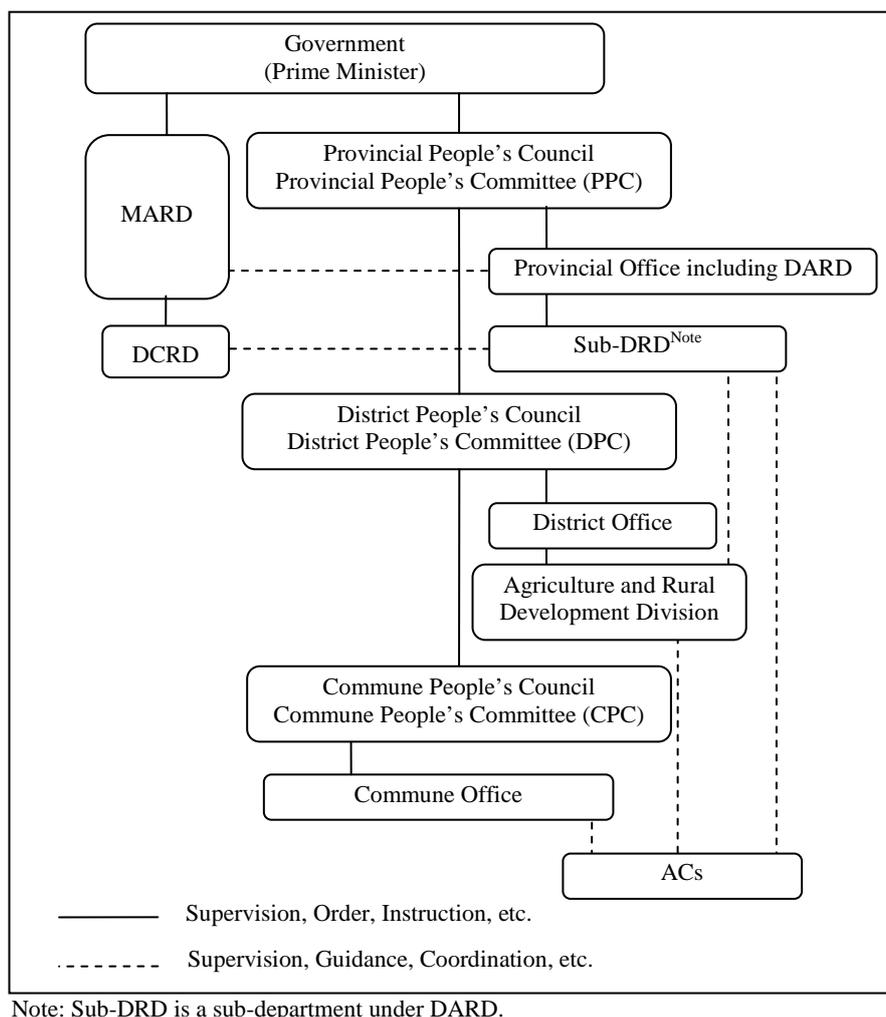


Figure 1: Relations among relevant organizations

### 1.3 Outline of the Terminal Evaluation

#### 1.3.1 Achievement of the Project Purpose at the time of the Terminal Evaluation

MARD issued to the respective provinces a guideline regarding the mid-term plans, which form the backbone of the good AC models. At the time of the terminal evaluation, ACs supported under the Project were evaluated, and it was found that they had effectively introduced a cycle to prepare mid-term plans based on the practical needs on site and to implement them at the respective ACs. As businesses were expanded, it was noted that many ACs recorded increasing turn-overs and at the same time, contributed to the establishment of good AC models that would lead to improvements in the livelihoods of members. Although attention should have been paid to see the progress of the respective business activities, it was considered that the Project Purpose was likely to be achieved if ACs continued to carry out these activities.

### 1.3.2 Achievement of the Overall Goal at the time of the Terminal Evaluation

Among the ACs assisted by the Project, some had been recognized as successful cases by related organizations in Vietnam. If experiences from these cases, which would be regarded as models, were shared, and mutual efforts to learn from the cases spread, it was considered that the Overall Goal (AC models made by the Project are recognized as AC models for improving the livelihoods of farmers in Vietnam) was likely to be achieved. However, with regard to the dissemination of the models to regions other than the north, further examination was needed as the historical background to the establishment of new ACs, the development of agriculture and the progress of the market-economy were different in some regions.

### 1.3.3 Recommendations at the time of the Terminal Evaluation

The cooperation period of the Project was extended by half a year in order to accelerate the following works, which had yet to be achieved under the Project at the time of the terminal evaluation. Recommendations and actual responses for the extended cooperation period of the Project are described in the table below:

| <b>Short-term issues to be handled during the extended period of the Project</b>   |  |
|--|--|
| <b>Recommendations</b>   | <b>Measures taken</b>  |
| <b>(1) Wrap-up of the Project for the wider deployment of good AC models</b>   |  |
| Review of relationship between the strengthening of AC functions and the management of agriculture   | Preparation of surveys on the utilization of ACs and the relationship between the enhancement of the functions of ACs and improvements in the livelihoods of AC members were carried out for AC members who participated in the Project. However, the results have not been confirmed.   |
| It is necessary to wrap up the activities and the manuals of the Project, and establish a `tool` for implementing training and guidance on AC activities in other areas. | The preparation of extension tools and education and training activities were continued as measures towards wider deployment of good AC models. Although the concrete contents of the extension tools were not confirmed, support for the preparation of mid-term plans and mid-term plan formats led to the issuance of MARD Guideline in May 2010. |
| Measures to promote understanding on ACs and to meet changes in perspectives of AC members and other farmers.  | Measures to promote understanding of ACs were continued. Leaders of crop production groups were not invited to the training, but JICA experts attended meetings of AC members, which were held to assist the formation of crop production groups for joint sales   |
| Necessity for the Project to commit itself not only to PACs but also to SACs   | Support was continued. For example, six SACs were provided with personal computers in relation to the internal credit businesses.  |
| Advice on the criteria for a "good AC" in order to make use of knowledge acquired through the Project  | At the time of the terminal evaluation, the concept of good AC models was streamlined, but it was not shared with related organizations in Vietnam. However, the "Overall Rating of Vietnam Agricultural Cooperatives" is being utilized in the second phase of the Project.   |

| <b>Short-term issues to be handled during the extended period of the Project</b>   |  |
|--|--|
| <b>Recommendations</b>   | <b>Measures taken</b>  |
| (2) Development of AC business activities  |  |
| In order to take measures to solve the problems of the existing AC business activities, the Project should be continued for at least one more cropping period under the guidance of the experts.                   | The Project cooperation period was extended by six months and activities were continued under the guidance of the experts.   |
| It is necessary to take into consideration differences between the conditions and levels of AC business activities in Vietnam and those in Japan, when technology transfer for the Japanese AC model is conducted. | Differences between the conditions and levels of AC business activities in Vietnam and those in Japan were taken into account when technology transfer for the Japanese AC model was conducted.  |
| Among the issues of AC business activities, there are issues that ACs cannot handle by themselves. It is important that the Project makes policy recommendations to DARD and MARD.                                 | Although it was not a policy recommendation made directly from the Project, DCRD pointed out the Prime Minister Decision No.62 (62/2013/QĐ-TTg) as an example of a policy document that reflected the results of the Project. It is thought that the decision reflects the results of the Project as the counterparts were engaged in the drafting of it. As a concrete example, the decision incorporates measures to assist the strengthening of links between production and the sales of agricultural products. In this regard, a relation with joint sales, which was promoted under the Project, can be assumed. |

In addition, it was decided that activities needed to be continued at least for about five years in order to evaluate the extent to which business activities would take root and the effectiveness of them. Recommendations to be taken into account when good AC models were to be disseminated to the central and south regions are shown below, together with the measures which had been taken by the time of the ex-post evaluation.

| <b>Medium- and long-term issues after completion of the Project</b>   |  |
|---|--|
| <b>Recommendations</b>  | <b>Measures taken (at the time of the ex-post evaluation)</b>  |
| Development of existing business activities at PACs and SACs in parallel with deployment into other regions   | In formulating the second phase of the Project, it was decided to continue support for PACs and some SACs, which were assisted during the first phase. Therefore, depending on necessity, they are in a position to avail themselves of additional guidance. |
| It requires input of capital to implement mid-term plans. It is necessary to examine how to secure the required capital for deployment into other regions.  | At the time of the ex-post evaluation, increase in capital had not been confirmed at PACs. Among the ACs that participated in the second phase, DCRD reported that there was an AC that had mobilized contributions and increased its capital.               |
| There are differences between the central and south regions and the north region in terms of the history behind the establishment of new ACs, the conditions of the distribution of agricultural products and development of the market-economy. Therefore, sufficient study and analysis will be required. | It was not confirmed what measures had been taken.   |

Meanwhile, it was found that in the conclusions drawn at the time of the terminal evaluation, some of the relevant points had not been reflected in the recommendations. Furthermore, some recommendations found in the Japanese version of the terminal evaluation report were not identified in the English version.

## **2. Outline of the Evaluation Study**

### 2.1 External Evaluator

Tomoo Mochida, OPMAC Corporation

### 2.2 Duration of Evaluation Study

Duration of the Study: October 2013 – November 2014

Duration of the Field Study: December 12, 2013 to January 6, 2014 and  
March 15 to 21, 2014

## **3. Results of the Evaluation (Overall Rating: B<sup>3</sup>)**

### 3.1 Relevance (Rating: ③<sup>4</sup>)

#### 3.1.1 Relevance to the Development Plan of Vietnam

At the beginning of the Project, it was considered urgent as well as important that the organizational capacity and business activities of ACs were strengthened in order to contribute to the "reduction of poverty in rural areas" and to form remedial measures against "disparity between agriculture and industry" and "disparity among regions". In the "Five Year Socio-Economic Development Plan (2006-2010)", which was in preparation at that time, promotion of, and support for, the development of ACs was an important policy issue, following the policy of the previous five year plan. In addition to these development plans, at the time of completion of the Project, it was considered important that cooperatives, etc. were set up in the "National Target Program on Building a New Countryside during 2010-2020" (Prime Minister's Decision No. 491 (491/2009/QD-TTg). Later in 2013, MARD Circular No.41 (41/2013/TT-BNNPTNT) set criteria for effective ACs in connection with the said Prime Minister's Decision. Furthermore, after commencement of the Project, cooperation was sought with the JOCV activities of JICA. As a result, volunteers in the field of vegetable cultivation and village development and extension work were dispatched and technical cooperation activities were carried out with the management officers, staff and members of ACs .

