

Country Name	Project on Capacity Development on Artisan Craft Promotion for Socio-economic Development in Rural Areas
Socialist Republic of Viet Nam	

I. Project Outline

Background	<p>The Government of Viet Nam promoted rural industry development for socio-economic growth in the rural area to narrow the gap among regions as well as ethnic groups and regarded village livelihood improvement through non-agriculture activities as one of the key strategies. 4 provinces (Lai Chau, Dien Bien, Hoa Binh and Son La) in the North-Western Mountainous Region were regarded as the priority region of rural development and 5 districts of Son La Province, 6 districts of Lai Chau Province and 4 districts of Dien Bien Province were included in the poverty-spread districts to which the Government gave the priority of development. Following the implementation of JICA's Development Studies of "Study on Artisan Craft Development Plan for Rural Industrialization" and "Master Plan Study on Improvement of Rural Living Conditions in North-western Mountainous Regions," which indicated that rural community had low production techniques, lack of marketing and difficulty in accessing market information, the Government of Viet Nam requested the Government of Japan for a technical cooperation project which aimed at the establishment of a comprehensive model for rural industry development and for community people's livelihood improvement in the rural area.</p>										
Objectives of the Project	<p>The project aimed at establishing a model* for rural industry development through conducting pilot activities of developing good and competitive products in 4 target areas, which utilize local resources as well as contribute to increase of people's income, thereby developing good and competitive products in other rural areas by applying the model established by the project. The Overall Goal and Project Purpose set forth are as follows.</p> <p>*Note: The 'model' here means the implementation structure for rural industry development among relevant government agencies, social organizations, communities and other stakeholders in order to develop good and competitive products.</p> <ol style="list-style-type: none"> Overall Goal: Good and competitive products which utilize local resources are developed in areas similar with the target areas by applying the model established by the project. Project Purpose: Comprehensive model for rural industry development is established through practical activities including developing good and competitive products which utilize local resources and contribute to increase of people's income. 										
Activities of the Project	<ol style="list-style-type: none"> Project site: 4 provinces in the North-Western Mountainous Region (Lai Chau, Dien Bien, Hoa Binh and Son La) Main activities: 1) Holding coordination workshop for rural industry development to strengthen a network among relevant government agencies, social organizations, communities and other stakeholders including private enterprises and NGOs, 2) Providing training for central and local government officers related to rural industry development, 3) Implementing pilot projects for rural industry development in the 4 provinces, 4) Sharing the experiences for rural industry development in the pilot projects through developing manuals and case studies among the concerned organizations and people. Inputs (to carry out above activities) <p>Japanese Side</p> <table border="0"> <tr> <td>1. Experts: 8 persons</td> <td>Vietnamese Side</td> </tr> <tr> <td>2. Trainees received: 24 persons</td> <td>1. Staff allocated: 40 persons</td> </tr> <tr> <td>3. Equipment: Office equipment, vehicles, equipment necessary for pilot projects, etc.</td> <td>2. Land and facilities: Office for experts</td> </tr> </table>					1. Experts: 8 persons	Vietnamese Side	2. Trainees received: 24 persons	1. Staff allocated: 40 persons	3. Equipment: Office equipment, vehicles, equipment necessary for pilot projects, etc.	2. Land and facilities: Office for experts
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Ex-Ante Evaluation	2008	Project Period	December 2008 – November 2011	Project Cost	436 million yen						
Implementing Agency	Department of Processing and Trade for Agro-Forestry-Fisheries Product and Salt Production, Ministry of Agriculture and Rural Development (MARD-DPT), Department of Agriculture and Rural Development (DARD) of 4 provinces										
Cooperation Agency in Japan	Nippon Koei Co., Ltd.										

II. Result of the Evaluation

1 Relevance
<p><Consistency with the Development Plan of Viet Nam at the time of Ex-ante Evaluation and Project Completion></p> <p>The project was consistent with the national development plan of "Five-Year Socio-Economic Development Plan" at the time of ex-ante evaluation and project completion which focused on the development of mountainous and border regions, ethnic minority areas and other difficulty-hit regions through various mechanisms and the state's direct support, with a view to narrowing down gaps and differences in development levels, incomes and living standards among regions and ethnic groups.</p> <p><Consistency with the Development Needs of Viet Nam at the time of Ex-ante Evaluation and Project Completion></p> <p>The project met the needs of both the Government and local residents in the target area in that they expected for livelihood improvement through non-agriculture activities as well as relevant public support services for rural industry development.</p> <p><Consistency with Japan's ODA Policy at the time of Ex-ante Evaluation></p> <p>The project was consistent with the Country Assistance Program for Viet Nam which had the development goals of "support for improving the living conditions of the Vietnamese people and realizing a fair and just society" and "support for sustainable development."</p> <p><Evaluation Result></p>

In light of the above, the relevance of the project is high.

