# AMENDEMENT TO THE AGREEMENT BETWEEN THE GOVERNMENT OF THE SOCIALIST REPUBLIC OF VIETNAM AND THE GOVERNMENT OF THE REPUBLIC OF FINLAND ON FINLAND'S SUPPORT TOWARDS THE FUNDING OF THE SOCIO-ECONOMIC DEVELOPMENT PROGRAMME FOR EXTREMELY DIFFICULT COMMUNES IN ETHNIC MINORITY AND MOUNTAINOUS AREAS IN THE PERIOD 2007-2010

The Government of Socialist Republic of Vietnam ("Vietnam"), represented by the Ministry of Finance of Vietnam, and the Government of the Republic of Finland ("Finland"), represented by the Ministry for Foreign Affairs of Finland, jointly referred to as "the Parties", have,

on the basis of the Agreement on Finland's support towards the funding of the Socio-Economic Development Programme for Extremely Difficult Communes in Ethnic Minority and Mountainous Areas in the Period 2007-2010 signed on 6th September 2007, and on the basis of the request of the Government of Vietnam during the consultations between the representatives of the two Governments, held in Hanoi on April 15, 2009,

agreed, in respect of Finland's support towards the funding of "Socio-economic Development Programme for Extremely Difficult Communes in Ethnic Minority and Mountainous Areas for 2006-2010" (hereafter Programme) on the following amendments to the Agreement:

**Article IV - Financing by Finland**

1. Finland has provided sector budget support of Euro 13.800.000- to the Programme during period 2007 – 2009.

2. The total contribution of Finland to the implementation of the Programme in 2010 will be a maximum of five million euros (€ 5.000.000) in sector budget support.

**Article V - Obligations of Vietnam**

1. Vietnam shall cover the total cost of the Programme, VND 14 491,93 billion VND, as approved by the Government of Vietnam, as a contribution to the implementation of the Programme as specified in the National Programme Document (Annex 2). The contribution by the Government of Finland for the Programme in 2010 will be used to increase the total budget already approved (above) by the Government of Vietnam for the Programme.

2. The responsibilities of Vietnam are defined in the MOU. Vietnam shall ensure that no illegal or corrupt practices relate to the use of Finland's Support.

**Article VI - Disbursements**

Finland shall make payments against a written request by Vietnam. The annual payment is subject to the successful progress of the programme assessed on the basis of the results of Joint Progress Review in November 2009.

**Annex**

Annex 3: Amended Procedures for disbursement of the sector budget support.
Annex 4: Aide Memoire, Programme 135 – Phase 2, Partnership Budget Support Framework, 6th Joint Progress Review (from 25 to 30 November 2009) dated 05/02/2010.

**In all other respect the terms and conditions of the above-mentioned Agreement shall remain in force and in full effect:**

Done in Helsinki on 20th May 2010 in two originals in the English language.

| FOR THE GOVERNMENT OF THE SOCIALIST REPUBLIC OF VIETNAM | FOR THE GOVERNMENT OF FINLAND |
|---|---|
| NGUYEN QUOC CUONG | JAAKKO LAAJAVA |
| Deputy Minister of Foreign Affairs | Under-Secretary of State |

Amended Annex 3 to bilateral agreement
/05/2010

**PROCEDURES FOR THE DISBURSEMENT OF SECTOR BUDGET SUPPORT**

**FROM MINISTRY FOR FOREIGN AFFAIRS OF FINLAND TO MINISTRY OF FINANCE OF VIETNAM**
**for**
**SECTOR BUDGET SUPPORT TO P135, PHASE II in 2010**

**CONTENTS:**

**Introduction**

1. This document is an annex to the bilateral agreement between Ministry of Finance (MOF) of Vietnam and Ministry for Foreign Affairs (MFA) of Finland. It sets out the procedures and practices applicable to Budget provided by the Finland, including payment, procurement and audit arrangements. This guide should be read in conjunction with the bilateral agreement between Finland and Vietnam and the Memorandum of Understanding (MOU) between GoV and P135 donors.

**Account**

2. As soon as the amendments of the bilateral agreement have been approved, the MOF needs to inform the Ministry for Foreign Affairs (MFA) of Finland of the Account to the Finnish grant support. The Account will be operated solely for the purposes of, and in accordance with, the bilateral agreement and the MOU.

3. As soon as the amendment is approved the MOF of Vietnam must submit to MFA of Finland, specimen signatures of persons authorised to sign the indents and claims for reimbursement. Any change of such persons must be notified to all parties.

**Disbursement of the Grant for sector budget support**

4. Finland aims towards providing support in an annual instalment. The expected amount will be made available "in accordance with the actual progress of the programme" based on the Finnish assessment of P135 progress. Partnership Committee meetings are the main source of information for the assessment.

5. After the Amendment to the bilateral agreement has been signed, and based on the funding need of the programme, but not later than 30 September 2010, Vietnam will make a request to MFA/Finland by letter, via Embassy of Finland, to fund all or part of the indicated support for 2010. A prerequisite for the funding request from the Government of Vietnam is that the Aide Memoire (Programme 135 – Phase 2, Partnership Budget Support Framework, 6th Joint Progress Review (from 25 to 30 November 2009, dated ) is approved by both Governments, in the context of an approval of the Aide Memoire by all

parties to the MoU (Annex 1), and that the overall accumulated programme expenditure is minimum 70 % (2006 – 2009 programme budget) by 31.12.2009, as evidenced by the State Treasury Report.

6. Based on the article on disbursements in the bilateral agreement MFA of Finland will authorise and make payment of the funds into the Account for the Finnish grant support. The Finnish payments are made in euros. No banking charges for the payment will be deducted from the amount agreed.

7. Finland should make the actual payments latest 31 May in the Vietnamese budget year, but in exceptional cases the payment can be made later, but not later than 30 September. After an official payment request has been made by Vietnam (see paragraph 5) Finland will respond to it within 5 (five) working days in order to inform Vietnam about the payment schedule.

8. The MOF will transfer the funds from the Account to the treasury. The funds are marked within the revenue accounting of the dedicated Account for the Finnish support as a grant from Finland and on the expenditure side on the same Account as support to NTP P135 Phase II. The funds need not to be earmarked for any specific province. The evidence on the transfer and accounting is provided to the MFA of Finland within one month from the transfer.

9. The MOF needs to provide to the MFA of Finland the accumulated programme expenditure reports as per 31 March, 30 June and 30 September 2010 and the programme overall accumulated expenditure report for the whole period 2006 – 2010. The accumulated programme expenditure reports are used by the Partnership Committee for P135 for joint monitoring of the additionality of donor financing.

10. Any amendment to this payment procedure needs to be agreed by the representatives of the MFA of Finland and MOF of Vietnam by signing.

Hanoi,

**PROGRAM 135- PHASE 2: PARTNERSHIP BUDGET SUPPORT FRAMEWORK**
**The 6th Joint Progress Review (from 25 to 30 November 2009)**

**Aide Memoir**

## A. Introduction and Context

1. The Joint Progress Review No.6 (JPR6) for P135-II Budget Support between the Government of Vietnam and Development Partners took place from 25 to 30 October 2009. The JPR6 was executed with the support of Partner Committee, which was officially established on 6 November 2007. The TOR of the Partner Committee and the process of the JPR are specified in the Aide Memoir on P135-II Support Framework, which was signed by Government of Vietnam and Development Partners on 6 July 2007.

2. The JPR mission was divided into 3 groups visiting 6 provinces, namely Phu Tho - Yen Bai (led by a representative of MoF), Quang Tri and Thua Thien - Hue (led by a representative of MoF) and Gia Lai- Kon Tum (led by a representative of CEM). The detailed itinerary and list of members of the JPR6 are included in Annex 3 and Annex 4, respectively. In addition to field surveys, regional the mission has organised workshops in Yen Bai, Thua Thien - Hue and Gia Lai for sharing experience and briefing review results. After these, the mission worked with relevant authorities from 3 to 6 November 2009.

3. The objective of the JPR was to monitor the implementation progress of the P135-2 up to end of third quarter at the middle of 2009, focusing more specifically the period since MTR (late 2008) and thematic studies (mid 2009). The JPR is a continuous dialogue process between development partners and Government of Vietnam on implementation of the P135-2, with special attention to the progress of the agreed Policy Framework which forms the basis of the partnership. The findings and recommendations of this the JPR aim to support GoV agencies (including, but not limited to, CEM, MARD, MOF, SAV and provinces) in defining the priorities for improved program implementation in 2010 and achieving the agreed objectives and commitments. The finding and recommendation of this JPR will add to those as well as of previous JPRs to inform will serve as brainstorming for designing further policy dialogues for more effective the development actions in supporting poorest, towards most extremely difficult and remote upland and ethnic minorities communes in Viet Nam. and mountainous areas.

## B. Key findings and assessment

### 1. Information on budget, budget allocation and disbursement :

***a. Program Targets:***

*4.* Basing on the selection defined in Decision No. 393/2005/QĐ-UBDT, the target of investment under the program include communes and villages facing extreme hardship, the number of which might change yearly. The detail is presented in the following table:

| No. | Target of investment | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|---|---|---|---|---|---|
| *1* | ***Communes facing extreme hardship*** | ***1,644*** | ***1,799*** | ***1,946*** | ***1,839*** | ***1,848*** |
| - | Investment from Central budget | 1,581 | 1,734 | 1,861 | 1,779 | 1,788 |
| - | Investment from local budget | 63 | 65 | 85 | 60 | 60 |
| *2* | ***Villages facing extreme hardship*** | ***0*** | ***0*** | ***3,149*** | ***3,149*** | ***3,274*** |
| - | Investment from Central budget | 0 | 0 | 3,015 | 3,015 | 3,132 |
| - | Investment from local budget | 0 | 0 | 134 | 134 | 142 |

*Source: MOF*

***b. Program budget allocation and annual disbursement***

5. The budget allocation for the program is based on the cost norm for program projects and number of communes and villages facing hardship involved in the program. In 2006 and 2007, the budget plan for P135 was formulated basing on the cost norm defined in Decision No.1102/QĐ-TTg by the Prime Minister, in which: Investment for infrastructure projects is VND 700 million/communes, Investment for production development projects is VND120 million/commune, Investment for training project is VND 40 million/commune. In 2008, the investment for infrastructure projects was increased to VND 800 million/commune, for production development projects: VND 200 million/commune, for training projects: VND 60 million/commune, according to Decision No.1445/QĐ-TTg by the Prime Minister. In 2009, the Decision No. 101/2009/QĐ-TTg dated 5 August 2009 by the Prime Minister stipulates the cost norm applied for 2010, which is: investment for production development projects: VND 300 million/commune; for infrastructure projects: VND 1.000 million/commune, for commune staff training projects: VND 60 million/commune; and the support is extended to children of poor households (previously, only children of poor households who were boarding students benefited from this support); the time to receive support for children of poor households is also adjusted by the school year as of May 2011.

***Program budget allocation by year:***

*Unit:billion*

| Budget | 2006 | 2007 | 2008 | 2009 | 2010 | Total |
|---|---|---|---|---|---|---|
| 1. Approved by National Assembly | 1.815,50 | 1.666,51 | 2.025,46 | 3.279,56 | 3.696,07 | 12.483,10 |
| 2. Allocated by the government | 1.672,99 | 1.509,36 | 3.867,33 | 3.746,23 | 3.287,71 | 14.083,62 |
| + As of beginning of year | 827,86 | 1.366,51 | 1.557,95 | 2.527,09 | 3.287,71 | 9.567,12 |
| + Additional funding | 845,13 | 142,85 | 2.309,38 | 1.219,14 | | 4.516,50 |
| 3. Contingency | | | | | 408.31 | 408.31 |
| 4. Total funding allocated | 1.672,99 | 1.509,36 | 3.867,33 | 3.746,23 | 3.696,02 | 14.491,93 |

*Source: MOF*

6. The total budget approved by the National Assembly for P135 from 2006 to 2010 is VND 12,483,10 million.

7. The total budget estimate by the Government assigned for provinces from 2006 to 2010 is VND 14,083,62 million.

8. Relating the difference in terms of the budget approved by the National Assembly and the one allocated by the Government: According to the annual budget planning procedure, from July to October of the year prior to the planned year, the Government finalizes the budget plan for the planned year and submit it to the National Assembly for approval in November. After that, this approved budget is allocated by the Government to Ministries, Agencies and Provinces for implementation. However, in the process of program implementation, due to the nature of the program, the number of communes and villages under the program is subject to change, thus the program budget may change as well. If there is no contingency budget or the contingency funding is not enough, the Government may provide additional allocation from the national budget to implement the program. Therefore, there is difference in the budget approved by the National Assembly and the one allocated by the Government. This represents the Government's deep concern to ensure there is enough resources to implement the Program.