The Project, which aimed to enhance the functions of ACs, is highly relevant to national policies such as the "Socio-Economic Development Plan" and the "national target program on building a new countryside".

#### 3.1.2 Relevance to the Development Needs of Vietnam

At the beginning of the Project, in order to effectively increase the income of small-scale farmers amid the development of a market economy in the agricultural sector, it was considered necessary to establish new types of ACs through voluntary cooperation among farmers, on their own initiative, which could generate economic benefit from a larger scale of operations, and

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<sup>3</sup> A: Highly satisfactory, B: Satisfactory, C: Partially satisfactory, D: Unsatisfactory

<sup>4</sup> ③: High, ②: Fair, ①: Low.

strengthen their business activities and management. However, for many ACs, the activities of their previous forms had centered around agricultural production. At the same time, they followed the operation methods of the previous forms of ACs in terms of business functions and management methods. In addition, due to lack of experience and capacity on the part of management officers and staff at ACs, the progress of measures formed to undertake the processing of agricultural products, the joint purchase of input materials for production, the joint sales of agricultural products, internal credit businesses and so on, was too slow to meet the high expectations of AC members.

Under these circumstances, the Project aimed at strengthening the organizational and business operation capacity of ACs, which would lead to an improvement in the livelihoods of AC members in the two provinces<sup>5</sup> in the north, at the establishment of good AC models in Vietnam and at the dissemination of lessons learnt and other results in the northern region and provinces in regions other than the northern region. It is recognized that the Project met the needs of the recipient country and the priority issues of its policy.

Also at the time of completion of the Project, it was confirmed that the Project met the respective needs of the target group such as MARD, DARD and the management officers and staff of ACs. In particular, with regard to the consistency between the needs of the management officers and staff of ACs and the Project activities, government officials from the provinces as well as management officers and staff of ACs pointed out that the Project had facilitated changes in the attitude of the ACs who used to carry out activities under the old regime of AC management, had made contributions to improvements in the capacity of the management officers and staff of ACs (such as in the preparation of midterm plans, new business activities, capacity strengthening of ACs, and so on), had helped them expand their knowledge regarding joint purchases and the management of ACs through training inside and outside of Vietnam, had improved their operation capacity through the introduction and utilization of office equipment, and so on. Thus, the Project is highly consistent with the development needs.

### 3.1.3 Relevance to Japan's ODA Policy

In Japan's Country Assistance Program for Vietnam (April 2004) the existence of a large

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<sup>5</sup> In selecting the Pilot Provinces, the following four criteria were applied in the ex-ante evaluation and preparatory study mission report in 2005: 1) priority in Vietnam as well as Japan's priority in ODA (priority regions for development for "reduction of poverty" and "remedy for economic disparity among regions"); 2) degree of easiness in cooperation with MARD; 3) readiness of local governments of Pilot Provinces to implement the Project and their relations with ACs; and 4) relations with the programs of other donors and NGOs. The report states that "out of the northern region, which is characterized with a higher rate of ACs and which is a priority region for 'reduction of poverty' and 'remedy for economic disparity among regions' mentioned in the objectives of national socio-economic development, Thai Binh and Hoa Binh provinces were selected. The business activities of ACs in Thai Binh province are relatively active while those of ACs in Hoa Binh province are, in general, lagging behind". From this statement, it can be assumed that areas with different characteristics were selected in order to ensure general applicability of models. Furthermore, geographically, access to these two provinces from Hanoi is relatively good. Therefore, it is recognized that selection was made in consideration of the degree of easiness in carrying out the Project activities.

poor population and economic disparity among regions were regarded as development challenges. In the fields of agriculture and rural development, under the “improvement in lifestyle and social aspects”, one of the three pillars of the assistance program for Vietnam, priority for assistance is given to the establishment and management of organizations to support farmers as measures to raise income and diversify its sources. In light of the above, the Project was considered to be highly consistent with Japan’s ODA Policy.

#### 3.1.4 Appropriateness of the Project Plan and Approach

According to the ex-ante project evaluation and preparatory study mission report, SACs other than PACs were selected in respective districts in the provinces for the identification of common issues among Vietnamese ACs so that the general applicability of the models to be established under the Project could be ensured. It was planned to provide SACs with opportunities to attend training at PACs. In particular, they were to be given opportunities to learn the methods of conducting needs surveys and preparing mid-term plans that would form the basis for launching new activities, improving existing activities and developing organizations. These were scheduled mainly at PACs. On the other hand, PACs were not necessarily expected to play an active role in disseminating models. They were, instead, requested to share their experiences through the provision of venues for training and the reception of study tours from ACs other than SACs. However, at the time of the ex-post evaluation, it was confirmed that in many cases SACs had been provided with limited opportunities for training. In addition, while physical inputs such as AC offices and drying facilities were granted to PACs, physical support to SACs, other than the provision of office equipment, was limited. As a result, this unequal treatment of PACs and SACs generated a sense of unfairness among participating ACs, partly leading to a decrease in the effectiveness of training.

As a result of the above, a feeling of unfairness emerged among participating ACs, whereas it can be presumed that, in addition to the identification of common issues among ACs in Vietnam in order to ensure general applicability of the models, the reason for the adoption of this type of approach was that it could aim to verify the extent of the effectiveness of the dissemination of the practical experiences of PACs to SACs under conditions where no inputs were expected from external organizations (i.e., the conditions generally applicable to those ACs not supported by the Project). It is not always considered necessary that SACs be set up in order to identify common issues and verify the effectiveness of dissemination. Instead, these issues could be handled by examining the conditions of ACs other than those supported by the Project and by providing training opportunities widely to those ACs.

However, as for the position of “SACs”, it cannot be denied that the Project aimed at assuring continuing participation of specified ACs in Project activities such as training by grouping them as SACs, like a group with a fixed membership, instead of dealing with an

unspecified or unfixed number of ACs.

As described above, although there is a room for improvement in the approach, a certain level of rationale behind the selection of SACs at the planning stage of the Project cannot be denied. Therefore, it cannot be said that the Project plan encompassed such fundamental problems as to downgrade the evaluation of its relevance.

In light of the above points, implementation of the Project is considered to have been highly relevant to the country's development policy and development needs, as well as Japan's ODA policy, although there is some room for improvement in terms of approach. In conclusion, relevance of the Project is high.

### 3.2 Effectiveness and Impact<sup>6</sup> (Rating: ②)

#### 3.2.1 Effectiveness

##### 3.2.1.1 Project Output

###### 1) Output 1: Activities of the PACs and SACs are improved.

At the 14 ACs, both PACs and SACs, needs surveys were conducted to improve the activities of ACs. Mid-term plans (three to five years) were then prepared by the management officers and staff at ACs based on the survey results. Through training and the provision of information to strengthen activities such as joint sales, internal credit businesses, joint use of agricultural machinery and so on, methods for business activities were improved, efforts were made for new activities and development of the organizational set-up of activities was facilitated. In addition, offices and facilities necessary for these activities were identified and developed at the three PACs.

###### Indicator 1-1: 10 manuals for business function improvement of the PACs and the SACs are developed.

By the time of the terminal evaluation, manuals and other documents that covered important aspects of the business activities of ACs had been prepared (these included a total of 10 types, such as those covering the joint marketing business of advanced cooperatives and simple software for the management of loans and savings; out of these, three types were yet to be distributed).

Among the above materials, some manuals and other documents were distributed nationwide. According to answers to the questionnaire from the Sub-Departments of Rural Development (hereinafter referred to as "Sub-DRD") it was confirmed that, at the time of the ex-post evaluation, Sub-DRDs and other organizations and/or ACs in Thai Binh and Hoa Binh provinces had received the manuals, etc. The external evaluator checked the availability of distributed manuals and other documents at the ACs he visited. As three to five years had

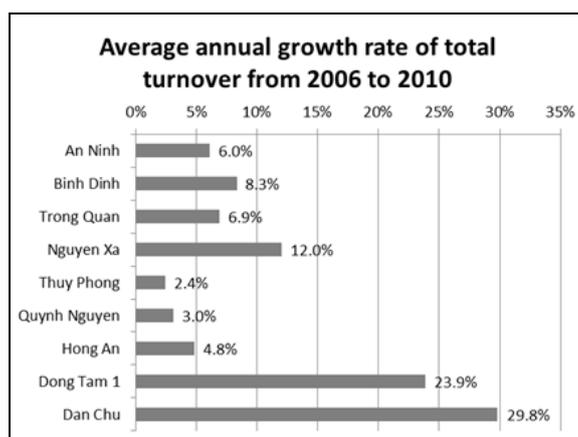
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<sup>6</sup> Sub-rating for Effectiveness is to be included with consideration of Impact.

already passed since the time of distribution, the whereabouts of some manuals and other documents could not be confirmed. However, making a comprehensive judgment on the basis of confirmation at the time of the terminal evaluation and the answers from Sub-DRDs at the time of the ex-post evaluation, it can be said that the manuals and other documents were utilized to some extent (or were utilized in the drafting process) by the time of Project completion, contributing to the improvement and enhancement of business activities at PACs and SACs. Accordingly, the indicator 1-1 was fulfilled.

Indicator 1-2: Growth rate of total turnover of each PAC marks 8%.