2 Effectiveness/Impact

<Status of Achievement for Project Purpose at the time of Project Completion>

The Project Purpose was partially achieved by the end of the project.

The Manual for Rural Industry Promotion as well as the Case Study of Pilot Projects based on the experiences of project activities were developed by the project (Indicator 1). Regarding the Indicator 2, 8 producer groups (2 each from the 4 target provinces) were selected and their products which utilized local resources were developed as the pilot projects (see Table 1), but it was not confirmed whether their degree of satisfaction in terms of impact on income and the quality of public services was improved by the project or not, as any relevant data on this indicator was not collected during the project period. It is therefore judged that the Project Purpose, establishment of model for rural industry development through practical activities including developing good and competitive products which utilize local resources and contribute to increase of people's income was partially achieved by the project completion.

Table 1: Summary of Pilot Projects

Province	Producer Groups	Products
Lai Chau	Than Uyen Cooperative	Brocade weaving
	Than Uyen Tea JSC	Shan tea
Dien Bien	Na Sang II Cooperative	Brocade weaving
	Agricultural Seed Company	Tua Chua tea
Hoa Binh	Chieng Chau Cooperative	Brocade weaving
	Phuong Huyen Tea Company	Pa Co tea
Son La	Ang Village Cooperative	Brocade weaving
	Bac Son Company	Apple wine

<Continuation Status of Project Effects at the time of Ex-post Evaluation>

The effects made by the project have been partially maintained after the project. While MARD-DPT distributed the Manual and Case Study to DARD and Sub-DARD of all 64 provinces in 2012 as well as uploaded them at the MARD-DPT's website, which are available for anyone who is interested in, there is no information on whether or how the materials have been utilized by the recipients. Regarding the current situations of pilot projects, 7 producer groups out of 8 have still produced their products developed by the project and even developed new products after the project, but just 1 group, the Ang Village Cooperative is not currently functioning due to a health condition of manager while sewing machines provided by the project were distributed to the group members. Each group has received public supports from the government including the central and the 4 DARDs such as participation in exhibitions or trade fairs, receiving subsidies, registration of product label, etc. and according to the results of interviews with all producer groups, they are satisfied with these supports provided by the government.

<Status of Achievement for Overall Goal at the time of Ex-post Evaluation>

The Overall Goal has not been achieved. As described above, MARD-DPT distributed the Manual and Case Study to DARDs and Sub-DARDs of all 64 provinces as well as uploaded them at the website, so the materials are well acknowledged by MARD (Indicator 1). While 3 pilot producer groups have developed new products after the project, there is no information obtained at the ex-post evaluation on any products developed by other producers with applying for the model developed by the project (Indicator 2). In addition, while Dien Bien, Hoa Binh and Son La provinces have provided the orientation for rural industry development by making the relevant policy/strategy, Lai Chau province has not made it mainly due to lack of budget allocated for rural industry development (Indicator 3). Although the Indicator 1 and 3 is achieved and mostly achieved respectively, the Overall Goal is to develop good and competitive products which utilize local resources in areas similar with the target areas by applying the model established by the project and it is judged as not achieved since any case example of development of new products in areas other than pilot areas could not be obtained as described in the Indicator 2.

<Other Impacts at the time of Ex-post Evaluation>

As the examples of income growth among the members of producer groups, the Na Sang II Cooperative in Dien Bien province has increased their monthly household income as much as 1.5-2 million VND (equivalent to 68-92 US\$). In the Chieng Chau Cooperative in Hoa Binh province, member women have also increased their income from brocade weaving to a level that they can pay for a hired labor for farm work. In addition, MARD has promoted the One Village One Product (OVOP) movement within the context of rural industry development and several attempts have been made through OVOP in some areas; e.g. Quang Ninh province has been currently developing traditional products that have advantages in revitalizing rural economy, the OVOP Trade Promotion was held in Hanoi city during 2012-2015, and some villages in Phu Tho province have combined traditional products with modern technology and increased their productivity.

<Evaluation Result>

The Project Purpose was partially achieved and the comprehensive model for rural industry development through practical activities including developing good and competitive products which utilize local resources and contribute to increase of people's income was partially established by the end of the project. The effects produced by the project have been also partially continued after the project. The Overall Goal, developing good and competitive products which utilize local resources in areas similar with the target areas by applying the model established by the project, has not been achieved since any information on products developed by other producers with applying for the model could not be obtained at the ex-post evaluation. On the other hand, some pilot producer groups have developed new products after the project and a positive impact such as income growth among the pilot producer groups has been recognized. Therefore, effectiveness and impact of the project are fair.