9. The total contingency budget not yet allocated to continue the conduct of policies and objectives within the year is VND 408,31 billion (as for the policy for schoolchildren stipulated in Decision No. 101/2009/QĐ-TTg dated 05 August 2009 by the Prime Minister and sub-projects in 12 communes and 92 villages facing extreme hardship in 2009 and 2010).

***Program budget allocation and disbursements by components:***

*Unit: billion VND*

| No | Component | 2006 | | 2007 | | 2008 | | 2009 | | 2010 | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Allocated | Disbursed | Allocated | Disbursed | Allocated | Disbursed | Allocated | Disbursed | Allocated | Allocated (2006-2010) | Disbursed (2006-2009) |
| | **Total** | **1.672,99** | **952,99** | **1.509,36** | **1.794,55** | **3.867,33** | **2.482,04** | **3.746,23** | **2.752,97** | **3.696,02** | **14.491,93** | **7.982,55** |
| 1 | Infrastructure projects, O&M | 1.420,60 | 925,08 | 1.225,07 | 1.550,36 | 1.992,6 | 1.767,14 | 2.514,36 | 1.920,34 | 2.452,56 | 9.013,11 | 6.162,92 |
| 2 | Production development projects | 188,27 | 6,67 | 208,08 | 205,31 | 450,68 | 407,88 | 548,21 | 408,05 | 666,15 | 1.946,30 | 1.027,91 |
| 3 | Training projects | 64,12 | 21,24 | 69,36 | 38,88 | 150,78 | 117,10 | 203,97 | 144,23 | 146,22 | 576,66 | 321,45 |
| 4 | Livelihood enhancement projects | | | | | 1.259,69 | 183,62 | 465,31 | 269,36 | 9,75 | 1.906,69 | 452,98 |
| 5 | Support to local steering committees | | | 6,85 | | 13,58 | 6,3 | 14,38 | 10,99 | 13,03 | 48,74 | 17,29 |
| 6 | Contingency | | | | | | | | | 408,31 | 408,31 | |

*Source: MOF*

***Annual disbursement:***

| Budget | 2006 | 2007 | 2008 | 2009 |
|---|---|---|---|---|
| 1. Total allocated budget (billion VND) | 1.672,99 | 1.509,36 | 3.867,33 | 3.746,23 |
| 2. Disbursement (billion VND) | 952,99 | 1.794,55 | 2.482,04 | 2.752,97 |
| 3. Ratio (%) | 56,96 | 118,89 | 64,18 | 73,49 |

*Source: MOF*

10. The annual disbursement figure includes the disbursement of budget allocated within the year and the disbursement of budget transfered from previous year. This explains the situation in which the disbursement figure of a year may exceed the budget allocated for that year (as in the case of 2007).

11. The total budget disbursed from 01/01/2006 to 31/12/2009 is VND 7,982,55 million, accounting for 73,94 % of the allocated estimate for 2006-2009.

**2. General assessment of the Program implementation:**

12. The program continues to pursue the objectives and commitments set in the program document and results framework. Numerous efforts have been made by central agencies and local executive bodies towards an effective implementation of the program. On the other hand many challenges do still exist. According to the program report:

13. The implementation of the infrastructure component has proceeded well , e.g. with the with number of communes with roads sufficient for motorcycles from the commune centre to villages increasing to 66% (against the program objective of 80%); the number of communes with small irrigation systems to support production increasing to 61% (the program objective is 80%); the number of communes with enough schools and solid classes increasing to 80%; the number of communes with access to electricity increasing to 85%; the number of communes with solid medical stations reaches 98%, etc.

14. The program has contributed to the change in the face of communes facing extreme hardship in minority ethnic and mountainous areas, improving the life of local people in the program scale and played and important role in reducing the poverty rate of communes under the program investment from 47% in 2005 to 35.6 % in 2008 (which translates into the average reduction rate of 3-4% per year).

15. The principle of democracy, publicization of information and transparency has been applied. The local people have been able to directly take part in plan formulation and organization of implementation, as well as contribute their effort in the process of investment, monitoring and checking of work implementation.

16. The program continues to receive support from local people and mobilize the participation of different people, including women in program activities.

17. The program has initially provided support to poor households and farmers and enabled them to have opportunities to access new production techniques, materials, production tools, and market information, etc.

18. The training classes has step by step helped to increase the capacity to manage and implement the program of commune and village staffs.

The implementation of the program has also faced some constraints:

19. In some provinces, many departments were assigned to be in charge of the program implementation, however, there was lack of cooperation among them, which affected the progress of program implementation (for example: Lao Cai and Soc Trang). In Lao Cai, the infrastructure project was assigned to Department of Planning and Investment; the training project was assigned to the Department of Labor, Invalid and Social Affairs; or in some provinces, the implementation of production support projects were not assigned to DARD, as with the case in Vinh Phuc.

20. In some provinces, investment ownership has not been decentralized to commune level as guided by the Central government, for example in Hoa Binh and Bac Lieu. Or the organization of training courses was not directly targeting at equipping communes with the capacity to take on investment ownership. Therefore, when investment ownership was empowered to commune level, the commune could not ensure the progress of implementation and had to hand back investment ownership to district level.

21. The implementation of the reporting system was not conducted well despite CEM having sent a lot of requesting documents; training for commune, district and provincial level on implementation of reporting systems according to Decision No. 04/2008/QĐ-UBDT has been conducted on a regular basis, however, many provinces still have not followed such systems. Such provinces include Bac Can, Khanh Hoa, Kien Giang, etc. In most cases, provinces have provided reports but only following the administrative traditional method which information on inputs only, lacking essential information on outputs, impacts and evidence of progress (if any) in program implementation.

22. CEM, as responsible for coordination and management of program, has followed up with administrative measures, such as issuing the official letter 470 /UBDT-CSDT to provinces on strengthen the program implementation (Annex 1).
The mission review noted in particular the following implementation issues::

- Increased level of cooperation and coordination between the relevant central authorities (MoF, MPI, MARD and SAV) in the management and implementation of the program.
- The program audit has increased its scope substantially and the quality of the audit report has improved. However, there are still certain outstanding issues related to do follow-up of audit recommendations.
- The key program guidelines and manuals have been developed and training organized. However, some manuals were issued quite later in the program implementation period, which reduced the effectiveness of those guidelines.
- Uneven pace in the implementation progress and various level of quality in different communes, districts and provinces that the mission visited. It was reported by localities that the guidance documents from the central level arrived late and appeared to be inconsistent. Only until late 2008 did the provinces receive all the guidance on implementation of the program. Differences in interpretation of the guidance documents at different levels were also noted. This implied the need to

repeat training to relevant staff of the program. Besides, the guidance provided by the provincial level to district and commune levels should be simpler so that communes can better understand and implement the guidance. Through discussions with commune and district staff, it was noted that their capacity had not been improved even though they had been involving in practical management of the program. The absence of an Ethnic Minority Dept. at district level (which was removed in accordance with the Prime Minister's Decision No.14) has also created difficulties for this level in management and implementation of the program. However, the mission was informed that the Dept. would be re-established, which could be considered as an advantage for the implementation of the program in the time to come.

23. More detailed observation on this and other aspects of the program implementation is discussed in section 3- cross-cutting issue and section 4 – progress again result framework.

**3. Cross-cutting issues in the program implementation**

**a) Programme financing**

24. Government has increased substantially the program investment levels. The total program budget has increased to VND 14.5 trillion compared to VND 12.5 trillion originally planed. However, the disbursement made so far is still quite low. The reason is because even though most activities using the program budget have been implemented in the provinces, accounting is normally done in Decembers and January on an yearly basis. In order to meet the target and perform disbursement well, it is necessary that the Government, Ministries and Agencies, and local authorities make more effort in implementing the program in the remaining period.

**b) Decentralisation, participation and empowerment**

It's in this context worthwhile to refer to the general discussion on this issue from Mid term review:

25. "Decentralisation is a key element of the government's strategy to work in sparsely populated mountainous areas. P135-II has made progress in the area of decentralisation, although challenges remain in achieving the objectives. Decentralisation means shifting power structures. Decentralisation is not an end in itself: the empowerment of people needs to lead to concrete and practical improvements."

The mission noted that significant efforts have been carried out by central and local authorities in promoting decentralisation. However, the results are not as expected. The reasons are many, ranging from grassroots staff capacity to complexity of the different level of regulation etc.

**c) M&E**

26. Great effort has been done by CEM and government agencies in building up a M&E system for the program. A baseline survey has been carried out. A Mid Term Review was also completed. An adequate and effective M&E system will help the program

implementation and provides great support for the program development in future. So far the AMT/PMT system has been rolled out to many provinces (12 provinces have reported back to CEMA, using the AMT/PMT system). CRC tool has been piloted and replicated in many communes under 3 pilot provinces. However, synthesised data from MIS system is not yet comprehensive due to missing data from AMT/PMT system in remaining provinces, which require more efforts in 2010 to reinforce the system.

**d) Gender**

27. The MTR recommendation has strongly urged the program to take gender issues into account and suggested ways to improve the program's effects on this front. One priority policy action from the MTR Aide Memoire mentioned CEM to conduct a study and issue a Manual on Gender Mainstreaming in P135-2 implementation at the local level in first quarter of 2009 but by the time of the review, the manual was still under draft version. Observations at visited communes during the JPR also showed that no efforts have been made to encourage or to ensure better empowerment for women among targeted beneficiaries of the program

**e) Environment**

28. One of MTR's recommendations was strengthening on raising awareness among program's beneficiaries and implementation agencies on environmental issues. This recommendation was initiated from the last JPR, and initial actions have been taken by CEMA by introducing the topic in awareness raising of local staff (at provincial and district level) on environment. It would take time and even more efforts/policy actions until evidence of concrete actions could be recorded in the field.

**4. Key Findings and Assessments against the Agreed Policy Framework**

29. Below is the summary of policy actions implementation results and specific recommendations for four policy support areas. It is the overall view of the mission that out of 13 sets of policy actions , 4 sets are considered achieved, whilst 9 of them are partially achieved.

***IA. Selection of communes and villages***

30. Based on criteria for defining villages facing extreme hardship and communes for inclusion in region II (i.e. villages facing extreme hardship) and criteria for determining communes which have successfully achieved the program objectives, CEM and relevant authorities have consulted and supported the Prime Minister in identifying additional communes and villages facing extreme hardship for inclusion in the program (1848 communes and 3274 villages with extreme difficulties). The list of communes and villages facing extreme hardship has been publicised on CEM's website and official gazette. **Assessment: Achieved**.

***I.B. Allocation of the program resources:***

31. The program resources have been allocated with priorities for poorer communes and villages. Provinces have employed different methods to allocate budget in a way that

favours the poor and accounts for such criteria as population, natural area, number of villages, number of infrastructure projects, proportion of the poor and distance between village and district, etc. According to CEM's statistical results, 46/47 provinces have issued decisions on criteria for allocation of budget to communes (1 province has not done this because this province only allocated investments to villages facing extreme hardship rather than communes). However, due to different local circumstances, some provinces have issued a set of complex criteria, making it difficult for communes to determine budget allocation in their regions. The budget was allocated in a way to ensure equality between different localities in a given period(For instance, in the previous year, commune A was allocated more investment due to more difficulties. In the next year, this commune was given less investment so that other communes could benefit from the investment budget as well).Observations also reveal that resources allocations seems to be made on the basis of most pressing needs of local people, rather than on well-thought plan as a result of well-facilitated participatory planning process. The agreed policy action of CEM to conduct study and develop tools to supervise the annual expenditures of the communes and hence supervision skills of expenditure and pro-poor budget allocation in selected provinces was not done since the system of report templates and expenditure summary at commune level have been issued.