During the period from 2006 to 2010, the growth rates of the total turnover of An Ninh AC and Binh Dinh AC in Thai Binh province were 6.0% and 8.3%, respectively. Dong Tam 1 AC in Hoa Binh Province recorded a growth rate of 23.9% (all figures in nominal terms). Two ACs achieved the target rate of 8% per year while one AC did not. Accordingly, the achievement of this indicator is fair<sup>7</sup>.



Source: Sub-DRDs in Pilot Provinces

Note: Ba Lam 1 AC started new business activities in 2009, and the average annual growth rate from 2006 to 2010 was calculated at 189.8%. Therefore, the record for Ba Lam 1 AC was excluded from the above figure.

Figure 2: Average annual growth rate of total turnover from 2006 to 2010

Indicator 1-3: At least one business activity is started in each PAC newly.

At the time of the terminal evaluation, there were six new business activities at the three PACs and 19 new activities at nine SACs, including joint sales and internal credit businesses. Because these businesses were at an early stage, the accumulation of experience and the number of participating members were limited. Furthermore, it was deemed necessary to examine the results of the business activities, which had not been sufficiently evaluated at that

<sup>7</sup> The growth rate used at the time of the terminal evaluation was also nominal. As the average annual inflation rate and the average GDP deflator during the period were 10.9% and 11.1%, respectively, the turnover decreased in real terms at some ACs. The reason for the use of the nominal growth rate of 8% as an indicator is not known.

time, together with the implementation and adjustment of the mid-term plans after the next cropping season was completed (from July to August 2010). At the time of the ex-post evaluation, the external evaluator visited three PACs and four SACs. Based on interviews with concerned personnel of ACs, it was confirmed that at the time of Project completion, these seven ACs at least were carrying out new business activities, which had been confirmed at the time of the terminal evaluation.

The indicator 1-1 was achieved while the indicator 1-3 can be presumed to have been fulfilled. However, there were some PACs and SACs that did not reach the targets set for total turnover at the time of the Project completion. As the indicator 1-2 was not achieved, the extent of the achievement of Output 1 is evaluated to be fair.

2) Output 2: Organizational development of the PACs and the SACs is promoted.

Based on the needs survey of AC members, mid-term plans were prepared for organizational development. Concrete programs for development were then implemented based on the mid-term plans. Manuals such as “manuals for developing mid-term plans” and the “manual for organizing a general meeting in an agricultural cooperative” were elaborated and distributed. In parallel, seminars were carried out and the experts visited PACs and other ACs to provide guidance.

Indicator 2-1: 5 manuals for developing organizational functions of the PACs and the SACs are developed.

By the time of the terminal evaluation, seven types of manuals and other documents that covered important aspects of organizational development had been elaborated and distributed (a guideline concerning development of mid-term plans was scheduled to be delivered and the “self-evaluation format for the management of agricultural cooperatives” was at the final emendation stage). Some of the manuals were scheduled to be distributed to all provinces and cities in Vietnam by December 2009.

At the time of the ex-post evaluation, according to answers to the questionnaire from Sub-DRDs in Thai Binh and Hoa Binh provinces, it was confirmed that Sub-DRDs and other relevant provincial offices and/or ACs had received the manuals, etc. At the ACs visited by the external evaluator, confirmation was made of the existence of only some of the manuals and other documents. However, judging from the facts confirmed at the time of the terminal evaluation as well as the answers from Sub-DRDs at the time of the ex-post evaluation, manuals (and/or its draft) and other documents relevant to organizational development were utilized, mainly by AC management officers and staff, by the time of the Project completion, thus contributing to the organizational development of ACs. Accordingly, it is considered that the indicator 2-1 has been fulfilled.

Indicator 2-2: At least one members' group aimed at organizational strengthening is formed in each PAC.

At the time of the terminal evaluation, all the PACs set up farmers' groups in order to carry out joint sales activities. However, farmers' groups were organized only starting from that time and therefore their accumulated experience and the number of participating AC members were limited. At the same time, it was found necessary to examine the process from primary production to sales. Meanwhile, no guidance was given to SACs nor farmers' groups organization was proceeded yet at SACs. The conditions of crop-based farmers' groups at the PACs visited by the external evaluator during the period of the ex-post evaluation are shown in Table 1 below. With regard to SACs, joint sales operations were carried out at neither Mu Rieng nor Hoa Son, both of which were ACs in Hoa Binh province visited by the external evaluator. Farmers' groups had been organized at Trong Quan and Nguyen Xa ACs in Thai Binh province. However, although the farmers' group at the former AC (Trong Quan) was linked to the joint sales operations, the characteristics of the farmers' group at the latter AC were not clear.

Table 1: Changes in the number of farmers' groups and members at PACs that were engaged in joint sales activities

| Name of AC         | 2009                                       | 2010                                       | 2011                                       | 2012                                       | 2013 <sup>Note 1</sup>                    |
|--------------------|--|--|--|--|---|
| Thai Binh province |  |  |  |  |   |
| An Ninh            | 3 groups<br>(185 persons)                  | 3 groups<br>(200 persons)                  | 3 groups<br>(210 persons)                  | 3 groups<br>(200 persons)                  | 3 groups<br>(200 persons)                 |
| Binh Dinh          | 5 groups<br>(587 persons)                  | 2 groups <sup>Note 2</sup><br>(53 persons) | 4 groups<br>(354 persons)                  | 7 groups<br>(691 persons)                  | 8 groups<br>(1,817 persons)               |
| Hoa Binh province  |  |  |  |  |   |
| Dong Tam 1         | 2 groups<br>(40 persons) <sup>Note 3</sup> | 1 group<br>(20 persons) <sup>Note 3</sup> |

Source: JICA Project Office for the Project for Enhancing Functions of Agricultural Cooperatives in Vietnam (Phase 2) for the data for An Ninh AC from 2009 to 2011, and the data for Binh Dinh AC and Dong Tam 1 AC from 2009 to 2012. An Ninh AC for the data from 2012 to 2013. Binh Dinh and Dong Tam 1 AC for the data for 2013.

Note 1: Agricultural products for the joint sales activities were watermelon, paddy seeds, potatoes and other vegetables at An Ninh AC, paddy seeds at Binh Dinh AC and maize at Dong Tam 1 AC.

Note 2: Due to the poor harvest of seed paddies, three groups were dissolved.

Note 3: The number of members per production group was limited to 20. Other farmers sell products under the name of the members. During the interview at Dong Tam 1 AC at the time of the ex-post evaluation, there was only one group (20 persons) in 2013 and it was said that there was only one production group operating.

As an example, the operations of the joint sales activities for potatoes at An Ninh AC were described as follows:

### Column: an example of joint sales at An Ninh AC

Interviews with the management team of a joint sales group at An Ninh AC, one of the PACs, revealed that their conditions of operation were as follows:

- (a) Agricultural products handled: potatoes, etc. (handling volume: 300 tons/year)
- (b) Number of management team members for joint sales activities: 2 persons
- (c) Number of household members for joint sales activities: 50 households
- (d) Schedule (for potatoes)

October: conclusion of a contract between An Ninh AC and the company (prices and the contents of technical assistance are negotiated)

November: land preparation and planting (potato cultivation starts after the second season of the water paddies is finished)

January to February: harvest and sales before the Vietnamese new year (Tet). The standard time from planting to harvesting is 85 days after planting. However, the price tends to increase before the Tet New Year, and harvesting tends to take place before the New Year even though the potatoes are small.



Photo 1: the building on the above photo is a village culture house. Members bring potatoes to the front yard of the house. After selection, the company collects potatoes.

- (e) Potato seeds: Potato seeds are provided by the company. There is an arrangement for the payment for potato seeds. It works as follows: fifty percent of the seeds price is paid when seeds are received while the remaining half is deducted from the sales price when potatoes are sold.
- (f) Collection and sales price of potatoes: members bring potatoes to the front yard of the village cultural house and the company collects them after selection. The company sets three days for the collection of potatoes. Potatoes that meet the standards of the company are categorized into two classes (A and B) with different prices attached to each class. Sales prices are also changed depending upon the volume of sales. Sales prices are determined through negotiations between An Ninh AC and the company before the contract is concluded. During negotiation, members are consulted by the AC about the level of sales prices.
- (g) Payment: within 15 days after collection of potatoes, money is transferred into the bank account of the AC and each member is directly paid by the AC.
- (h) Role of management team for joint sales: the management team consists of two persons. They receive information on the contents of the contract from the AC and hold meetings with members to discuss the harvesting schedule, etc. For management, they receive a fixed amount of payment per unit weight (a commission system based on the sales volume)
- (i) Support from the company: the company sends experts in order to provide training, to monitor cultivation activities and give information about the time to pick up harvested products.
- (j) Comments from the joint sales management team: joint sales activities contributed to an increase in income with the following factors: (1) the company offers higher purchase prices than the prices offered by middlemen; (2) the company provides members with technical support in planting, maintaining and monitoring; and (3) sales prices are fixed under the contract.

As described above, it was confirmed again at the time of the ex-post evaluation that farmers' groups for joint sales activities had been formed at the three PACs. However, the formation of groups was not confirmed at all the ACs including the SACs. Therefore, the achievement of Output 2 is evaluated to be fair.

- 3) Output 3: Capacity of the related officials and staff of the PACs and the SACs is enhanced.