Achievement of Project Purpose and Overall Goal

Aim	Indicators	Results
(Project Purpose) Comprehensive model for rural industry development is established through practical activities including developing good and competitive products which utilize	1. Practical manual and case study report are developed based on the experiences of the project activities.	<u>Status of achievement: Achieved</u> (Project Completion) The Manual for Rural Industry Promotion as well as the Case Study of Pilot Projects based on the experiences of project activities were developed. (Ex-post Evaluation) MARD-DPT distributed the Manual and Case Study to DARDs and Sub-DARDs of all 64 provinces as well as uploaded them at the MARD-DPT's website, but there is no information on whether or how the materials have been utilized by the recipients.
	2. Degree of satisfaction of relevant beneficiaries in the	<u>Status of achievement: Not confirmed</u> (Project Completion) No relevant data was collected during the project period. (Ex-post Evaluation) According to the results of interviews with all producer groups conducted

local resources and contribute to increase of people's income.	pilot sites in terms of impact on income and the quality of public services is improved.	by the field survey of ex-post evaluation, all groups positively responded that they were satisfied with public supports provided by the government.
(Overall Goal) Good and competitive products which utilize local resources are developed in areas similar with the target area by applying the model established by the project.	1. Practical manual is acknowledged by Ministry of Agriculture and Rural Development.	<u>Status of achievement: Achieved</u> (Ex-post Evaluation) As described at the Indicator 1 of Project Purpose, the Manual and Case Study are well acknowledged by MARD. In addition, MARD-DPT organized 1 seminar and 2 study tours for management staff from several provinces in 2012 to introduce the project model. Some efforts have been made by DARDs of the 4 provinces to disseminate the model to other areas in the provinces through introducing the pilot products, etc.
	2. The number of products developed by applying for the model	<u>Status of achievement: Not achieved</u> (Ex-post Evaluation) Among the 8 producer groups, the Chieng Chau Cooperative developed around 200 new product items such as scarf, table towel, shoes, stuffed animals, the Phuong Huyen Tea Company developed a new product named Giao Co Lam Tea in vacuum bags and the Na Sang II Cooperative developed "Giay Do" and 400-500 new brocade products. However, there is no information on any products developed by other producers by applying for the model.
	3. The orientation for rural industry development provided by Local Governments	<u>Status of achievement: Mostly achieved</u> (Ex-post Evaluation) In Dien Bien, Hoa Binh and Son La provinces, the orientation or instruction for rural industry development has been provided in the form that the provincial governments issued the Decision on approving the master plan for rural industry development to 2020. On the other hand, in Lai Chau province, there has been no orientation for rural industry promotion as there has been no related budget allocated in the province.

Source: Internal documents, Interviews with MARD-DPT, DARDs of 4 provinces and 8 producer groups of pilot projects

3 Efficiency

While the project period was as planned (ratio against the plan: 100%), the project cost was higher than planned (ratio against the plan: 115%). The main reason for the cost overrun was supporting additional activities such as the collaboration with the One Village One Product movement in Oita Prefecture in Japan with holding an international conference, field trip to Japan etc. during the project implementation. Additional budget was also made to diversify the pilot project activities such as producing high quality tea, unique textile, etc. Therefore, the efficiency of the project is fair.

4 Sustainability

<Policy Aspect>

The current Five-Year Socio-Economic Development Plan (2011-2015) still gives priority to the development of mountainous and border regions, ethnic minority areas and other difficulty-hit regions (the next Socio-Economic Development Plan has yet to be determined as of the ex-post evaluation). In addition, the Decree 66 on development of rural industries is planned to be modified by the end of 2016 and MARD-DPT has been providing consultancy to the Government of Viet Nam in modifying the Decree. This revision of Decree is expected to improve the current institutional and financial situations on the rural industry development as described in the Institutional Aspect and Financial Aspect below.

<Institutional Aspect>

The roles and responsibilities of the central and local governments as well as the central and local relevant organizations/groups for rural industry development had not been clear during the project implementation and these roles and responsibilities are planned to be clarified with the revised Decree 66. The current number of staff in charge of rural industry in each DARD is 1 in Lai Chau, 3 in Dien Bien, 3 in Hoa Binh and 1 in Son La and it is generally claimed that the staff number is not sufficient since they sometimes have to work during weekends and overtime. Due to this shortage of human resources, currently there is no staff specifically appointed to be in charge of promotion and dissemination of the model for rural industry development. As for the 8 pilot producer groups, as described at the Effectiveness/Impact, all producer groups except 1 have still maintained their business and no special problem in terms of the organizational matter.