**Assessment: Achieved**

***I.C. Enhancement of the sustainability of the program investments***

32. O&M budget has been allocated. However, most of this has been managed and used by the district level for repairing old infrastructure works. Moreover, the maintenance work has not been implemented on a frequent basis. Instructions on O&M activities have been reflected in reports of district levels rather than those of commune level (it can be understood that because district is the level implementing O&M activities, the commune level does not get these regulations). It is requested that some districts which are currently implementing O&M immediately hand over this work to communes to ensure compliance of the program regulations. In addition, such districts need to provide guidance and support on O&M to communes to improve the efficiency of this activity.

33. Dissemination on environment and capacity building needs to be implemented with focus to help communes integrate environmental considerations into preparation and implementation of investments. It was noted that districts and communes had not prepared maintenance plans for construction works with participation of self-monitoring groups or community monitoring groups.

**Assessment: Partially achieved.**

**I.D.** ***Support on production and livelihood for the poor.***

34. MARD has issued Circular No.12 and PDC Manual and is in the process of conducting TOTs for all program provinces. PDC implementation results have been improved in comparison with earlier JPRs. In some of the visited communes, some production development modalities have been copied and promoted (e.g. the modality introducing changes into vegetable cultivation in Tram Tau). It has been reported that women have been encouraged to participate in production development activities but there was no record or evidence to prove this is the case. Observations from field visits suggested that the support under this component is not sustainable as it mainly focuses on free provision of production inputs. It is recommended by the mission that a more

sustainable support mechanism be searched and applied. In addition, the women's participation in production development activities needs to be monitored and documented. This policy action is less likely to be on track to achieve by end of 2010.
**Assessment: Partially achieved**

***II.A. Informed Public Participation in Program Planning and Management.***

35. Publication of dissemination materials: The mission noted that the provision and dissemination of the program information to beneficiaries had been implemented in some communes. The non-implementing communes explained that this had been done before but had been damaged due to bad weather and poor protection activities. Interviews with beneficiaries showed that they did know about the P135-II. The information dissemination has been hardly conducted in EM languages (while some localities have disseminated information in EM languages through radios or village meetings). It is recommended by the mission that the information dissemination to beneficiaries should be enhanced. In addition, the communication strategy needs to be implemented and the program documents need to be developed in EM languages (through books, VCDs and CDs).

36. Indicators of local people's participation have not been recorded and included in progress reports although communes and districts confirmed that local people had participated in determination of beneficiaries, planning, selection and prioritisation of investments. It is recommended that names and genders of attendants in village meetings be documented and included in AMT/PMT, based on which regular reports can be prepared.

37. Guidance on participatory planning at commune level (including O&M planning with participation of local people, 30% of who are female) is being finalised and not yet implemented. The issuance of such guidelines is very important as it does not only provide essential techniques for P135 implementation but such techniques could be applied in other programs and projects. As planned, by January 2010, commune participatory planning guidelines will be issued.
**Assessment: Partially achieved**

***II.B. Devolution of Investment Ownership***

38. CEM has issued many guideline documents to provide guideline for implementation of decentralization of commune investment ownership, including the direction and guideline to establish provincial and district task forces to support commune taking on investment ownership (the latest was Official Document No. 470/UBDT-CSDT issued on 23/06/2009 relating to the strengthening of direction and speed up the implementation of P135-II). However, the establishment of task forces at provincial and district level has so far only been conducted in provinces where TA projects are being implemented (Binh Phuoc and Quang Nam have established such task forces). The Mission recommends that the remaining selected provinces establish task forces at provincial and district level to support commune become investment owners.

39. At provincial level, it has been clearly directed to authorise investment ownership to all communes. However, the implementation of this has not been fully in accordance with the directions and the speed of CIO authorisation has been still poor. Most communes

were only given CIO for procurement of such simple equipment as manual rice harvesters, PDC activities and small maintenance works (100% communes were given CIO for PDC activities but only a few were given CIO for infrastructure works). It was explained by districts that communes' capacity was too poor to act as investment owners; hence, districts did this on behalf of communes to avoid problems and mistakes. Meanwhile, most communes stated that they could act as investment owners if provided sufficient support from districts. Besides, districts stated that the investment procedures were too complex for communes to follow. It is recommended by the mission that the provincial level need to instruct districts to enhance decentralisation of investment ownership to communes. Training on CIO skills also needs to be enhanced. It is also recommended to use experience of other projects to develop and introduce incentive mechanism for CIO. The selection and assignment of provincial and district TA groups to support communes in CIO tasks were just initiated in the localities.

**Assessment: Achieved.**

***II.C. Local Institutional Capacity Building Support.***

40. There were mixed observations on the level of institutional capacity building at local level. In certain visited communes, local people have been engaged in infrastructure investment and construction activities in accordance with Decision No.80. Community monitoring groups have operated in all communes and had plans for monitoring of investment works. In others, this was not the case. As discussed above, one clear indicator for this was that in several cases, district staffs cited low capacity of commune cadres to move to more decentralization and empowerment.

**Assessment: Partially achieved.**

***III.A. Procurement for Small-Scale Infrastructure***

41. P135-II Procurement Manual has been issued. However, in most localities, the single source selection method has been applied. Districts and communes regard single source selection method as a limited procurement method in terms of procedures. Few localities knew about the Procurement Manual even though training had been provided. It is recommended by the mission that more attention be paid to improving procurement capacity and applying the Procurement Manual. Besides, there is a need to review and revise the Procurement Manual to ensure compliance with current regulations The detailed regulations on contracting with participation of community and instructions for implementation of these regulations at P135-II provinces are in preparation process.

**Assessment: Partially achieved**

***III.B Public finance management.***

42. Information on budget has been uploaded onto MoF website. However, until now only annual financial report 2008 has been available. Quarterly reports of 2009 have not been available. It is recommended by the mission that MOF needs to publicise P135-II fund allocation information by disclosing annual and quarterly financial reports onto MoF website.

**Assessment: Partially achieved.**

***III. C. Auditing.***

43. SAV conducted audit in 2008 at 14 provinces of the program as scheduled. The annual audit plan has met donors' requirements set forth; (ii) Annual audit was implemented with sample selected from 14 provinces or more; (iii) Annual reports have been sent to donors, though later than the agreed schedule (Audit reports were sent to DPs on 23 Oct 2009); (iv) Currently, SAV is investigating the performance of their recommendations in 2007. SAV publicised audit results on mass media and website as regulated by State Audit Law.

**Assessment: Achieved.**

***III.D. Community contribution.***

44. Documenting and clearing public contribution in cash, in kind, in labor or in completed works are stipulated in the Inter-Circular No. 01/2008/TTLT-UBDT-KHĐT-TC-XD-NNPTNT dated 15/09/2008. Each province has employed different ways in mobilising community contribution. Community contribution for many works has accounted for a considerable proportion (about 15-20%, or exceptionally high of being more than 50%). However, community contribution, in whichever kind, has not been documented and included in value of the construction works as instructed by central level's documents. However, it is noted by the Mission that community contribution is difficult to realize in practice and the documentation of such contribution needs to be carried out in the books and in monitoring reports.

**Assessment: Partially achieved**

***IV.A. Impact Evaluation***

45. TOR and budget estimates for final impact assessment have been included in the plan and have been in the process of discussing and agreeing with TAs for implementation.

**Assessment: Partially achieved**

***IV.B. Process monitoring.***

46. In P135, a synchronized monitoring system is applied including monitoring basing on baseline survey results conducted in the beginning and end of the phase using MIS, AMT,PMT, audit and some other tools (e.g. public questionnaire). CEM has conducted many training courses for localities, which are financed by both the program and TA projects. However, the AMT/PMT has been assessed to be operating poorly and provide not enough information as required. In some local areas, this method is not added to the system; in some others, this has not been implemented. Some communes do not have qualified staff to perform this tasks and in some others, there is no internet connection. Up to now, only 12 provinces have prepared reports using AMT/PMT.

**Assessment: Partially achieved.**

**ANNEX 1. CEM's Letter to Program Provinces**

Document number: 470 /UBDT-CSDT
Document title: Ref. Strengthening the guidance and fostering implementation process of P135 –II
Issuing authority: CEM
Date of issue: 23/06/2009

Content:
**To**: Chairman of PPC in.....
On 21 April 2009, the Standing Deputy Minister Nguyen Sinh Hung, head of the National Poverty Reduction Programs Steering Committee chaired the Workshop to review 3 years of P135-II implementation. In the review workshop and thanks to the result of different reviews conducted, the Ministries and Departments could affirm after almost 3 years of implementation, P135-II has achieved significant results, gradually contributing to poverty reduction and economic development in communes and villages facing extreme hardship in ethnic minority and moutainous areas. However, as of present, the implementation of P135 subprojects in some provinces was still slow and the disbursement rate was low, as for production support projects and capacity training projects; procurement and bidding have not been conducted following existing regulations; communication on P135-II is limited; and there has been delay in providing solutions for problems encountered at local levels.
In order to ensure implementation of P135-II is conducted on time as scheduled and effectively in which the objectives of the program is fulfiled by 2010, CEM request that Chairman of the PPC implement the guidance from the Standing Deputy Minister Nguyen Sinh Hung stipulated in the Notice No. 153/TB-VPCP dated 11/05/2009 by the Government Office in a serious manner. The organization of implementation shall focus on the following areas:
1. Provide concrete guidance to the district authority in fostering commune investment ownership. Training for staff is conducted to ensure that by 2010, 100% of all communes will be able to take on investment ownership; monitoring and checking of disbursement of P135-II funding shall be conducted to ensure such activities are targeted at the right beneficiaries and objectives of the program, as well as following the exisiting regulations; management of infrastruture projects shall be strengthened according to exisiting reglations; implementation of reccomendations by SAV shall be carried out in a timely and serious manner.
2. Production support component:
To provide district authorities with concrete guidance to foster implementation progress of production support projects and ensure effective results, contributing to the shifting of variety and livestock struture; training on production techniques, especially planting and nursuring techniques for varieties and livestock supported by the projects shall be strengthened to ensure ontime development in favourable seasons; priority is put forward for production financing, and at the same time, loans by the Bank for Social Policies are utilized to enhance capital effectiveness; concrete guidance on formulation of regulations for using of machines and farming tools shall be provided to ensure the poor households benefit from the program.
3. Capacity training projects:
To continue providing guidelines for editing, supplementing and finalizing localized documents to ensure such documents are suitable with the needs of commune and village staffs and people according to the training framework of the program for local staff involved in P135-II implementation, as stipulated by the Decision No. 04/2007/QĐ-UBDT

**Summary of key recommendations**

**1. *Capacity building as the 1st priority***

- Capacity building activities should not be limited to organising training courses. There is a need to support and create conditions for sharing experience and on-the-job learning (similar to CIO approach).
- The duration of training courses should be reduced, whereas, the quantity of training courses should be increased
- Provinces and districts should be provided with guidance on searching and financing capacity building activities that suit local needs and contribute to implementation of the program objectives, even if the activities are not included in the program framework set forth.

**2. Review and revise Procurement Manual to ensure compliance with the revised Procurement Decree**

- According to the Prime Minister's instruction and the revised Procurement Decree, construction works with value of less than VND 5 billion will apply single source selection method.
- CEM is to discuss and agree with MPI to ensure the Manual for Procurement is still valid to application in P135-2.

**3. *Enhance communication from central to local levels***

- Information on beneficiaries and investments of the program needs to be further disseminated.
- Communication strategy needs to be implemented at local levels.
- Program documents/materials (CDs, VCDs, leaflets, posters, etc.) in EM languages need to be developed

***4. O&M***

Regular maintenance is of high importance to sustainability of the works. Therefore, O&M guidance documents need developing. Support should be provided to O&M groups to ensure efficiency of this work.