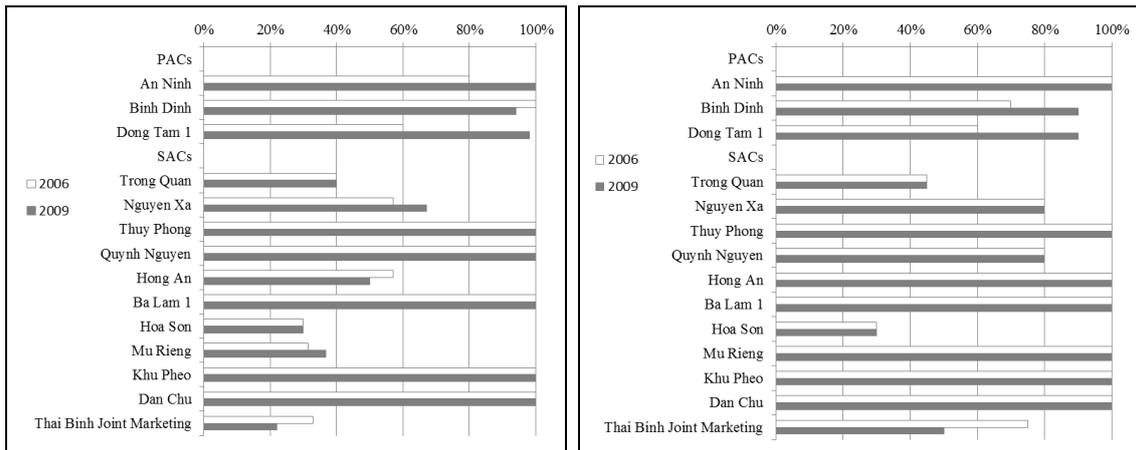
Seminars such as “seminars on the preparation of mid-term plans”, “seminars on internal credit business” and “seminars on joint marketing” were carried out, and study tours in Japan and third countries such as Thailand and the Philippines were conducted.

Indicator 3-1: All related officials and staff of the PACs and the SACs participate in trainings for agricultural cooperative development.

Indicator 3-2: The participants’ degree of satisfaction towards the training for agricultural cooperatives development is more than 70%.

Indicator 3-3: 70% of the related officials and staff of the PACs and the SACs are well aware that their capacities are developed by their participation in this project.

According to the answers to the questionnaires from the respective ACs at the time of the terminal evaluation, the level of satisfaction of the training for management officers and staff of ACs and the self-evaluation of the effects of the training varied from AC to AC, but were high in general. In concrete terms, with regard to the indicator 3-1, the participation ratio of PACs ranged from 60% to 100%, showing an increasing trend as time went on. On the other hand, that of SACs ranged from 30% to 100%, with variations among SACs (the left-hand side of Figure 3 below). With regard to the indicator 3-2, most of the participants responded “highly satisfactory” and “satisfactory”. If weight is given to their answers for quantification, a calculation of 79.1% out of the total score of 100% can be made. With regard to indicator 3-3, the ratio of respondents who acknowledged that they improved their capacity through training ranged from 60% to 90% at PACs and from 30% to 100% at SACs (the right-hand figure of Figure 3 below). A calculation of 81.9% is made if weight is given to their answers for quantification. Also, in the answers from AC members to the questionnaires, it was clear that there was an appreciation of improvements in the capacity of management officers and staff at ACs although differences were observed among ACs.



Source: The terminal evaluation report of the Project, January 2011

Figure 3: Comparison of the records between 2006 and 2009 for the participation ratio of management officers and staff of ACs in the training (above left) and the ratio of management officers and staff of ACs who recognized capacity enhancement through the training (above right)

At the interviews with SACs made by the external evaluator when he visited at the time of the ex-post evaluation, there were claims that there had been limited chances to participate in training (that chances was given to chairpersons, mainly) in comparison with PACs, and that there was a shortage of the skills necessary to conduct needs surveys for the preparation of mid-term plans and of the financial resources<sup>8</sup> to implement the plans. On the other hand, a chairperson at one PAC pointed out that since an AC at an advanced level of development would pursue a higher level of development, they would also pursue a higher level of needs. According to the chairperson, ACs participating in the same training should be at the same level of development. The chairperson also commented that, as it was not appropriate for those from ACs located in mountainous areas to visit ACs located in flatlands, the destination of the study tours should be selected based on the geographic conditions of the corresponding ACs.

As described above, some ACs found room for improvement in terms of the contents and methods of training. However, the indicators were, in general, fulfilled and the capacity of management officers and staff at PACs and SACs were more or less enhanced through the Project activities. It was evaluated that Output 3 was achieved.

<sup>8</sup> Inputs in SACs from the Project were smaller in comparison with those in PACs. Some SACs pointed out that they did not have their own offices and storage so they faced problems in enhancing their functions. These ACs did not seem satisfied with the explanations and the reasons behind the differing degree of support from the Project to ACs, although the Project did explain the reasons to them. Therefore, the possibility that differing treatment by the Project might have influenced the participation ratio and level of their satisfaction cannot be denied. In addition, at the Sub-DRD in the Pilot Province visited by the external evaluator, a government official pointed out a case where trust in the management officers and staff of ACs was undermined to a certain extent because mid-term plans were not implemented as planned at some ACs.

- 4) Output 4: Capacity of public officials in the Pilot Provinces to strengthen functions of agricultural cooperatives is enhanced.

Activities were carried out in such a way that provincial officials attended training prepared for the management officers and staff of ACs, which is related to Output 3.

Indicator 4-1: All related public officials in the Pilot Provinces participate in the trainings for enhancing their capacities.

Indicator 4-2: The participants' degree of satisfaction towards the trainings is more than 70%.

Indicator 4-3: 55% of public officials are well aware that their capacities are developed by their participation in this project.

According to the survey at the time of the terminal evaluation, the participation ratios of local government officials such as DARD ranged from 80% to 100% in Hoa Binh province (an actual total of 29 against a planned total of 32 participants) and from 70% to 100% in Thai Binh province (an actual total of 35 against a planned total of 46 participants). Most of the participants responded that their degree of satisfaction was “highly satisfactory” or “satisfactory” on a four-point scale for evaluation. Although the participation ratio did not reach 100%, it is considered that the indicator was, in general, fulfilled. Meanwhile, training was not conducted specifically for government officials in the Pilot Provinces, but government officials participated in the training prepared for the management officers and staff of ACs, an activity for Output 3. As a result, government officials, management officers and staff attended the training with a same role although their educational backgrounds, positions and the contents of their tasks were different<sup>9</sup>. In terms of self-evaluation on effects of training, all participants recognized that they improved their capacity through the training.

At the time of the ex-post evaluation, instead of asking questions on specific training carried out during the cooperation period of the Project, questions were raised on the effects of the training and seminars in general<sup>10</sup>. The response to the questions from Sub-DRD in Hoa Binh province indicated improvement in the capacity of staff through the Project activities. The comments from Sub-DRD in Thai Binh province were related to the accumulation of knowledge and experience in the field of management, and the application of these to accomplish their works and to prepare provincial policies, through participation in training and study tours inside and outside of Vietnam. There were also comments on improvement of effectiveness of their

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<sup>9</sup> In the second phase of the Project, the system was improved in such a way that government officials could provide guidance to management officers and staff, etc. of ACs.

<sup>10</sup> During the cooperation period of the Project, seminars on joint marketing, seminars on mid-term plans, training seminars on the joint utilization of agricultural machinery and so forth were carried out. As it was considered difficult to ask questions relating to specific seminars, which were held several years before, the questions were generalized into “seminars/trainings undertaken by the Project” in order to make it easier for the participants to answer.

work through capacity enhancement carried out under the Project. At ACs visited by the external evaluator, some positive comments were made, such as: “government officials have come to pay more attention to assist ACs” while others, particularly from SACs, made comments on the shortage of specific assistance by the government officials on site, saying: “no one come to support us” and “no assistance was given”.

Through the Project activities, the capacity of government officials in the Pilot Provinces can be considered to have been enhanced in order to promote and strengthen the functions of ACs by assisting in the preparation of their plans and so forth. Accordingly, Output 4 has been fulfilled.

### 3.2.1.2 Achievement of Project Purpose

Project Purpose: Good models for enhancing of functions of ACs that lead the members’ livelihood improvement are established in Pilot Provinces.

#### 1) Indicator 1: Guidelines on good models of AC are made.

Under the Project, assistance was given for the preparation of mid-term plans, with the aim of enabling ACs to work out plans based on the needs and consensus of members instead of following government instructions as they did during the old regime of ACs. The mid-term plans are supposed to incorporate types of business activities in high demand from members, amid market-oriented economic reform, such as joint sales, joint purchases, internal credit businesses and so on. Subsequently, ACs are expected to implement the plans. With regard to the preparation of the mid-term plans, which form an essential part of good models, a guideline (224/KTHT-HTTT) dated May 10, 2010 was issued by MARD to DARDs in the respective provinces<sup>11</sup>. The guideline explained the effectiveness of the preparation of a mid-term plan and gave the format. Prior to issuance of the guideline, DCRD organized workshops for representatives of Sub-DRDs and ACs from 63 provinces in order to have their comments.

However, although the mid-term plans are supposed to form an essential element of good models, it is difficult to treat the said guideline as a guideline for good AC models. At the time of the terminal evaluation, the concept of “good AC models” was streamlined to ACs whose organizational management and business activities can serve as a guide, or a model, to improve and enhance organizational as well as business management of other ACs<sup>12</sup>. However, when the Vietnamese counterparts (i.e., officers in charge at DCRD and Sub-DRDs in Hoa Binh and Thai

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<sup>11</sup> According to the Project Mid-term Review Report (May 2008), MARD introduced mid-term plans to ACs outside the Project target areas and uploaded some examples of the plans at its website.

<sup>12</sup> At the time of the terminal evaluation, the concept of good AC models was summarized as follows: (1) operation and management in a democratic way through improvement of the organization of AC management and business activities; (2) contribution of business activities to the improvement of the livelihoods of members; (3) sound financial conditions with stable revenues and expenses; (4) provision of proactive and continuous education and training to members, management officers and staff of ACs; and (5) efforts to enhance cooperation and collaboration with governments and other relevant organizations.

Binh provinces) were interviewed at the time of the ex-post evaluation, this concept of good AC models had not yet been shared with them.

At the time of the terminal evaluation, DARD in Hoa Binh province indicated their intention to make use of Dong Tam 1 AC as a model for the development of ACs in the province while MARD acknowledged that Nguyen Xa AC, one SAC in Thai Binh province, was an AC that had successfully carried out their internal credit business. Also in the recommendations of the terminal evaluation report, it was said to be difficult to establish business models within one to two years in the agricultural sector, which is usually affected by climate, and supply and demand conditions, when good AC models are to be disseminated to the central and southern regions. It was found necessary that business activities should be continued for about five years at least in order for them to be well established. It was considered more appropriate to evaluate the effect after that.