<Technical Aspect>

The model dissemination by MARD-DPT has been made in the form of introduction of the project in working with provinces or distributing the project's documents and no major challenges have been encountered among the relevant staff of MARD-DPT. In the 4 provinces, promotion and dissemination of the model have been conducted through information sharing with outsiders and no challenges have been encountered by them. However, while the 2 training/workshops on organic tea production were organized by MARD-DPT in Lai Chau and Thai Nguyen provinces after the project, no other training for local officers has been conducted. After the roles and responsibilities of MARD-DPT as well as DARDs will be clarified with the modified Decree, they should have such kind of skills to fulfill their roles and responsibilities in rural industry development. The pilot producer groups have their own technical problems such as difficulty in making a design for new products, continuing to use organic fertilizers, processing tea leaves with current machines, etc.

<Financial Aspect>

In 2012, MARD allocated 400 million VND (Approximately 2.2 million JPY) for the dissemination of project results, but there has been no separate budget to disseminate the model from 2013 onwards. While there is no separate budget for rural industry development under the current policy, the Decree 66 is going to be modified in the direction that a separate budget will be allocated, which is expected to encourage local authorities to invest more in rural industry development in the future. At the provincial level, currently there has been no separate budget to specifically disseminate the model in the 4 provinces while they spend for some related activities from their regular budget. As for the producer groups, all producer groups except 1 have favorable turnovers by selling their products within their markets and even exporting to outside Viet Nam.

<Evaluation Result>

There have been no major technical problems observed. In the financial aspects, 7 out of 8 producers have sustained their activities and

even increased their turnovers. However, some problems have been observed in terms of institutional (e.g. the shortage of human resources), technical and financial aspects of the project sustainability. Therefore, sustainability of the project is fair.

5 Summary of the Evaluation

The project partially achieved the Project Purpose and the comprehensive model for rural industry development through practical activities including developing good and competitive products which utilize local resources and contribute to increase of people's income was partially established by the end of the project. The Overall Goal, developing good and competitive products which utilize local resources in areas similar with the target areas by applying the model established by the project, has not been achieved since any information on products developed by other producers with applying for the model could not be obtained at the ex-post evaluation. On the other hand, some pilot producer groups have developed new products after the project and a positive impact such as income growth among the pilot producer groups has been recognized. On the other hand, some problems have been observed in terms of institutional, technical and financial aspects of the project sustainability. While the project period was within the plan, the project cost was higher than planned due to implementation of additional activities and diversification of pilot activities.

In light of the above, this project is evaluated to be partially satisfactory.

III. Recommendations & Lessons Learned

<Recommendations for Implementing Agency>

1. It is recommended that MARD incorporate the results and lessons learned from this project such as selection of producers, identifying their needs, providing technical supports into the new Decree 66 on rural industry development which is going to be drafted and completed by the end of 2016. In addition, the roles and responsibilities of the central and local governments and the central and local relevant organizations/groups for rural industry development should be certainly clarified in the new Decree 66.
2. In principle, the implementing agency has the responsibilities to utilize and disseminate the results of projects and to obtain the Overall Goal set in the project's design. It is recommended that MARD take into consideration the feasibility of allocating human and financial resources to disseminate the model developed by the project as well as take necessary measures.

<Lessons Learned for JICA>

1. No data on the indicator 2 for Project Purpose had been collected during the project period, so the judgment of achievement of Project Purpose could not be made thoroughly in the ex-post evaluation. It is necessary for the project to conduct a necessary survey to collect data on indicators indicated in PDM as well as for the mid-term review or terminal evaluation team to instruct the project team to collect the data in order to objectively measure the achievement of Project Purpose. On the other hand, the indicator 2 itself was not necessarily appropriate in that such indicator to measure a degree of beneficiaries' satisfaction over public services could not expect accurate results since most beneficiaries would respond they are satisfied with government supports out of their politeness. This kind of indicator should be modified during the project period to better measure the achievement of Project Purpose.
2. The Manual for Rural Industry Promotion and the Case Study of Pilot Projects developed by the project have not been used by the 4 target provinces after the project. One of the interviewees responded that they had not received any guidance from the project nor MARD-DPT about how to utilize these materials. It is important to organize seminars or workshops to introduce the project results and documents before the end of the project as well as to have discussions with an implementing agency on how to utilize them after the project in order to encourage the stakeholders to utilize them.



Na Sang II Cooperative's workshop



New labeled apple wine
by Bac Son Company



New products by Chieng Chau Cooperative



New product "Giao Co Lam Tea"
by Phuong Huyen Tea Company



New tea drying machine
at Than Uyen Tea JSC