**5. Enhance decentralisation for CIO**

Decentralisation of CIO should be regarded as a training process to improve general management capacity for P135 as well as other programs. Therefore, provinces need to do the followings:

- Commit to further decentralise CIO
- Enhance training on CIO skills
- Utilise CIO experience from other programs and projects
- Develop incentive mechanism for CIO

**6. Enhance application of common formats for reports in all provinces**
- Provide support (in terms of human and physical resources) to communes and districts in preparation of reports using AMT/PMT

***7. Contribution of community and genders:***
- Contribution of community in program activities needs to be documented.
- Engagement of women in program activities needs to be fully documented.

**Summary of Agreed Actions**

| No | Agreed Actions | By Whom | By When |
|---|---|---|---|
| 1 | Issuance of Participatory Planning Manual | CEM | Feb – Mar, 2010 |
| 2 | Rolling out of Community Bidding and Operation & Maintaining Manuals | CEM | March – June, 2010 |
| 3 | Public Disclosure of Program Audit reports 2009 | SAV/CEM | Feb 2010 |
| 4 | Audit Follow-up report for 2007 – 2008 with TA support | SAV, CEM, provinces | June - August, 2010 |
| 5 | Financial report be published in MOF website quarterly | MOF | Quarterly, 2010 |
| 6 | Preliminary review of the AMT/PMT reporting process at provincial level | CEM, Provinces | June – August , 2010 |
| 7 | TOR for EOP survey and evaluation | CEM | March 2010 |
| 8 | Sharing of Audit report for 2009 to DPs and disclosure | SAV, CEM | Sep 31, 2010 |
| 9 | Final JPR Plan | CEM, DPs | August, 2010 |
| 10 | MIS reports using AMT | Provinces | Sep 2010 |
| 11 | Program Report using AMT/PMT | CEM | Sep 2010 |
| 12 | Record of community contributions | Communes | Regularly |
| 13 | Publishing program's key documents/training materials in audio books of key ethnic minority languages | CEM/Provinces | March 2010 |
| 14 | Consolidated TA Plan for 2010 | CEM | Feb 2010 |
| 15 | Participatory stakeholder discussions on future of P135 | CEM, related parties | Feb 2010 onward |

dated 19/07/2009 by the Minister of CEM; the training shall be targeted at commune and village staffs and local people as stipulated in the Circular No. 01/2008/TTLT-UBDT-KHĐT-TC-XD-NNPTNT, dated 15/09/2008, in which the focus of the training should cover the following aspects:

+ Commune investment ownership, financial management, procurement and bidding, P135 reporting systems for commune and village staffs;

+ Production development, participatory planning, P135 monitoring for local people;

4. Policies to support, improve and enhance people's living standard:

As for boarding schoolchildren from poor households: Basing on the budget assigned by the Ministry of Finance, Chairman of the PPC focus on providing guidance to provincial departments to conduct disbursement to the right beneficiaries and ensure ontime support by school year; the reporting results from CEM shall be consolidated.

5. Communication activities:

To strengthen communication activities for P135-II; provide commune authorities with guidance to publicize supporting budget, beneficiary households, work investment, contractors, etc at the Commune PC offices and public areas at the beginning of the year so that the public is awared of such informatation in order to participate in monitoring and implementation.

6. To review, amend and supplement the existing documents on management, to provide guidance on P135-II implementation organization to ensure transparancy following Circular No. 01/2008/TTLT-UBDT-KHĐT-TC-XD-NNPTNT, dated 15/09/2008 and other guideline documents by CEM and related Ministries and Departments.

7. Plan formulation for 2010:

To provide guidelines for planning of P135-II implementation in 2010 following the cost norms approved by the Prime Minister and related guideline documents provided by CEM and related Ministries and Departments.

8. Reporting mechanism:

To provide guidelines for provincial P135 steering committees and other related departments and district PC to implement the reporting systems in a serious manner as stipulated in Decision No. 04/2008/QĐ-UBDT dated 8/8/2008 by the Minister of CEM.

+ Report in hard copies shall be sent to CEM, MPI, MOF and Government Office;

+ Report using software reporting system shall be sent to vanphongdieuphoi135@cema.gov.vn

In order to prepare for the review workshop of the last 6 month implementation of P135, you are kindly requested to provide a report on the program implementation situation in the first 6 months of 2009 and the objectives and solution regarding program implementation in the last 6 months of 2009. It is also requested that the training documents edited by the province to suit local conditions is consolidated and sent to CEM before 30/6/2009 so that CEM could report to the Central Steering Committee.

CEM kindly request the PPC chairman to pay due attention to implementation of this document.

**ON BEHALF OF THE MINISTER**
**DEPUTY MINISTER**
**Hà Hùng** *(signed)*

ANNEX 2: P135-2 POLICY MATRIX

*Note: Prior Actions in bold type, Triggers and Benchmarks for DPCs in regular type, and Benchmarks between operations in italics.*

| Issue | Lead agency | Prior Actions for DPC1 | *2007 Benchmarks* | Prior Actions and Benchmarks for DPC2 | Triggers and Benchmarks for DPC3 | *Indicative Benchmarks For 2010* | Outcome Indicators |
|---|---|---|---|---|---|---|---|
| *Policy Area I: Poverty Targeting* | | | | | | | |
| **I.A. Commune, Village and Household Selection** | | | | | | | |
| Poverty targeting criteria carried out by provinces, often based on criteria which were not well linked to poverty indicators | CEM | **Decision 393/2005/QD-UBDT incorporates revised, verifiable, poverty-based criteria for selection of communes and villages included in P135-2** | *Decision issued on list of communes to graduate from P135 in 2008* | Actual P135-2 commune, village, and household selection reviewed at MTR, and commitment made to revise selection criteria in light of evidence | Publicize the list of beneficiaries of the Program at the commune office and village office | *Efficacy of actual poverty-targeting in commune, village and household selection evaluated at end of P135-2* | Commune, village and household selection criteria use MOLISA targeting mechanism under P135-2 and are pro-poor and effectively applied as verified by baseline and evaluation survey<br>Baseline: ad hoc criteria in most provinces<br>EOP: All provinces use MOLISA hhd targeting |
| **I.B. Program Resource Allocation** | | | | | | | |
| Program resources under P135 Phase I were allocated equally to targeted communes without consideration of number of poor households | CEM (PPC) | **Inter-ministerial circular 676/2006 requires that provinces allocate resources to participating communes and villages on a 'non-egalitarian', pro-poor basis** | *Provinces use explicit and objectively-verifiable criteria including poverty measures for allocating resources to participating communes & villages* | All provinces have established allocation criteria and actual allocation of P135-2 resources from provinces to participating communes and villages reviewed at MTR, and allocation criteria revised in light of evidence | Study and develop tools to supervise the annual expenditures of the communes and enhance supervision skills of expenditure and pro-poor budget allocation in selected provinces | *Annual reporting/ tracking of program expenditures piloted and assessed to propose for the next phase of the program.* | Program resource allocation favors poorer participating communes and villages as indicated by (i) provinces developing specific criteria, (ii) evidence from baseline and evaluation surveys; and (ii) verifying correlation of expenditures with number of poor at commune level<br>Baseline: Most provinces divide resource evenly amongst communes<br>EOP: Commune formulae result in greater correlation between commune allocation and number of poor hhds |
| **I.C. Enhancing Sustainability of Program Investment** | | | | | | | |
| Government and donor supported programs do not | CEM (MOF, PPC) | | *O&M groups with recognized legal status formed in participating* | **6.3% of the Infrastructure component budget was allocated as recurrent** | Environmental communications and focused capacity | *EOP Evaluation assesses adequacy of O&M budget allocation organization* | Program infrastructure outputs have are well maintained as verified by |

| Issue | Lead agency | Prior Actions for DPC1 | *2007 Benchmarks* | Prior Actions and Benchmarks for DPC2 | Triggers and Benchmarks for DPC3 | *Indicative Benchmarks For 2010* | Outcome Indicators |
|---|---|---|---|---|---|---|---|
| make specific provisions for O&M, resulting in poor maintenance, particularly of infrastructure | | | *communes and villages, and clear plan with monitor able actions formulated on measures to build their capacity. Assessment of O&M quality and adequacy of O&M funding from different sources as input to MTR* | **resource**<br><br>**MOF/STV 's Official Instruction for Management and Disbursement of P135-2 Funds, including for O&M spending, is issued** | strengthening implemented to support communes to better integrate environmental considerations in investment planning and implementation<br><br>The use of additional financial resources allocated from central state budget (central, provincial and district levels) for regular O&M of basic infrastructure works in the P135-2 communes is reported<br><br>50% of districts and communes have O&M plan for the list of infrastructure works and carry out O&M as planned with the participation of the self-management group or community supervision board | *for use at commune level and quality of expenditure.*<br><br>*70% of districts and communes have O&M plan for the list of infrastructure works and carry out O&M as planned with the participation of the self-management group or community supervision board* | external reviews at midterm and final evaluation and establishment of operation and maintenance plans for implemented projects as verified by external baseline and end of project surveys<br>Baseline: Absence of maintenance plans and no systematic maintenance efforts<br>EOP: Maintenance plans for all implemented projects and quality of maintenance improved |
| **I.D. Pro-Poor Orientation of Production/ Livelihoods Support** | | | | | | | |
| Need to support rapid changes in production and improve knowledge for market-oriented production in support of increased incomes and environmental sustainability | MARD | **Circular issued on strategy for providing support services in upland communes based on farmer demand and market orientation** | | **Guidelines issued by CEM/MARD to support inter-circular 01 production support approach and incorporating (i) enhanced transparency measures for selection of recipients; and (ii) activities, and guidance on beneficiary cost sharing.** | Assess the compliance of the production support with Circular 01 and assess the necessary measures to improve the implementation of this Component.<br><br>Assess the participation of women (goal of at least 30%) in production support activities | *End of Program evaluation assesses the participation of women (at least 30%) in production support activities and lessons in market oriented production support activities to incorporate in design of next program* | Poor upland households increase incomes and diversify livelihoods in a sustainable, market-responsive manner as indicated verified by baseline and end of project survey indicators of changes in crop agricultural income and increased share of non-rice income<br>Baseline: Crop income 6000 dong/month<br>EOP: Crop income 8000 |