At the time of the ex-post evaluation, the Vietnamese side commented that PACs were good ACs and good models<sup>13, 14</sup>. However, one official at Sub-DRD in the province visited by the external evaluator said that good AC models and good ACs were different and although PACs could be regarded as good ACs, they were yet to become models for other ACs. He observed that good AC models, characterized with general applicability, had yet to be established.

During the cooperation period of the Project, discussions were held over “models”. However, as pointed out in the terminal evaluation report, the concept of good AC models had not been shared among the personnel concerned from the beginning of the Project. Thus, it was thought that a common image for the establishment of models among relevant personnel, which was necessary for the uniformed understanding on the Project Purpose, was difficult to share<sup>15</sup>.

- 2) Indicator 2: Growth rate of total turnover of each PAC is higher than the average growth rate of other ACs’ total turnover in the same Pilot Provinces.

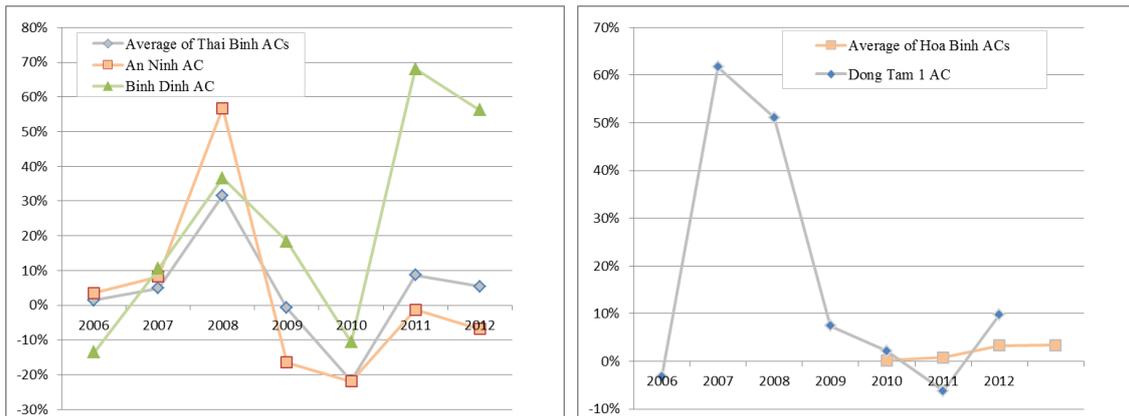
The growth rate trend of the total turnovers of ACs is shown in the figures below:

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<sup>13</sup> DCRD pointed out that PACs were good AC models as they provided more services (joint sales and internal credit businesses in particular), increased annual total turnovers, and prepared and implemented the mid-term plans.

<sup>14</sup> The criteria for cooperatives with effective management are stipulated in article 17 of MARD Circular No.41 (Circular 41 /2013/TT-BNNPTNT). However, since they are criteria, they are not considered as models. DCRD said that as the drafting members of MARD Circular No. 41 (2013) included members of the Project Management Unit (hereinafter referred to as “PMU”) of the Project, drafting works were undertaken, based on the knowledge and experiences of the Project. However, it is not possible to consider this Circular as part of the results of the Project.

<sup>15</sup> If the Project Purpose were set as “capacity to prepare mid-term plans is improved”, it can be considered that the Project Purpose was achieved because the guideline regarding the preparation of mid-term plans was made, relevant documents such as manuals were prepared and capacity improvement was carried out through trainings. However, in this case, it is considered that the appropriateness of the assistance to improve facilities under the Project would be decreased.



Source: Sub-DAD in Thai Binh and Hoa Binh provinces

Note: There is a possibility that the turnovers of An Ninh AC and Dong Tam 1 AC, and the provincial average of the turnover do not include the revenues from the joint sales activities.

Figure 4: Trend of the total turnovers at ACs

The annual average growth rate of the total turnovers of ACs in Thai Binh province from 2005/2006 to 2009/2010 was 3.1% (in nominal terms) while that of An Ninh AC and Binh Dinh AC, both of which are PACs in Thai Binh province, were 6.0% and 8.3%, respectively. The annual average growth rates in Hoa Binh Province in and after 2010 were also obtained. The average annual growth rate of ACs in Hoa Binh province in 2010 was 0.2% against the previous year, while that of Dong Tam 1 AC was 2.2%. Accordingly, at the time of completion of the Project, it can be said that the indicator 2 was fulfilled.

Meanwhile, after completion of the Project, the growth rate at An Ninh AC exhibited lower rates than the provincial average. In case of Dong Tam 1 AC also, the growth rate was lower than the provincial average in 2011, after completion of the Project<sup>16</sup>.

- 3) Indicator 3: The PACs members' degree of satisfaction towards functions of ACs increase more than 10 point.

A comparison of the results of the baseline surveys conducted in 2007 and 2009 under the Project revealed an increase in satisfaction.

- 4) Relation to improvements in livelihood

Although it is not included in the indicators of the Project, the Project Purpose includes the establishment of good AC models, which leads to improvements in the livelihoods of members. For this reason, the relation between the Project Purpose and the improvement of

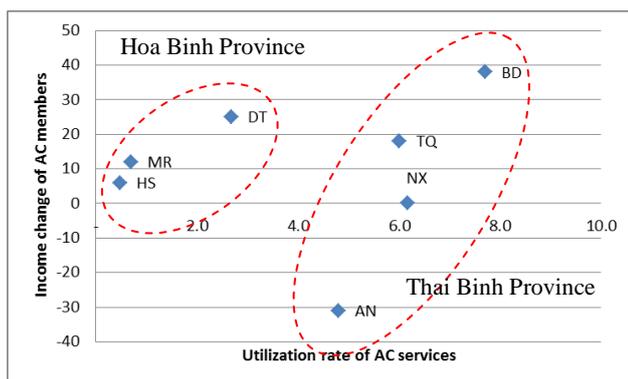
<sup>16</sup> In case of An Ninh AC, the revenues from electricity sales were subtracted from revenue sources in and after 2009, and the revenues from joint purchases showed a decreasing trend in and after 2011. On the other hand, Thai Binh DARD pointed out that some ACs did not record revenues from joint sales in their accounting books. When the financial documents at An Ninh AC were examined, sales revenues from joint sales were not clear in some years. Therefore, there is a possibility that revenues reported by An Ninh AC may be lower than the actual amount. Likewise, it was said that the revenues from joint sales were not reflected in the total revenue at Dong Tam 1 AC.

livelihoods is examined. At the time of the ex-post evaluation, a beneficiary survey<sup>17</sup> was conducted. Quantified results of how respondents felt about increased or decreased income from their agricultural activities (changes in income from agricultural activities in 2010, which are shown on the vertical axis) are compared with the utilization ratio of AC services obtained through a quantification of the utilization of AC services (on the horizontal axis). The scatter plot below summarizes the results. It is estimated that the higher the utilization ratio of AC services, the higher the possibility that AC members experienced an increased income.

Among the three PACs, many respondents from farm households in the villages where An Ninh AC provides services felt that their income had decreased. In addition, the utilization ratio of AC services tends to be low at An Ninh AC if compared with other ACs surveyed in Thai Binh Province.

The targets of indicators 2 and 3 of the Project Purpose were achieved. In terms of indicator 1, although a guideline for the preparation of mid-term plans, the essential part of good AC models, was issued, the guideline showed only the usefulness of preparing mid-term plans, together

with the formats. Therefore, it cannot be said that, with that guideline, guidelines on good AC models for other ACs had been prepared. As good AC models for other ACs to follow were yet to be established, part of the Project Purpose has therefore not been achieved.



Note 1: The income increase or decrease on the vertical axis was quantified by assigning -1 for a decrease, 0 for no change and +1 for an increase, and then summing-up of responses. The utilization ratio of AC services on the horizontal axis was obtained by summing up the ratios of the respondents who answered that “they utilized” respective services provided by ACs.

Note 2: DT stands for Dong Tam 1 AC, MR for Mu Rieng AC, HS for Hoa Son AC, AN for An Ninh AC, BD for Binh Dinh AC, TQ for Trong Quang AC and NX for Nguyen Xa AC.

Figure 5: Utilization ratio of AC services and increase or decrease in income

<sup>17</sup> The beneficiary survey was conducted in December 2013 and January 2014 at villages where the three PACs and the four SACs provided services and at villages where these ACs might possibly expand their services in Hoa Binh and Thai Binh provinces where the Project was implemented. In selecting SACs, discussions were held with DCRD and Sub-DRDs. Accordingly, SACs that seemed to perform relatively well and SACs that needed future improvement were selected. In the communes where ACs subject to the survey were located, villages with many AC members and villages with a small number of members were chosen (priority was placed on villages where ACs planned to expand their services in the future). Furthermore, through discussions with AC management, three to four villages were selected in each of the communes. Villages with a relatively large number of rich, middle-income and poor were chosen. At the villages selected, a systematic random sampling was carried out based on the list of villagers. Enumerators visited the households selected and conducted interviews based on the questionnaire. Through the sampling, 50 to 60 farm households were selected (about 60 at PAC and about 50 at SAC). The total number of samples was 391 farm households.

### 3.2.2 Impact

#### 3.2.2.1 Achievement of the Overall Goal

Overall Goal: AC models made by the Project are recognized as AC models for improving farmers' livelihood in Vietnam, and the models are utilized in not only in Northern Region but also in the other regions of Vietnam.

- 1) Indicator 1: Results of the Project are utilized for making policies for promoting agricultural cooperatives in the other regions of Vietnam<sup>18</sup>.