| Issue | Lead agency | Prior Actions for DPC1 | *2007 Benchmarks* | Prior Actions and Benchmarks for DPC2 | Triggers and Benchmarks for DPC3 | *Indicative Benchmarks For 2010* | Outcome Indicators |
|---|---|---|---|---|---|---|---|
| | | | | | | | dong/month or average for region |
| ***Policy Area II: Decentralization, Participation and Empowerment*** | | | | | | | |
| **II.A. Informed Public Participation in Program Planning and Management** | | | | | | | |
| Planning processes based on higher level priorities with insufficient provision for direct beneficiaries to influence investment priorities and monitor implementation | CEM | **Communication Strategy formulated to guide the planning and implementation of communication activities under P135-2 by CEM and by implementing agencies at the province, district, and commune levels** | *Specific indicators developed to measure progress in practice; user-friendly outreach materials are regularly disseminated in ethnic minority languages and audio-visual formats; and informed participation takes place in program planning and implementation at grassroots level* | MTR determines progress towards improved vertical and horizontal communication goals | **Issue communication materials in the five principal ethnic minority languages**<br><br>Indicators related to participation of the people are included in the progress reports to serve the joint reviews<br><br>**Issue Manual on participatory planning by the commune (including plan for participatory O&M and at least 30% women's participation).** | *Participatory planning is conducted annually in which 30% of participants are women.*<br><br>*EOP evaluation asses the use of different participation methods in the planning process.*<br><br>*At least 70% of provinces have communication materials in ethnic minority languages based on the typical characteristics of the localities.* | Socially inclusive, active and informed participation in program planning, implementation and monitoring achieved, and NTPs and other forms of public action at commune level effectively coordinated as indicated by participation rates in prioritization meetings and satisfaction rates with selection of projects as verified in baseline and end of project surveys and citizen report cards.<br>Baseline: Participation rate of 60% and satisfaction rate of 75%<br>EOP: 90% and 90% |
| **II.B. Devolution of Investment Ownership** | | | | | | | |
| Investment and production subprojects are implemented by districts limiting commune motivation and role in supervising implementation or ensuring O&M | CEM (PPC) | **Guidance drafted and circulated to relevant ministries, agencies and provinces on transparent criteria to be used to determine commune readiness to assume investment ownership responsibility** | *All P135-2 communes with prior experience in investment management under State or ODA-supported projects [>35% of total] are granted investment ownership responsibility for 2007; adoption by PPC of necessary legal framework covering administrative and financial procedures to ensure commune-level investment ownership* | **Clear criteria for identifying communes for investment ownership and for targeting technical support of districts in Inter-Ministerial Circular 01**<br><br>>60% of P135-2 communes are granted investment ownership responsibility for 2008 | >80% of P135-2 communes are granted investment ownership responsibility for program investments (with reporting indicating if ownership is for production or infrastructure investments)<br><br>**In selected provinces, appoint technical taskforce from Province and District levels to support communes to act as investment owner** | *100% of P135-2 communes are investment owners for a significant share of total value of program investments (with break down for production and infrastructure components)*<br><br>*EOP evaluation assesses the weaknesses/shortcomings of the procedures/process and mechanism to encourage commune investment ownership* | All P135-2 communes act as investment owners for a significant share of all infrastructure investments, and communities apply acquired skills in activities beyond P135-2 alone as indicated by satisfaction with qualifications of commune monitoring boards as verified by baseline and end of project surveys.<br>Baseline: 30% satisfaction rate with monitoring boards qualifications<br>EOP: 80% |
| **II.C. Local Institutional Capacity Building Support** | | | | | | | |

| Issue | Lead agency | Prior Actions for DPC1 | *2007 Benchmarks* | Prior Actions and Benchmarks for DPC2 | Triggers and Benchmarks for DPC3 | *Indicative Benchmarks For 2010* | Outcome Indicators |
|---|---|---|---|---|---|---|---|
| National programs do not provide financing and follow up technical support for capacity building for skills required for decentralized and participatory planning, budgeting, implementation and maintenance of local development investments | CEM | **≥ 7% total program cost allocated for capacity-building of all kinds at central, provincial, district and local levels** | *Institutional capacity-building plan adopted, tailored according to assessed levels of initial capacity, and initiated both at commune/village and higher levels in order to provide enabling environment for exercise of investment ownership and grassroots democracy* | >60% of program communes and villages supported in preparation of participatory investment planning, coordinating investments from various sources; widespread evidence of community supervision of infrastructure investments in line with Decision 80 | >90% of program communes and villages implement participatory investment plans; widespread evidence of community supervision of infrastructure investments in line with Decision 80 | *PM&E findings suggest widespread use of learned behaviors beyond P135-2 alone* | Communities apply learned behaviors in grassroots democracy (e.g. supervision of investment) in activities beyond the scope of P135-2 as indicated by participation rates in decisions for non-P135 investments recorded in baseline and end of project surveys. Baseline: 80% hhd participation EOP: 90% |
| ***Policy Area III: Fiduciary Transparency and Accountability*** | | | | | | | |
| **III.A. Procurement for Small-Scale Infrastructure** | | | | | | | |
| Most procurement through direct contracting or through non-transparent application of restricted bidding resulting in higher costs and potential diversion of funds | CEM (MPI) | | *Supplementary regulation issued amending procurement requirements under P135-2 so as to: (i) require open competitive bidding to be the principal method for civil works under P135-2; (ii) provide guidance on Community Contracting; (iii) limit the use of Direct Contracting method to exceptional circumstances (which shall be clearly specified); and (iv) remove the value-based thresholds for use of Direct Contracting in Sub-Clause 2.8.1(a) of Circular 676/2006* | **Manual on procurement in accordance with Inter-Circular 01 issued including elements regarding transparency and procurement planning** | ≥ 50% of contracts under P135-2 awarded through open and competitive bidding, community contracting and/or other non-Direct Contracting methods, following the issued Manual on Procurement , and verified by SAV's annual audit reports<br><br>**Issue detailed process of community participation contract and provide guidance for implementation by the P135-II communes and villages in selected provinces** | *≥ 80% of contracts under P135-2 awarded through open and competitive bidding and/or other non-Direct Contracting methods, and verified by SAV's annual audit reports.*<br><br>*For all P135-2 supported villages and communes in selected provinces, at least 70% of works below relevant threshold will follow community contracting* | EOP evaluation report including collated MIS and expenditure data, independent audit findings, findings of citizen report-card survey; interim assessments of results from provinces using and not using competitive procurement methods; SAV's annual audits |
| **III.B. Public Financial Management** | | | | | | | |
| Beneficiaries and other stakeholders unaware of how | MOF, CEM | **MOF Guidance No. 2849 issued, governing public financial** | *(i) Quarterly financial reports and reconciliation of* | (i) Quarterly financial reports and reconciliation of expenditures between | Implementation of agreed actions (i)-(iii) continued and monitored] | *[Implementation of agreed actions (i)-(iii) continued and monitored]* | Transparency in public resource use achieved as indicated of financial |

| Issue | Lead agency | Prior Actions for DPC1 | *2007 Benchmarks* | Prior Actions and Benchmarks for DPC2 | Triggers and Benchmarks for DPC3 | *Indicative Benchmarks For 2010* | Outcome Indicators |
|---|---|---|---|---|---|---|---|
| public funds are spent on poverty reduction activities at local, provincial and national levels. | | **management for P135-2**, and giving instructions for MOF to prepare processes and procedures for fund-flow reflecting the provision of funds from the state budget to each spending agency at central, provincial, district and commune levels, and quarterly financial reports and reconciliation of expenditures under P135-2 between spending units & State Treasury (STV) | *expenditures between spending agencies and STV produced program-wide; (ii) Quarterly statements of actual fund-flow down to investment-owner level prepared; (iii) Six-monthly reports on allocation, transfer and usage of P135 funds to provincial level publicly disclosed via MoF website* | spending agencies and STV produced program-wide; (ii) Quarterly statements of actual fund-flow down to investment-owner level prepared; (iii) Six-monthly reports on allocation, transfer and usage of P135 funds to provincial level publicly disclosed via MoF website | | | information disclosure to public and public project monitoring compared to non-P135 projects as verified by baseline and end of project evaluations<br>Baseline: Information not made regularly available to public<br>EOP: Financial reports and statements posted regularly with public access through MoF website |
| **III.B. Public Financial Management (contd.)** | | | | | | | |
| Oversight undertaken primarily through implementing agencies and audits not accessible to public | SAV | **Multi-year audit plan for Program 135-2 issued and shared with donors** that provides for: (i) scope of annual audits, acceptable to donors, with a view to increasing the number of sample provinces by ≥ 20% each year; (ii) annual P135-2 audit reports submitted within 6 months of each year-end starting with 2007; (iii) the engagement of independent external auditors as may be necessary | *(i) Annual audit plan acceptable to donors prepared by the start of the financial year; (ii) Annual audit conducted with sample coverage of ≥ 8 provinces; (iii) FY2006 Audit Report issued by June 30, 2007; (iv) Implementation of prior year's audit recommendations reviewed; (v) Audit reports publicly disclosed through the media and SAV website in accordance with the State Audit Law* | (i) Annual audit plan acceptable to donors prepared by the start of the financial year, (ii) **Annual audit conducted with sample coverage of ≥ 10 provinces;** (iii) FY2007 Audit Report issued by June 30, 2008; **(iv) Implementation of prior year's audit recommendations reviewed, including indication of funds reimbursed;** (iv) Audit reports publicly disclosed through the media and website in accordance with the State Audit Law | (i) Annual audit plan acceptable to donors prepared by the start of year; (ii) Annual audit conducted with sample coverage of ≥ 14 provinces; (iii) FY2008 Audit Report issued by August 31, 2009; (iv) Implementation of prior year's audit recommendations reviewed as part of each JMR mission based on summary of actions taken by provinces and central agencies to implement 2008 audit recommendations, including reimbursements; (iv) Audit reports publicly disclosed through the media and website in accordance with the State Audit Law | *(i) Annual audit plan acceptable to donors prepared by the start of the financial year; (ii) Annual audit conducted with sample coverage of ≥ 18 provinces; (iii) FY2009 Audit Report issued by August 31, 2010; (iv) Implementation of prior years' audit recommendations reviewed; (iv) Audit reports publicly disclosed through the media and website in accordance with the State Audit Law Detailed summary of actions taken by provinces and central agencies to implement 2009 audit recommendations and reimbursement of funds provided for each JMR* | Ensure adequate oversight over public funds through independent audits as indicated by public disclosure of audit results at national and local levels, and documentation of follow up actions taken<br>Baseline: Annual audit for program not made available to public<br>EOP: Standard practice with follow up action reports |

| Issue | Lead agency | Prior Actions for DPC1 | *2007 Benchmarks* | Prior Actions and Benchmarks for DPC2 | Triggers and Benchmarks for DPC3 | *Indicative Benchmarks For 2010* | Outcome Indicators |
|---|---|---|---|---|---|---|---|
| **III.C. Community Contributions** | | | | | | | |
| Local contributions mainly unpaid labor of poor beneficiaries with result that program adds hardship to poor and inequitable contributions to public goods infrastructure | CEM (MOF) | **Inter-ministerial circular 676/2006 stipulates that compulsory local contributions are affordable, the poorest households are exempted from compulsory cash contributions, and mechanisms are developed to promote paid local labor in civil works, with priority given to poor households in wage-earning opportunities** | >50% of infrastructure investments include local paid labor; value of unpaid labor contributions captured in MIS and commune accounts | | **Issue rules and guidelines for the local paid labor, and contribution by the villagers captured in MIS and commune accounts.** | *EOP evaluation reports on extent of paid labor created and value of unpaid labor contributions, and reports evidence of pro-poor rules applied in either case* | Local contributions are equitable; wage-earning opportunities in public works fully exploited for generation of local multiplier effects, especially for the poorest households as indicated by community paid labor participation and wage rates under P135-2 infrastructure projects as verified by baseline and end of project surveys<br>Baseline: 10% of project include paid local labor<br>EOP: 30% |
| ***Policy Area IV: Monitoring and Evaluation*** | | | | | | | |
| **IV.A. Impact Evaluation** | | | | | | | |
| Assessments of national programs tend to focus on outputs and are unable to attribute contribution of program to results and outcomes | CEM, with TA support | **Outcome indicators and overall M&E framework agreed and adopted; baseline survey designed including matched control group** | *Baseline survey completed including matched control group* | **Use of multiple quantitative and qualitative, independent assessments shared with stakeholders to inform Mid-term review of P135-2, including baseline survey, provincial reports, SAV audits, National Assembly and donor field reviews and participatory workshops.** | TORs and budget estimate For EOP evaluation completed<br>Shared with development partners for comment | *EOP evaluation of P135-2 includes final impact evaluation against baseline and national goals* | Evaluation of program outcomes performed to high methodological standard including use of appropriate comparator data as indicated by ex-post evaluation based on surveys and control groups<br>Baseline: NTPs don't use baseline and control-group based survey methods<br>EOP: High quality evaluation as model for other NTPs |
| **IV.B. Process Monitoring** | | | | | | | |
| Implementation, process, and client satisfaction information not collected systematically or used to guide | CEM (MPI) with TA support | **Action Plan adopted to adapt Government's ODA portfolio monitoring tool to create an MIS for tracking and reporting on P135-2 inputs,** | *MIS in place, used to track and report on inputs, outputs, and intermediate outcomes; participatory M&E approaches designed and mechanisms for* | **Citizen report-card survey and regional 'lessons-learned assessments' conducted to support program mid-term review**<br><br>First consolidated AMT | Participatory M&E approaches and cross-learning mechanisms are institutionalized<br><br>**MIS in place for all provinces and used to** | *Citizen report-card survey conducted to support end of program evaluation*<br><br>*MIS data collated as appropriate as input to* | Effective and reliable MIS is used to track progress towards agreed outcomes and identify/resolve program management issues as indicated by quarterly generation of |

| Issue | Lead agency | Prior Actions for DPC1 | *2007 Benchmarks* | Prior Actions and Benchmarks for DPC2 | Triggers and Benchmarks for DPC3 | *Indicative Benchmarks For 2010* | Outcome Indicators |
|---|---|---|---|---|---|---|---|
| implementation support | | **outputs, and intermediate outcomes** | *cross-learning between participating localities introduced* | report shared with donors | **search and report on the inputs, outputs and short term results** | *EOP evaluation* | reports at commune, district, provincial and national levels, annual use of citizen report cards, and reports of midterm review and annual project reports on actions to be taken to address identified weaknesses and citizen concerns<br>Baseline: No standardized MIS system for overall NTP related to overall investment monitoring<br>EOP: MIS operating in all project provinces with reliable reporting supplemented by regular use of citizen report cards |

**ANNEX 3. TOR for JPR**

**P135-II PARTNERSHIP COMMITTEE**

**PLAN**

**On implementing the 2nd Joint Progress Review (JPR) of Program 135/Phase II in 2009**

**I. Overview**

- The second JPR in 2009 will be conducted as scheduled in the Agreement signed between the Vietnamese Government and its donors;
- The first JPR was organized in 2009 with 4 in-depth reviews on *tender/bidding procurement, production development, implementation of auditing proposals, and commune investment ownership.*
- This second JPR in 2009 is carried out in the context that The Committee for Ethnic Minorities Affairs (CEMA) has been delegated by the Prime Minister to develop the socio-economic development program for extremely difficult communes in Ethnic Minorities and Mountainous Areas for the period of 2011 -2015 (Program 135– Phase III) to be submitted for approval in June 2010. Thus, the information collected during the second JPR in 2009 need to be timely provided to the CEMA and the Government agencies for the designing of Program 135 /Phase III (2011 - 2015).
- According to the plan for Program 135 /Phase III (2011-2015), the second JPR in 2009 is implemented when its draft proposal is finalized. Therefore, this second JPR is considered to be one of the channels for collecting information, feedbacks and comments from local people and staff on **Program 135 proposal for the period of *2011 – 2015.***
- The second JPR is organized at the same time with the appraisal and review of the World Bank (WB) for DPC3, thus, the review result may be applied as reference for the disbursement for DPC3 of WB and other committed loans from other donors, if any.
- Similarly, the review result may also be used for donors from European Union (EU) and Swiss Development Cooperation Agency (SDCA) for their negotiation and signing process on support for Program 135/Phase II in 2010 with the Vietnamese Government.

**II. Objective**

- To provide CEMA and Vietnamese Government Agencies with information to support management task as well as implementation of Program 135/Phase II;
- To update information on 2009 policies and disbursement procedures for DPC3 from WB and committed loans from donors;
- To propose initial recommendations and orientation for cooperation approach in designing the socio-economic development program for underprivileged communes in Ethnic Minorities and Mountainous Areas for the period of 2011 -2015 (Program 135 – Phase III);
- To additionally seek for comments and feedbacks from Ministries and Agencies as well as related parties on the proposal for Program 135 – 2011-2015 period.

**III. Review content**

1. Recommendations from the first thematic review in 2009 including *tender/bidding procurement, production development, implementation of auditing proposal, and commune investment ownership.*
2. The suitability of applications and lesson learnt from Program 135/Phase II should be considered to be included in Program 135 in the period of 2011-2015 (in connection with the Program for 61 poor Districts and the New Rural Program).
3. Policy actions and disbursement conditions stated in the in the Result Framework for Program 135/Phase II.

**1. Review methodology**

- General assessment at selected central and local agencies representing regions and areas.
- Participatory review with local people and officials involved.
- Workshops to share findings/review results at local areas.

**2. Time, location and organization of implementation**

- **Time:** 25-31October 2009
- **Location:** 6 provinces representing 3 regions including Yen Bai, Phu Tho, Gia Lai, Kon Tum, Quang Tri, Thua Thien Hue (with priority for selection of 2-3 poor districts according to Resolution 30A); Consider inviting neighboring representatives to attend workshops and meetings to share findings/review results and collect feedbacks/comments as well.
- **Implementation organization:**

  + Participants of review teams: Representatives from Government agencies, donors, local officials and possibly farmers from **neighboring provinces** to attend workshops and meetings

  + The review will receive technical support from the Finish funded project SM-P135 and other donors.

**Annex I: Tentative working schedule at fields/project sites**

| Time | Activities | Expected outputs | |
|---|---|---|---|
| **I/ Review preparation** | | | |
| - 1st and 2nd week of October | - Prepare detailed implementation plan<br>- Send official document to inform provinces of the plan<br>- Collect and synthatize information and reports to support review teams | - Detailed review plan;<br>- Documents for review team (in English and Vietnamese) | |
| - 3rd week of October | Work with central agencies on review plan, update information on implementation situation and progress | - General information on the situation of organization- and implemetation of Program 135 /Phase II, and the progress of developing and implementing the post Program 135/Phase II. | |
| **II/ Review conduct at local area** | | | |
| **Time** | **TEAM 1<br>PHU THO – YEN BAI** | **TEAM 2<br>QUANG TRI – THUA THIEN HUE** | **TEAM 3<br>GIA LAI, KON TUM** |
| **25/10** | Depart to **Phu Tho** | Depart to **Quang Tri** | Depart to **Kon Tum** |
| **26/10**<br>***Morning***<br><br>***Afternoon*** | To Tan Son district<br>The team is divided into two groups, each shall work in a commune of Tan Son district (accompanied by provincial and district officials)<br><br>Meeting with Tan Son authority( joined by representatives from related communes and departments) | To Dak Rong district<br>The team is divided into two groups, each shall work in a commune of Dak Rong district (accompanied by provincial and district officials)<br><br>Meeting with Dak Rong authority( joined by representatives from related communes and departments) | To Dak To district<br>The team is divided into two groups, each shall work in a commune of Dak To district (accompanied by provincial and district officials)<br><br>Meeting with Dak To authority( joined by representatives from related communes and departments) |
| **27/10**<br>***Morning***<br><br>***Afternoon*** | Meeting with Phu Tho authority (joined by representatives from related Departments and P135 Steering Committees at district level)<br><br>Depart to **Yen Bai** province (to Tram Tau district) | Meeting with Quang Tri authority (joined by representatives from related Departments and P135 Steering Committees at district level)<br><br>Depart to **Thua Thien Hue** province (to A Luoi district) | Meeting with Kon Tum authority (joined by representatives from related Departments and P135 Steering Committees at district level)<br><br>Depart to **Gia Lai** |

| | | | |
|---|---|---|---|
| **28/10**<br>***Morning*** | The team is divided into two groups, each shall work in a commune of Tram Tau district (accompanied by provincial and district officials) | The team is divided into two groups, each shall work in a commune of A Luoi district (accompanied by provincial and district officials) | The team is divided into two groups, each shall work in a commune of Krong Pa district (accompanied by provincial and district officials) |
| ***Afternoon*** | - Meeting with Tram Tau authority ( joined by representatives from related communes and departments)<br>- Go back to the city of Yen Bai | - Meeting with A Luoi authority ( joined by representatives from related communes and departments)<br>- Go back to the city of Hue | - Meeting with Krong Pa authority ( joined by representatives from related communes and departments)<br>- Go back to the city of Pleiku |
| **29/10**<br>***Morning*** | Meeting with Yen Bai authority (joined by representatives from related Departments and P135 Steering Committees at district level) | Meeting with Thua Thien Hue authority (joined by representatives from related Departments and P135 Steering Committees at district level) | Meeting with Gia Lai authority (joined by representatives from related Departments and P135 Steering Committees at district level) |
| ***Afternoon*** | Team meeting to share information and agree on the workshop agenda | Team meeting to share information and agree on the workshop agenda | Team meeting to share information and agree on the workshop agenda |
| **30/10** | Workshop on sharing the review results, conducted in the city of Yen Bai (joined by representatives from *Tuyen Quang, Lao Cai, Son La and Ha Giang)* | Workshop on sharing the review results, conducted in the city of Hue (joined by representatives from *Ha Tinh, Quang Binh, Quang Nam and Quang Ngai)* | Workshop on sharing the review results, conducted in the city of Pleiku (joined by representatives from *Lam Dong, Dak Lak, Dak Nong and Tra Vinh)* |
| ***III/ 1st and 2nd week of November***<br><br>Synthesizing review results, draft and finalize the overall review report. | | | |

**Annex II: Outline of reports by Review Teams**
**I – Team Review Reports:**
**The length of the report shall not exceed 8 pages.**

***+ Part 1: Briefing on the implementation situation of Program 135 /Phase II at local areas*** *(maximum 2 pages)*

- Actual situation of implementation organization and management at provincial and district levels;
- Actual situation at commune level.

***+ Part 2: Findings***

- *Progress noted and lessons learnt*
- *Constraints, difficulties and challenges;*

***+ Part 3: Recommendations***

- *Recommendations to central agencies;*
- *Recommendations to provincial and district authorities;*
- *Recommendations, comments and feedbacks for post-Program 135/Phase II.*

**III. Mid – term report/Aid Memoir:**

***+ Part 1: Implementation progress of Program 135/Phase II according to its Framework***

- Actual situation of management at central level;
- Implementation situation/progress at local levels.

***+ Part 2: Findings***

- *Progress noted and lessons learnt*
- *Constraints, difficulties and challenges*

***+ Part 3: Recomendations***

- *Recommendations to central agencies;*
- *Recommendations to provincial and district authorities;*
- *Recommendations, comments and feedbacks for post Program 135/Phase II.*

****) Annex:***
***- Short reports (1 page) on implementation of policy issues in Result Frame***
*- Team Reports*

**Annex III: Provincial Report Outline Form**

**PROVINCIAL PEOPLE'S COMMITTEE**
**OF....**
**P135-II STEERING COMMITTEE**

**SOCIALIST REPUBLIC OF VIETNAM**
**Independence – Freedom- Happiness**

**Date:**_____

**REPORT**
**ON THE IMPLEMENTATION OF PROGRAM 135- PHASE II**
**AS OF SEPTEMBER 2009**

( To support the 2009 second mid-term review by governmental organizations and donors)

**I. Report on the implementation results of P135-II as of September 2009**

**1. *Provincial P135-II features***

- Overall report on P135-II implementation at provincial level: number of communes, households, population, general provincial poverty rate, etc.

- Number of communes facing extreme hardship in second-class areas, number of households, population, family members, poverty rate among ethnic minority people within P135-II areas;

- Advantages and obstacles when implementing the program.

**2. *Organization of implementation***

a) Establishment and operation of the management board

- Provincial regulatory documents and guidlines.
- Organization of implementation management: Approval of investment decisions, appraisal, approval of design, cost estimate, appointing bidders.
- Decentralization of commune investment ownership: number of commune investors, field of investment: infrastructure projects, production development projects ( number of projetcs, works, investment, etc owned by the communes)
- Implementationof funding allocation principle: criteria-based or equal allocation
- Implementation of democracy and participatory principle
- Commune monitoring board and performance effectiveness;
- Implementation of the principle: works for commune, employment and increased income for local people.
- Mechanism for management and utilization of civil works after they are finished and put into operation.
- Communication activities on P135-II: Communication methods, number of communication activities in ethnic languages, central and local newspapers, leaflets, posters, funding, etc.

b) Monitoring and supervision

- Check provincial and district level organizations, findings and sanctions
- Supervise central Ministries and Departments;
- Participate in community monitoring and supervision

**3. Implementation results**

a) Production development projects:

- Budget and implementation funding (including other sources), annual disbursement results, ratio of budgeted and actual disbursement;

- Number of beneficiary households
- Number of implementation models
- Number of projects (procurement of post-harvest equipments and production tools);
- Number of agriculture extention activities.

b) Infrastructure projetcs

- Budget and implementation funding (including other sources), annual disbursement results, ratio of budgeted and actual disbursement;
- Number of works of each type and respective funding;
- Additional capacity: Length of road built, number of classrooms, number of household having access to uitlity water and electricty, etc.

c) Training for local and community staffs projects

- Budget and implementation funding (including other sources), annual disbursement results, ratio of budgeted and actual disbursement;
- Appointment of the host organizations for provincial staff training;
- Number of training classes for each target groups: Official and community
- Content of training
- Conduct of training: methods of training, trainers, training documents;

d) Policies to support and improve services and living standard and legal support: number of students receiving support; number of households receiving support to build latrynx, legal clubs, support in enhancing legal awareness, etc.