At the time of the ex-post evaluation, although good AC models had yet to be established, it was found that the results of the Project had been utilized for the preparation of policy documents that would contribute to the development of ACs. In concrete terms, they are, among others, MARD Guideline No. 224 (224/2010/KTHT-HTTT) on the preparation of mid-term plans, the Prime Minister Decision No.62 (62/2013/QĐ-TTg on encouraging policies for cooperation and linking production and consumption of agricultural products and the development of a wider field), and the Prime Minister Decree No. 193 (193/2013/NĐ-CP) in 2013 on regulations detailing a number of articles of the Law on Cooperatives (23/2012/QH13) in 2012. The Prime Minister Decree No.193 stipulates support for the training of managers and so on<sup>19</sup>.

In particular, with regard to mid-term plans, training on the preparation of mid-term plans continued in Hoa Binh province, following the guideline of MARD, after completion of the Project. Training was offered to about 60 or more ACs in the province in 2013, for example. However, practical on-site guidance was not given on how ACs could take measures against the conditions where each AC was placed. Therefore, the number of ACs that were able to complete mid-term plans was limited. Aside from the preparation of mid-term plans, training was also carried out on internal credit businesses and marketing business. Depending on the contents, leaders of the farmers' groups of ACs were provided with training.

In Thai Binh province, based on lessons learnt from, and documents prepared under, the Project, the Provincial People's Committee (hereinafter referred to as "PPC") issued an instruction document on the operation and management of AC services in 2011. In addition, Sub-DRD in Thai Binh province produced training manuals for the preparation of mid-term plans in 2012, which contained the formats for mid-term plans newly revised by Sub-DRD in Thai Binh province. Similar to Hoa Bin province, training on the preparation of mid-term plans, internal credit businesses and so forth were also offered to ACs other than PACs and SACs in

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<sup>18</sup> At the time of the ex-ante evaluation, the following two indicators were set for the Overall Goal. Indicator 1: policy, the number of staff assigned and budgets of MARD in order to disseminate good AC models, indicator 2: the number of provinces that establish policies for the implementation of the dissemination of good AC models. However, the indicators were changed to the indicators described in the main text above without any explanation of the changes being provided. It is assumed that indicators which more adequately reflected the Overall Goal, were chosen.

<sup>19</sup> DCRD pointed out that because PMU members of DCRD participated in drafting of the Prime Minister Decision No.62 (2013) and the Prime Minister Decree 193 (2013), it was listed as one of the indirect impacts of the Project.

Thai Binh province.

At DCRD, aside from activities under the second phase of the Project, which was on-going at the time of the ex-post evaluation, training materials for the preparation of annual plans were worked out and the training of trainers (hereinafter referred to as “ToT”) was carried out.

Making use of training materials based on the documents prepared during the first phase, these having been adjusted, annual plans were prepared in the same way as mid-term plans, based on the needs of AC members. Because not all of the ACs were able to prepare mid-term plans, training on the preparation of annual plans was carried out. A total of 252 persons from all the provinces attended training on the preparation of annual plans held in 2013.

With regard to the indicator set for the Overall Goal, it was confirmed that the Project results had been partly utilized for the preparation of AC promotion policies at ACs other than ACs supported by the Project and in regions other than the target provinces of the Project. One example is the guideline for the preparation of mid-term plans, which form an essential element of AC models. Therefore, the indicator was fulfilled. However, as for the Overall Goal itself, the evaluation is that “good AC models are recognized as models for farmers’ organizations” is yet to be realized in the same way as that in which the achievement of the Project Purpose was evaluated. Therefore, it is concluded that part of the Overall Goal has not been achieved.

## 2) Contribution of Outputs and the Project Purpose to achievement of the Overall Goal

Under the Project, business activities were enhanced and organization was strengthened at PACs and SACs. In parallel, the capacity of management and staff at ACs was developed and the capacity of government officials in the Pilot Provinces for the support of ACs was enhanced. It is considered that this set of Outputs and the Project Purpose made contributions towards the achievement of the Overall Goal.

In order to make effective use of the Project results in the provinces inside and outside the northern region, MARD issued a guideline regarding the preparation of mid-term plans to DARD in the country. Some of the manuals and other documents prepared under the Project were distributed to provinces and ACs nationwide. At the time when the ex-ante evaluation and preparatory study mission was dispatched, one participating province each was scheduled to be selected in the central and southern regions where the results of the Project could be disseminated and promoted. It was also planned that measures would be taken in order to provide the necessary information to these provinces during the cooperation period of the Project. However, these measures were not incorporated in the actual Project Activities<sup>20</sup>.

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<sup>20</sup> It was planned that, in order to examine whether or not models developed in the north region could be generally applicable in the central and southern regions and to make appropriate adjustments to the models, several seminars on ACs would be held during the cooperation period of the Project, inviting one province each from the central and southern regions to participate. However, it is not considered feasible by the external evaluator to develop models that could be also applicable to the central and southern regions just with comments from representatives of the two

### 3.2.2.2 Other Impacts

In terms of impact on policy, indirect impact is recognized on MARD Circular No.41 that set up the conditions for effective ACs, apart from the policy documents listed in connection to the Overall Goal.

In addition, DCRD answered that ACs played a bridging role between the state and people in rural areas, where these people were regarded as the main actors in the “national target program for building a new countryside”. ACs are engaged in building up new rural areas in various ways. Environmental services and water supply services, etc. are examples. A concrete example under the Project could be the garbage collection services at Binh Dinh AC using a small truck (supported under the Project)<sup>21</sup>.



Photo 2: Binh Dinh AC: Garbage collection using a small truck supported under the Project



Photo 3: Local market managed by Dong Tam 1 AC

Furthermore, Dong Tam Commune Peoples' Committee (CPC)<sup>22</sup> built a local market in 2007 using government budgets in order to provide farmers with opportunities to sell agricultural products. The local market has been managed by Dong Tam 1 AC since 2010.

As described above, as a result of the Project Activities, Outputs are evaluated as follows: achievement levels of Output 1 (enhancing and strengthening of business activities at PACs and SACs) and Output 2 (development of organizations at PACs and SACs) are evaluated to be fair while Output 3 (capacity development of management and staff at PACs and SACs) and Output 4 (enhancement of the capacity of government officials in the Pilot Provinces for the promotion of ACs) were achieved. With regard to the Project Purpose, the judgment is that good AC models were yet to be established. Although some problems were observed in achieving

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provinces gained through organizing several seminars. Therefore, even though such measures were not incorporated in the Project Activities during the cooperation period of the Project, it is not considered necessary to lower the evaluation of the criteria for “Relevance” and “Effectiveness and Impact”.

<sup>21</sup> In other words, under the policy, the “national target program on building a new countryside”, ACs have been placed in a situation where they had to carry out services where it would be difficult to secure profits.

<sup>22</sup> A People's Committee is an executive body of the state that reports directly to the Government. As local executive units, there are provinces, etc. at the first level, districts, etc. at the second level and communes, etc. at the third level. Commune People's Committees (CPC) are at the lowest level of the local executive units. Refer to Figure 1.

indicator 1 (preparation of guidelines on good AC models), indicator 2 (growth rate of total turnover at PACs) and indicator 3 (the degree of satisfaction of ACs on the part of members of PACs) were fulfilled. As for the achievement of the Overall Goal, it is considered that achievement is limited as good AC models were yet to be recognized. Based on the above points, it is judged that the effectiveness and impact of the Project is fair since a certain level of effects from the implementation of the Project was observed.

### 3.3 Efficiency (Rating: ②)

#### 3.3.1 Inputs

| Inputs                                   | Plan  | Actual Performance <sup>Note</sup>  |
|--|---|---|
| (1) Experts                              | <ul style="list-style-type: none"> <li>➢ Long-term experts: chief advisor/economic activities, management and activity improvement, training coordinators</li> <li>➢ Short-term experts: as required</li> </ul> | <ul style="list-style-type: none"> <li>➢ Long-term experts: 6 persons: chief advisor, coordinator/training, internal credit business, sales and purchase activities</li> <li>➢ Short-term experts: 1 person: socio-economic survey</li> </ul> |
| (2) Trainees received                    | As required   | Number of trainees received: 23 persons   |
| (3) Third-Country Training Programs      | As required   | Third country training : 19 trainees (Thailand: 10 persons, Philippines: 9 persons)   |
| (4) Equipment and Local Operational Cost | Vehicles, office equipment, field work equipment, training equipment, equipment for activities of PACs, others.   | Equipment: 17 million Japanese yen<br>Local Operational Cost: 85 million Japanese yen<br>Construction costs of 3 AC offices: 46 million Japanese yen  |
| Total Project Cost                       | 380 million Japanese yen  | 509 million Japanese yen  |
| Inputs from the Government of Vietnam    | Assignment of 9 counterparts in total, office space and facilities, land and facilities, and operational cost   | Assignment of 16 counterparts, project offices (MARD, DARD in Thai Binh and Hoa Binh provinces), land for offices of PACs, local costs about 3.0 billion VND (equivalent to about 160,000 US\$)   |

Note: Actual performances are based on the terminal evaluation report.

##### 3.3.1.1 Elements of Inputs

The Project Activities consisted mainly of the preparation of mid-term plans, support for the formulation and implementation of programs for improving business activities and the development of organization at PACs and SACs based on the mid-term plans, education and training for management officers, staff and members of ACs and government officials in the Pilot Provinces. The Inputs described above were used in order to implement the Project Activities.

##### 1) Dispatch of experts

A total of six long-term experts was dispatched, including two who replaced experts previously assigned. Their professional fields were chief advisory works, coordination/training, internal credit businesses, and sales and purchase activities. These experts were assigned with consideration for the incorporation in mid-term plans of “joint sales activities”, “joint purchase

activities”, “internal credit businesses” and so on, and for putting these into practice. These activities were found to be necessary as a market-based economy was introduced and progressed, and AC members’ needs for these kinds of activities were great. In addition, from February to March 2009, a short-term expert (socio-economic survey) was dispatched in order to collect information on ways to disseminate good AC models to other regions in Vietnam.