**4. Interaction and coordination with other Programs, projects and policies:** ODA projects (if available); Decision No. 168, 172, 186, 134; Decrees No. 37, 39; Program for 5 million ha of forest; safe water programs, etc. Specify the the annual average amount of investment for interweaving P135 implementation with other projects and programs in each commune.

**5. General assessment of the implementation results**

- In terms of implementation organization;
- In terms of management mechanism;
- In terms of socio-economic aspects: impact of the project on increased average income, reduced poor households, reduced diseases and malnutrition cases, increased number of children able to attend school and commune ownership, etc.
- Achived objectives, estimated number of communes fulfiling P135 objectives
- Objectives not yet fulfiled

**6. Reccomendations:**

- Difficulties, bottleneck issues and reasons
- Reccomendations to higher level authority

The province make reccomendations to central government and the Prime Minister will seek solutions to necessary issues to enhance effective implementation of P135 and foster socio-economic development in ethnic minority and mountainous areas.

**II. Plan implementation and timing**

1. Funding plans, and plan to implement program projects expected to be carried out through to end of 2009 and on to 2010.

2. Objectives and implementation solutions

**III. Conclusion**

**Annex IV: District level report outline form**

**DISTRICT PEOPLE'S COMMITTEE**
**OF....**
**P135-II STEERING COMMITTEE**

**SOCIALIST REPUBLIC OF VIETNAM**
**Independence – Freedom- Happiness**

**Date:**_____

**REPORT**
**ON THE IMPLEMENTATION OF PROGRAM 135- PHASE II**
**AS OF SEPTEMBER 2009**

( To support the 2009 second mid-term review by governmental organizations and donors)

1. **Report on the implementation results of P135-II as of September 2009**

***1. P135-II features in the district***

- Overall report on P135-II implementation at district level: number of communes, households, population, general provincial poverty rate, etc.

- Number of communes facing extreme hardship in second-class areas, number of households, population, family members, poverty rate among ethnic minority people within P135-II areas;

- Advantages and obstacles when implementing the program.

**2. *Organization of implementation***

a) Establishment and operation of the management board

- Provincial regulatory documents and guidlines.
- Organization of implementation management: Approval of investment decisions, appraisal, approval of design, cost estimate, appointing bidders.
- Decentralization of commune investment ownership: number of commune investors, field of investment: infrastructure projects, production development projects ( number of projetcs, works, investment, etc owned by the communes)
- Implementationof funding allocation principle: criteria-based or equal allocation
- Implementation of democracy and participatory principle
- Commune monitoring board and performance effectiveness;
- Implementation of the principle: works for commune, employment and increased income for local people.
- Mechanism for management and utilization of civil works after they are finished and put into operation.
- Communication activities on P135-II: Communication methods, number of communication activities in ethnic languages, central and local newspapers, leaflets, posters, funding, etc.

b) Monitoring and supervision

- Check provincial and district level organizations, findings and sanctions
- Supervise central Ministries and Departments;
- Participate in community monitoring and supervision

**3. Implementation results**

a) Production development projects:

- Budget and implementation funding (including other sources), annual disbursement results, ratio of budgeted and actual disbursement;

- Number of beneficiary households
- Number of implementation models
- Number of projects (procurement of post-harvest equipments and production tools);
- Number of agriculture extention activities.

b) Infrastructure projetcs

- Budget and implementation funding (including other sources), annual disbursement results, ratio of budgeted and actual disbursement;
- Number of works of each type and respective funding;
- Additional capacity: Length of road built, number of classrooms, number of household having access to uitlity water and electricty, etc.

c) Training for local and community staffs projects

- Budget and implementation funding (including other sources), annual disbursement results, ratio of budgeted and actual disbursement;
- Appointment of the host organizations for provincial staff training;
- Number of training classes for each target groups: Official and community
- Content of training
- Conduct of training: methods of training, trainers, training documents;

d) Policies to support and improve services and living standard and legal support: number of students receiving support; number of households receiving support to build latrynx, legal clubs, support in enhancing legal awareness, etc.

**4. Interaction and coordination with other Programs, projects and policies:** ODA projects (if available); Decision No. 168, 172, 186, 134; Decrees No. 37, 39; Program for 5 million ha of forest; safe water programs, etc. Specify the the annual average amount of investment for interweaving P135 implementation with other projects and programs in each commune.

**5. General assessment of the implementation results**

- In terms of implementation organization;
- In terms of management mechanism;
- In terms of socio-economic aspects: impact of the project on increased average income, reduced poor households, reduced diseases and malnutrition cases, increased number of children able to attend school and commune ownership, etc.
- Achived objectives, estimated number of communes fulfiling P135 objectives
- Objectives not yet fulfiled

**6. Reccomendations:**

- Difficulties, bottleneck issues and reasons
- Reccomendations to higher authority

The district authority makes reccomendations to provincial and central organizations and the Prime Minister will seek solutions to necessary issues to enhance effective implementation of P135 and foster socio-economic development in ethnic minority and mountainous areas.

**II. Plan implementation and timing**

3. Funding plans, and plan to implement program projects expected to be carried out through to end of 2009 and on to 2010.

4. Objectives and implementation solutions

**III. Conclusion**

**Annex V**

**AGENDA: WORKSHOP TO SHARE IMPLEMENTATION RESULTS AT LOCAL AREA**

| Time | Content | Chairman/Speaker |
|---|---|---|
| 8.00-8.30 | Handout document, introduction of workshop agenda.<br>Workshop opening | Organization board<br><br>Review team leader/Head of provincial P135 Steering Committee |
| 8.30-9.00 | Presentation on the findings and reccomendation by the review team | Representative from the review team |
| 9.00-10.00 | Feedback from reviewed provinces on the findings and reccomendation by the review teams | Representatives from reviewed provinces |
| 10.00-10.15 | Tea break | |
| 10.15-11.30 | Comment and discussion by provincial representatives on findings and reccomendations made by the review team.<br>Conslusion on the findings by the review team | Workshop chairpeople (Review team leader/Head of provincial P135 steering committee)<br>Workshop chairpeople (Review team leader/Head of provincial P135 steering committee) |
| 11.30-13.30 | Lunch break | |
| 13:30 – 14.00 | Presentation on the orientation and document outline of the Program for socio-economic development in ethnic minority and moutainous areas for the period 2011-2015 | Representative from the Secretariat team of the Program Formulation Board |
| 14.00-15.00 | Discussion and comment from participants on the application of lessons learnt from P135-II implementation for the next phase | Everybody |
| 15.00-15.15 | Tea-break | |
| 15.15-16.30 | Discussion<br>Workshop closing | Workshop chairpeople (Review team leader/Head of provincial P135 steering committee) s |

**ANNEX 4.** The list of members of the JPR6

**The list of members of JPR of P 135 II in Phu Tho and Yen Bai province**

| No | Surname | Position | Unit |
|---|---|---|---|
| 1 | Mr. Do Viet Hoa | Vice -chief, Department of State Budget | MOF |
| 2 | Ms. Giang Thi Mai | Expert, Department of Ethnic | National Assembly |
| 3 | Mr. Daniel Mont | Economic Consultant | WB |
| 4 | Mr. Nguyen Thi Nga | Expert, P 135 Office | CEMA |
| 5 | Mr. Edwin BOURGEOIS | Program Officer | EU |
| 6 | Ms.guyen Tu Uyen | Program Officer | Australian Ambassy in Hanoi. |
| 7 | Mr. Nguyen Thanh Tung | Program Officer | (IFAD) |
| 8 | Ms. Nguyen Thi Chau | Program Officer | SM P135 |
| 9 | Mr. Vo thanh Son | Program Officer | WB |
| 10 | Mr. Nguyen Van Tan | Key expert, P135 office | CEMA |
| 11 | Ms. Nguyen Thi Dung | Vice -chief of Central budget Office, Department of General | State Audit |
| 12 | Mr. Ma The Luan | Expert, Department of I Region | CEMA |
| 13 | Mr. Manohar Lal Shrestha | Program Officer, support for P 135 in Quang Ngai | Australion Development Agency |
| 14 | Ms.. Mags Gaynor | Program officer | Irish Ambassy in Hanoi. |
| 15 | Mr. Tran Trung Kien | Officer | WB |

**The list of members of JPR of P 135 II in Quang Tri and Thua Thien - Hue province**

| No | Surname | Position | Unit |
|---|---|---|---|
| 1 | Mr. Dao Xuan Tue | Deputy- Director of Depart of State Budget -Team Leader | MOF |
| 2 | Mr. Tran Van Dinh | Vice - chief, Depart of State Budget | MOF |
| 3 | Mr. Hoang Trung Dinh | Expert, Depart of Local Economy and Region | MPI |
| 4 | Mr. Nguyen Giang Son | Expert, Depart of General | SAV |
| 5 | Mr. Tran Kien | Expert, P 135 Office | CEMA |
| 6 | Mr. Le Dai Nghia | Program officer | Findland Ambassy in Hanoi |
| 7 | Mr. Nguyen Quoc Viet | Program officer | Australian Ambassy in Hanoi |
| 8 | Ms. Vo Hoang Nga | Program officer | UNDP |
| 9 | Mr. Robert Hynderick | Program officer | EU |
| 10 | Mr. Pham Van Cung | Program officer | WB |
| 11 | Mr. Tran Trung Kien | Program officer | WB |
| 12 | Ms. Dang Bao Nguyet | Oficcer of SM P 135 | SM P135 |
| 13 | Mr. Le Minh Tuan | Project officer of Project for support P 135 of UNDP | UNDP |

**The list of members of JPR of P 135 II in Gia Lai and Kon Tum province**

| No | Surname | Position | Unit |
|---|---|---|---|
| 1 | Mr. Vo Van Bay | Deputy Director of Depart of Ethnic Minority Policies - Chielf of P 135 Office, Team Leader | Uỷ ban Dân tộc |
| 2 | Mr. Tran Viet Hung | Vice - Chielf, Depart of State Budget | Bộ Tài chính |
| 3 | Mr. Vu Duc Lap | Expert, Depart of Coopertion Ecnomy and Rural Development | Bộ Nông nghiệp và PTNT |
| 4 | Mr. Tran Viet Son | Expert of Depart of General hợp | Kiểm toán Nhà nước |
| 5 | Mr. Le Duc Nguyen | Expert, Depart of II Region- | Uỷ ban Dân tộc. |
| 6 | Mr. Pham Binh Son | Expert of P135 office | Uỷ ban Dân tộc |
| 7 | Mr.To Ngoc Anh | Program Officer | Đại sứ quán Ai Len tại Hà Nội |
| 8 | Ms. Keiko Kubota | Economic Consultant | Ngân hàng thế giới |
| 10 | Ms. Gabriella Spirli | First Secretary | Cơ quan hợp tác phát triển Thuỵ Sỹ tại Hà Nội |
| 11 | Mr.Dao Minh Chau | Program Officer | Cơ quan hợp tác phát triển Thuỵ Sỹ tại Hà Nội |
| 12 | Mr. Nguyen Huu Hieu | Program Officer | Liên Minh Châu Âu |
| 13 | Mr. Stewart Forbes Pittaway | CTA of Project for support P 135 in Quang Ngai | Cơ quan phát triển của Úc |
| 14 | Mr. Brett Marcus Ballard | Australion Development Agency in Phnom Penh, Campuchia | Cơ quan phát triển của Úc |
| 15 | Ms. Huynh Thi Thanh Thuy | Program Officer | Ngân hàng Thế giới |
| 16 | Mr. Dong Van Thuc | Program Officer | UNICEF |

**ANNEX 5**
RESULT OF FIELDTRIP BY GROUPS

**Group 1: Phu Tho and Yen Bai provinces**

**General situation**

1. Based to reports, the program implementation progresses according to plans. Some visible results are in infrastructure constructions, supports on production inputs and demonstration models, training courses, and cash support to education of poor children.