#### 2) Trainees received and third-country training programs

Study tours in Japan were conducted twice for the organization and management of ACs and a total of 23 trainees (officials from MARD and DARD, management of ACs, etc.) participated in the tours. In addition, third-country trainings were carried out in Thailand and the Philippines with similar topics and a total of 19 trainees (officials from MARD and DARD, management officers of ACs) attended the programs.

#### 3) Provision of equipment

At the beginning of the Project, six vehicles, 13 personal computers, five printers, three projectors, 13 units of a moisture checking machine<sup>23</sup> and so on were provided to MARD, DARD, PACs and SACs.

#### 4) Local operational costs

Local operational costs include development costs for facilities (drying and rice-milling facilities, irrigation channels and facilities, improvement of a cold storage) in order to strengthen business activities at the three PACs.



Photo 4: Dong Tam 1 AC:  
Irrigation facilities and drying equipment



Photo 5: An Ninh AC:  
Storage-cum sales facilities for fertilizers, etc.

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<sup>23</sup> For example, it was observed on a visit to an AC during the ex-post evaluation that a moisture checking machine had been introduced at drying facilities in order to measure the level of moisture contained in agricultural products.



Photo 6: An Ninh AC:  
Cold storage for seed potatoes, etc.



Photo 7: Binh Dinh AC:  
Inside the AC office

#### (5) Construction of offices at the three PACs

At all the PAC offices, a multi-purpose hall is placed on the first floor and an office for the chairperson, meeting rooms, offices, a showroom-cum waiting lounge and toilets are located on the second floor. Construction of AC offices was completed at an early stage after commencement of the Project (completed at the end of March 2007)

#### 3.3.1.2 Project Cost

The Project cost exceeded the original plan. The ratio of actual cost (509 million Japanese yen) against planned cost (380 million Japanese yen) was 133.9%.

The actual cost exceeded the planned cost by 129 million Japanese yen. It is not possible to compare the actual cost with the planned one by each item of expenditure. However, if compared with the Inputs projected at the time of the ex-ante evaluation, it is thought that the main factors that pushed up costs included the construction of AC offices at PACs, the development of other facilities (drying facilities, storages for purchased goods, irrigation channels at Dong Tam 1 AC, drying and rice-milling facilities, storages for purchased goods, pumping stations for irrigation at Binh Dinh AC, and a cold storage for agricultural products and storages for purchased goods at An Ninh AC), and the dispatch of experts when the cooperation period of the Project was extended by half a year. It is thought that although the development of offices and the construction and improvement of facilities at PACs contributed to an enhancement and strengthening of business activities and a strengthening of the organization of ACs, support given generated a sense of unfairness with the SACs that did not receive assistance through such Inputs. It seems that this was reflected in low participation ratios in and low satisfaction ratios of the training on the part of some SACs. In addition, in the terminal evaluation report, concerns were raised over the necessity of procuring a large amount of funds if the Government of Vietnam extends the same level of support to other ACs as in the facilities and equipment provided to PACs. According to DCRD, generally speaking, ACs are short of facilities and equipment. Although expectations of the support from the Project were

considered to be high when the Project was to be implemented, the appropriateness of the size of the Inputs to PACs cannot be judged simply by the amount of money. However, judging from the viewpoint of whether or not these Inputs are indispensable for achievement of the Project Purpose, it cannot be denied that some of the Inputs might be evaluated as excessive. In addition, it is thought that there is some room for improvement in that offices with uniform specifications were constructed at the three PACs even though the environment where the ACs are placed varied<sup>24</sup>. Having said that, it is assumed that cost reduction and a simplification of procedures were pursued in terms of the design costs as well as the procurement of construction materials.

### 3.3.1.3 Period of Cooperation

In terms of the period of cooperation, the ratio of the actual cooperation period (55 months) against the planned period (49 months) is calculated at 112.2%, which exceeds the planned duration. The period of cooperation was extended by half a year with such reasons as: 1) as it was not possible to evaluate the results of respective business activities appropriately at the time of the terminal evaluation, it was considered necessary to examine them in parallel with the process of implementation and the revision of mid-term plans after the completion of one cropping season (by July to August in 2010); and 2) it was necessary to prepare and conduct case studies on links between production and sales, and its processes, as crop-based production groups for joint sales had just been organized.

In addition, with regards to the Project Activities, it was pointed out at the time of the terminal evaluation that preparation of mid-term plans took longer time than expected and that efficiency could be higher if activities were implemented with consideration to the capacity enhancement of Vietnamese experts, as Japanese experts provided direct instructions mainly to PACs. Regarding the reasons why it took longer to prepare mid-term plans, Sub-DRD in Thai Binh Province, for example, pointed out the following: it took time to carry out the set of processes from the survey on members' needs in formulating mid-term plans, to analysis of the strengths and weaknesses of ACs, to the preparation of future plans, to exchange of communications over drafting mid-term plans between ACs and the Project office, and finally to go through the internal approval processes at ACs. Furthermore, it was mentioned that the level of education of management at ACs was not high, office equipment used for the formulation of mid-term plans at ACs was poor and so on.

Both the Project cost and the period of cooperation exceeded the plans. Therefore, the efficiency of the Project is fair.

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<sup>24</sup> For example, the number of member households at Dong Tam 1 AC is 540 while that at Bin Dinh AC is 2,711. There is a large difference in their turnovers. Therefore, the scale of their activities is considered to be different.

### 3.4 Sustainability (Rating: ③)

#### 3.4.1 Related Policy toward the Project

MARD issued a guideline to DARD in the provinces for the preparation of mid-term plans (224/2010/KTHT-HTTT) by attaching the format of the plans. In addition, a strengthening of the functions of ACs as part of modernization of rural areas was aimed at through the “national target program on building a new countryside” . Thus, the sustainability of the policy aspect is confirmed. In addition, as previously described, in Thai Binh province, an instruction built upon the results of the Project was issued on ways to operate and manage services at ACs. Furthermore, Sub-DRD in Thai Binh province formulated training manuals on the preparation of mid-term plans in 2012 apart from activities under the second phase of the Project, which was on-going at the time of the ex-post evaluation. No specific problems were seen in the sustainability of the policy aspect.

#### 3.4.2 Institutional and Operational Aspects of the Implementing Agency and Counterparts

Table 2 shows the actual number of staff assigned in DCRD, Thai Binh and Hoa Binh provinces, to take measures on policy issues. While it is observed that the number of staff at DCRD promoting policies nationwide and the number of staff assigned at the respective provinces to promote good models is small, DCRD said that they had been preparing training programs

Table 2: Actual number of staff assigned to promote policies of good AC models (actual)

Unit: Persons

| Organizations     | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 (Plan) |
|-------------------|------|------|------|------|------|-------------|
| DCRD              | 6    | 5    | 6    | 6    | 7    | No answer   |
| Thai Binh Sub-DRD | 6    | 6    | 6    | 7    | 7    | 7           |
| Hoa Binh Sub-DRD  | 4    | 5    | 5    | 6    | 6    | 6           |

Source: Answers to the questionnaires by respective organizations

for the management officers of ACs with the cooperation of the College of MARD 1 and 2 (hereinafter referred to as CMARD 1 and 2) since 2012. Thus, training was carried out making use of existing resources within MARD. As seen in the training programs for ACs held at Sub-DRDs in Hoa Binh and Thai Binh provinces after completion of the Project, it is clear that training continued using their own budgets. These activities are expected to continue in the future. In addition, it is thought that the frequency of transfers of key counterparts assigned during the cooperation period of the Project was relatively low and that staff members, who developed capacity, will continue to engage themselves in related activities.

Table 3 shows the number of management at PACs. In particular, management of ACs in Thai Binh province, visited by the external evaluator, work on a full-time basis. They are thought to be more actively engaged in the business activities of ACs.

Staff members carrying out activities at ACs, other than management officers, are employed on a contract basis at some ACs. There are also cases where management teams are

formed for joint sales and joint purchases and paid on a performance basis to provide services to AC members. The assignment of personnel facilitated depending upon the requirements of work volume and content is considered to be appropriate.

No specific issue was found in terms of the numbers of management officers. Although people tended to avoid working for ACs as staff members due to a relatively low level of income in the agriculture sector, among the ACs visited by the

external evaluator, some commented that it would be important to recruit young educated personnel<sup>25</sup>. Another AC pointed out the importance of actively engaging CPC and AC members in AC activities.

As seen above, no major problems are seen in the institutional and operational aspects of the implementing agency and counterparts.

### 3.4.3 Technical Aspects of the Implementing Agency and Counterparts

During the cooperation period of the Project, the knowledge and capacity of government officials at MARD and DARD were improved in terms of the establishment and promotion of ACs. After completion of the Project, it was confirmed that training was conducted for officials of local governments at MARD and for management officers and staff of ACs and leaders of farmers' groups, etc. at DARD in Thai Binh and Hoa Binh provinces.

Furthermore, based on the results of the Project and the operating conditions of good ACs, DCRD found that the capacity of AC management officers was an important factor in the development of ACs. Accordingly, a training program has been prepared for management of cooperatives in collaboration with CMARD 1 and 2 since 2012. At the time of the ex-post evaluation in December 2013, the program had been approved by MARD and pilot implementation was continuing. Also, as described earlier, ToT was carried out at DCRD with training materials for the preparation of annual plans, if not mid-term plans, based on the results of the Project. In addition, manuals on general guidance on organization and management were

Table 3: Number of management and members at PACs

| Province                              | Thai Binh  |              | Hoa Binh                               |
|---------------------------------------|------------|--------------|--|
|                                       | An Ninh AC | Binh Dinh AC | Dong Tam 1 AC                          |
| Total number of management officers   | 5          | 7            | 6                                      |
| Out of which:                         |            |              |  |
| Chairman                              | 1          | 1            | 1                                      |
| Vice chairman                         | 1          | 1            | 2                                      |
| Chief accountant /accountant          | 1          | 2            | 1                                      |
| Controller/Auditor                    | 1          | 1            | 1                                      |
| Casher/store or stock keeper          | 1          | 1            | 1                                      |
| Number of member households (members) | 2,139 HH   | 2,771 HH     | 540 HH (1,285 persons) <sup>Note</sup> |

Source: Respective PACs

Note: In the case of Dong Tam 1 AC, the number of AC members is different from the number of member households.

<sup>25</sup> In fact, a young chairperson was actually appointed at An Ninh AC in 2014.

prepared when services were to be provided. Detailed instructions for the operation of joint sales were also scheduled to be completed in 2014 and training was expected to be held, using training documents.

As described above, no concern is raised in terms of the sustainability of technical aspects of the implementing agency and counterparts.

#### 3.4.4 Financial Aspects of the Implementing Agency and Counterparts

At the time of the ex-post evaluation, questions were raised to DCRD and Sub-DRDs in the Pilot Provinces about their budgets for capacity development of ACs (mainly expenses for education and training). Their responses are summarized in Table 4 below. Although, in the case of DCRD, the amount of the budgets for promotion of good AC models is not considered sufficient for an extension of their activities nationwide, their budgets have made a rapid increase over the last five years. In the case of Hoa Binh and Thai Binh provinces, the budgets are not deemed to be sufficient<sup>26</sup> to promote good models, although within their budgets, training on improvement of the capacity of Sub-DRD officials and ACs has been conducted about 10 times per year in each of the provinces, as those activities are prioritized (training on the preparation of mid-term plans and plan preparation for internal credit businesses, etc.). Taking into account the trend after completion of the Project, training is expected to be continued from now on.

Table 4: Amount of the budgets for promotion of good AC models (actual)

Unit: Million VND

| Organizations     | 2009             | 2010 | 2011 | 2012  | 2013  | 2014 (Plan) |
|-------------------|------------------|------|------|-------|-------|-------------|
| DCRD              | 200              | 200  | 760  | 1,000 | 2,000 | 1,300       |
| Thai Binh Sub-DRD | About 1,000/year |      |      |       |       |             |
| Hoa Binh Sub-DRD  | 170              | 210  | 338  | 376   | 453   | 74          |

Source: Answers to the questionnaires by respective organizations

As many ACs have not received capital contributions or investment from members, it has been difficult to raise new investment at ACs. ACs are expected to continue their business activities with revenues as their resources, which is expected to be increased making use of strengthened and enhanced business activities at ACs through capacity development which have been promoted by the Project.

In this respect, the average annual growth rates of the turnovers at ACs from 2005 to 2012 showed positive growth rates at all the ACs except the three ACs (Hoa Son AC, Khu Pheo AC and Thai Binh Joint Marketing AC) for which data could not be obtained. If a comparison is

<sup>26</sup> According to one of the Pilot Provinces, the amount of the budgets is about half of what is required.

made between the provincial average growth rate in Thai Binh province and the rates at PACs and SACs in Thai Binh province, the annual average growth rate is more or less at the same level as the provincial average (however, the average annual growth rate at Binh Dinh AC is quite high) and the amount of the turnover at the four ACs visited by the external evaluator is about twice the provincial average. In particular, the amount for Binh Dinh AC far exceeded the provincial average. The three PACs from which profit and loss statements were obtained recorded profits over the last five years. Based on the data in the available financial documents, sustainability of the financial aspects can be expected.

As described above, taking into account budgetary allocations to take measures towards the capacity development of ACs and the financial conditions of PACs, sustainability of the financial aspects can be recognized. Particularly at PACs, management officers who participated in the training are expected to be engaged in the operation of ACs from now on.

No major problems have been observed in the policy background and institutional, technical, financial aspects of the implementing agency and counterparts. Therefore, sustainability of the Project effects is high.

#### **4. Conclusion, Lessons Learned and Recommendations**

##### 4.1 Conclusion

The Project aimed to establish good models for enhancing the functions of ACs which, in turn, would lead to improvement in the livelihoods of the members of the three PACs and the surrounding 11 SACs in the two Pilot Provinces (Thai Binh and Hoa Binh provinces) in the north of Vietnam. Under the Project, PACs and SACs were provided with support for formulating mid-term plans based on their members' needs, for formulating and implementing concrete programs for improving their activities and developing their organizations based on the mid-term plans, and for carrying out training for the capacity development of officials and staff of PACs and SACs, and government officials. The Project is highly relevant to Vietnam's development policies and needs, and to Japan's ODA policy towards Vietnam. Generally speaking, all of the Outputs were achieved by the completion of the Project. However, although the functions of PACs were enhanced and the results of the Project were utilized in policy documents relevant to the development of ACs, it is considered that good AC models, which are expected to be duplicated in other areas, have not been established yet. Therefore, the effectiveness and impact of the Project are evaluated to be fair. In terms of the Inputs of the Project, as both the Project cost and the period of cooperation exceeded the plan, the efficiency of the Project is evaluated to be fair. No major problems have been observed in the policy background and institutional, technical, financial aspects of the implementing agency and counterparts. Therefore, sustainability of the Project effects is high.

In light of the above points, this Project is evaluated to be satisfactory.

## 4.2 Recommendations

### 4.2.1 Recommendations to the Implementing Agency and Counterparts

- (1) Training and the assignment of capable young personnel in order to improve the management capacity of ACs:

One of the factors that influences the future development of ACs is improvement of management capacity. For this purpose, it is important to train capable young members and farmers who have acquired a certain level of education, and assign them as management officers of ACs. Meanwhile, at the time of the ex-post evaluation, some ACs officers said that because it was difficult to increase agricultural income, young people were reluctant to engage themselves in agricultural work. At the same time, the level of salaries at ACs was not high enough to attract the capable young people. Under such circumstances, as implemented under the Project Activities, it is important to improve activities and the livelihoods of AC members by responding to the needs of AC members through the preparation of mid-term plans and, as a result, to increase the profitability of ACs, improve the livelihoods of AC members and upgrade the working conditions of management officers. In the case of the succeeding project in progress, it is desirable that support to ACs includes activities for development of younger human resources.

- (2) Importance of on-site follow-up activities after training:

As a lesson learnt from the fact that Japanese experts gave direct instructions mainly to PACs in the Project Activities, the terminal evaluation report pointed out that “if Japanese experts are busy visiting ACs to give direct guidance, the Project is likely to lose its goal”. On the other hand, in order to enhance the effects of training, it is important that on-site direct guidance or on-the-job training is provided at ACs as follow-up activities after training in class is completed. It is recommended that also in the implementation of the succeeding project (i.e., the second phase of the Project), which was on-going at the time of the ex-post evaluation, the Vietnamese counterparts should take the role of instructors in carrying out on-site follow-up guidance after training has been completed, while having the support of Japanese experts.

### 4.2.2 Recommendations to JICA

- (1) Needs for making concrete recommendations and sharing understanding at the time of the terminal evaluation of the second phase of the Project:

Part of the conclusions derived from the terminal evaluation seemed to be not linked with the recommendations and the parties to which recommendations are addressed were not clearly mentioned. (The relevant part of the terminal evaluation report is in the conclusion that states “in particular, since production groups by crop for joint sales of agricultural products had just been organized, it is necessary to review the process from production to sales, and to conduct case studies.” In addition, the English version of the terminal evaluation report does not include

this part of the conclusion.) Furthermore, some recommendations do not appear in the English version of the terminal evaluation report although they do appear in the Japanese version (The relevant part is “First of all, in order to prove that strengthening of ACs will lead to improvement of farmers’ livelihoods, it is necessary to ‘review the relationship between the enhancement of the functions of ACs and the improvement of agricultural management’”). If it is intended that actions are facilitated through the conclusion and recommendations of the terminal evaluation of the second phase of the Project, it is desirable that the personnel concerned on both the JICA and Vietnamese sides clarify and then share the contents of the recommendations, etc. in order that the parties to whom the recommendations are addressed can acquire a clear image of the concrete actions to be taken.

#### 4.3 Lessons Learned

- 1) Needs to take measures to extend well-balanced and fair support among participants in a project:

Large differences existed in terms of the contents of support given to the PACs and SACs that participated in the Project Activities. For example, facilities such as AC offices and drying facilities were provided to all the three PACs, but physical support to SACs was limited to provision of office equipment, moisture checking machines and so on. Since opportunities to participate in training also differed, as a result, the degree of satisfaction from participation in the training was found to be low at some of the SACs. It is thought that these SACs were not satisfied due to the differences in support. There are cases where the effectiveness of training may decrease due to feelings of unfairness generated among organizations if the level of support to participating organizations is different during the same period under the Project. Therefore, it might be necessary to adopt measures to provide well-balanced support to participating organizations or a target group.

On the other hand, it was pointed out that it is important to provide participating organizations with different levels of support, depending upon their degree of development (or capacity), in order to enhance the effectiveness of training. The contents of the training required would be different between those ACs which are highly capable in the provision of many types of services including joint sales and joint purchases, and those ACs where most of the activities are stagnant.

Accordingly, it is desirable that appropriate measures are taken in terms of the methodologies of training so that participants can be convinced and are satisfied with differences in support when pilot organizations and other organizations are supported at the same time, as was the case with this Project. For example, it is recommended to classify ACs into a group of more advanced ACs and a group of less advanced ACs based on a criteria agreed among the stakeholders. Or, it is also possible to divide the period of the Project chronologically into the pilot phase and the phase for extension.

## 2) Clarification of the Project Purpose:

The Project had as its Project Purpose, the establishment of good models, but it was found at the time of the ex-post evaluation that a concrete image of “models” was not shared among the parties concerned. When setting a project purpose, it is necessary to have a common concrete image of “models” as a status or condition that should be reached by the project. However, although there are repeated discussions about the models envisioned by the project planners, for those who are engaged in project implementation, it may be difficult to confirm and share a concrete concept of the models throughout the cooperation period because of the general applicability with which “models” are supposed to be equipped. At the time of an ex-ante evaluation, if it is difficult to share a concept or framework of models, even a tentative one, among the parties concerned, the establishment of models as a project purpose should be avoided and instead, a more concrete status or set of conditions that can be achieved by the project should be described.