2. Uneven program progress implementation and quality between communes, districts, and provinces visited by the review mission

3. Progress concerning policy actions still is a big challenge

4. Program implementation guidelines were supplied to provinces and districts. District and commune staff were trained. Districts and provinces visited by review mission report that guidelines from central level were delayed and inconsistent. Only in late 2008 all provinces received program implementation guidelines. Guidelines comprehension is varied in levels. This shows the need for re-training for staff working with P135. Provincial guidelines for districts and communes need to be simpler for better comprehension and implementation.

5. It is noted through discussions with district and commune staff that district and commune staff capacity was not improved enough, although they have involved in program implementation and management. The elimination of district ethnic minority office by Decree 14/2008/ND-CP has created some difficulties for districts in program management. There is a rumor that district ethnic minority office will be re-established.

**Key findings and recommendations**

The following findings are results of observations in communes, districts and provinces visited by the mission. These are actual findings through discussions with program implementation agencies and beneficiaries.

*1. Decentralization*

a) **Findings**

i) Despite guidelines and directions from central and provincial levels, the communes-as-investors decentralization process is still slow.

ii) Communes only play the role of investors in some simple procurement activities (hoes, pedal threshing machine) and small maintenance works. No communes are investors for construction works.

iii) Districts think communes are weak in capacity to play the full role of investor, and districts assume the role of investor to avoid mistakes and liability by communes. The communes, however, think they can be full investors with proper reasonable assistance form districts.

iv) Districts point to complicated investment procedures as reason why the role of investor was not fully assigned to communes

v) All provinces have decisions and directions to decentralize communes as investors, but they are not fulfilled by districts.

b) **Recommendations**

i) Provinces and districts should commit more strongly to decentralization.

ii) Enhance the investor skills training

iii) Implement experiences of investor communes from projects by donors

iv) Introduce mechanism for encouraging commune-as-investor decentralization; such as districts have authorities to supplement budgets in cases communes require more findings.

2. ***Capacity building***

**a) Findings**

i) Training courses in some places followed program framework issued by CEM, particularly the criteria on assisting commune to be investors. (As noted before, few communes were assigned as investors, and they only play the role of investors in some simple procurement activities.)

ii) Provinces request to have further "out-of-framework" training on capacity building, and demand improved method on capacity building.

iii) After 4 year of program implementation, weak capacity issue was raised in all discussions with districts and communes.

**b) Recommendations**

i) Capacity building activities are not limited to organizing training courses. There is need to support and facilitate experience exchange activities.

ii) Need for support and assist on-the-job training, as in case of commune-as-investor decentralization

iii) Shorten the duration of training courses and increase the number of training courses.

iv) Guide provinces and provide findings for capacity building activities suitable for local needs, thus contributing to the program's implementation and objectives, even though these activities are out-of-framework.

3. ***Production support***

**a) Findings**

i) Production inputs were provided as subsidies for poor target households

ii) Some demonstration models show a positive impact to the crop diversification

iii) Provision of agricultural extension services

iv) Communes visited by the review mission have not received Operation Manual by MARD

v) Delayed of funds provision to production support activities

vi) Low disbursement ratio (25% at district level)

**b) Recommendations**

i) Need to find and encourage the application of mechanisms to more sustainable support

ii) Improve the funds provision

4. ***Procurement Management***

**a) Findings**

i) The direct contracting method is used as default procurement method. Districts and communes believe procedures of direct contracting and limited tendering methods are the same.

ii) Limited knowledge of Procurement Manual

iii) Community participation procurement method was not applied

iv) No procurement plan

v) No record of procurement method in MIS

b) **Recommendations**

i) Application of Procurement Manual is essential and capacity building needs to be focused in procurement issue

ii) Procurement plan is important for procurement management

5. ***Operation and Maintenance***

a) **Findings**

i) Operation and Maintenance cost mostly managed by districts

ii) Operation and Maintenance guidelines were mentioned in district reports but not included (or not explained) in commune reports.

b) **Recommendations**

i) Need to develop Operation and Maintenance guidelines

ii) Regular maintenance play important role

iii) Assist user group for better operation and maintenance.

6. ***Information and Communication***

a) **Findings**

i) The review mission found public information on program beneficiary group in only one commune and not in other 3 communes.

ii) Beneficiaries do know about Program 135 Phase II

b) **Recommendations**

i) Need for broader information on beneficiaries and types of investment subprojects.

ii) Turn communication strategy into practice

iii) Develop program documents in ethnic languages (audio books)

7. ***People's Contribution***

a) **Findings**

i) People's contribution is quite big. For subprojects such as community house, the people's contribution may consists up to 50% investment cost in some communes

ii) People's contribution was not recorded in commune's accounting books.

b) **Recommendations**

i) Complete record of people's contribution to have full information on actual costs of program's activities.

8. ***Monitoring and Evaluation***

a) **Findings**

i) In provinces and districts visited by review mission, AMT/PMT was not in use, although some training was provided and software installed.

ii) Program progress report is a regular report not produced by AMT/PMT

iii) Some district reported they don't have computer for MIS.

b) **Recommendations**

i) Need for capacity building on this issue

ii) Need to promote the value of the MIS.

9. ***Gender Issue***

a) **Findings**

i) Women participation was mentioned in reports but not recorded

ii) No activities to serve the specific needs of women

**b) Recommendations**

i) Need to record and maintain data on women and female beneficiaries participation

*10. Funds provision*

**a) Findings**

i) Main concern of districts and communes is the funds delay in education support of poor school students

**b) Recommendations**

i) There is a recommendation that funds are provided for school students every month instead of once a year

**WORKSHOP MINUTES**
**"Program 135 Phase II Implementation Review" in Northern Region**
***Yen Bai, 30/10/2009***
**Location:** Yen Bai PPC Meeting Room
**Participants:**

- Representatives from Yen Bai, Phu Tho: PPC, concerned agencies and departments, P135 steering committee standing member, Tram Tau DPC, Tan Son DPC and 4 reviewed communes, Lao Cai, Son La, Tuyen Quang, Ha Giang: P135 steering committee standing member
- Review Mission

1. **Introduction:** Mr. Tan – Participants and workshop Agenda introduction
2. **Opening:** Mr. Tran Van Thuat

Review Mission from 26-30/10/2009, in 3 regions: northern mountain region: Phu Tho, Yen Bai, central coastal region: Quang Tri, Hue, and Tay Nguyen region: Gia Lai, Kon Tum (the previous review mission included Mekong Delta). In each province: review in 2 communes/districts.

Members: representatives from CEM, Ministry of Finance, State Audit, and General Assembly's Council on Ethnic Minority

Development partners: Program 135 donors and other partners.

Embassy of Finland, Embassy of Ireland, UNDP did not participate in northern region review mission. Partners participating in the review mission play very important role in Program 135 support

**Review Mission Objectives:**

Program 135 is in its 4th year of implementation, one year left for phase II – 2010. We will evaluation the possibility of continuing support for ethnic people the next phase of the program. Need for our recommendations to central Government of Vietnam in successful implementing its ethnic policy

- Information for report to Prime Minister, year 2009 summary
- Information for Program 135 Phase II final report
  - ⇨ Assist Government of Vietnam in strategic planning for period 2011-2015. Notification my Prime Minister after 2010, assign CEM to continue ethnic minority development program (Not using the name Program 135 Phase III)
  - ⇨ Support disbursement by development partners in 2010. Development partners will consider commitments to donors by Government of Vietnam

Note: 4 provinces participating in workshop not visited by review mission:

- Review in order to provide lesion learned both success and restrain. This is the foundation for review of Program 135 Phase II implementation, and approach to preparing of next phase
- Review Government of Vietnam's policy framework committed to donors
  - ⇨ Districts and communes under Program 135 should review the program implementation in their areas. We do not aim to weak points, but rather discuss together findings and issues in Program 135 implementation.

**After 4 day of review mission, today workshop will focus on:**

- Present findings, recommendations by review mission to provide ground for discussions and learned lessons
- Workshop is a forum to discuss and recommend the preparation of the next program.

We need to point out, after the workshop, the strong and weak points of northern region provinces in Program 135 and submit solutions for summary of lessons and experience exchange.

CEM will present outlines of initial draft of the next program. Consultation with Program 135 provincial steering committees is needed. This is especially necessary because the program is built based on the need from provinces.

**I wish the workshop be successful. Thank you for your participation**

3. Speech by **Nguyen Van Binh** – ice Chairman of Yen Bai PPC

   Yen Bai PPC is honoured to be chosen as the location to organize the workshop, and welcome you all.

   The review mission visited 1 district and 2 communes, and held discussions with PPC. The findings by review missions are helpful for successful implementation of Program 135 Phase II.

   Some issues to be outlined:
   - Commune capacity building, for communes are the investors
   - Procurement
   - Information accessible by public
   - Monitoring and control
   - Mobilization of people's participation
   - Use of O&M funds

   These suggestions are important points for provinces, districts, and communes to successful implement Program 135 Phase II and clarify its requirements.

   Wish you health. Wish the workshop success.

   Hope every participant leaving the workshop will bring along with him some significance in implementation of Program 135 Phase II.

4. **Mr. Tran Van Thuat:** morning session
   - Reports the finding of the review mission
   - Participants having discussions and wish to clarify the findings and provide recommendations to improve Program 135 Phase II in their province and according the policy framework.
   - Opinions of northern region provinces
   - Presents Program 135 implement progress in provinces: experience lessons, solutions and recommendations
   - Summary of morning sessions
   - Lunch break
   - Afternoon session, consultation on next program.

5. **Mr. Nguyen Van Tan**: - reports the findings and evaluations

   Thanks 4 communes, 2 districts, PPC and concerned organization in Yen Bai, Phu Tho for facilitation and cooperation with the review mission.

**Issues of interest for review mission:**
- Procedures: are they applied correctly
- Restrain: capacity
- Integration of programs
- Gender and participation

The success and restrains, particularly the program implementation and management

**General observation:**

Direction: establishment of program steering committee with clear regulations and assignments according to the central requirements

In general, guidelines and documents are ready and in conformity with local conditions, for example the funds allocation criteria

Program progress: according to plan

Help improve life and poverty reduction of ethnic people

People: improved knowledge, for example improvement of production component gradually reduces poverty and eliminates hungry

Management: improved capacity building

Commune management and commune monitoring units have contributed to program implementation.

**Detailed findings**

- **Decentralization**

Aim: (for communes as investors) encourage the initiatives and improve management capacity for Program 135 in particular, and for socio-economic development in general

Central organizations have strong direction to assign communes as investors. CEM has proposal the commune-investor roadmap: 80% in 2009 and 100% in 2010

Yen Bai and Phu Tho provinces have issued decision to assign communes as investors. In their turn, districts assigned the investor role to communes the production component, only few commune play investor role in infrastructure construction. Almost all communes are investor for O&M according to Circular 01. Some communes do not perform well in O&M of construction

- **Capacity building**

11 thematic trainings have been conducted. During the review mission, training course was conducted in Phu Tho

Training courses have followed closely the need and focus on capacity building for commune investor. Some locals consider the training framework was limited. Training method is traditional with limited inputs from participants

- **Production Support Model:** aiming at helping ethnic people opportunity to apply science-technology progress, change the structure of livestock crops to improve living conditions.

  Some production support activities were well implemented and have impacts on changing practices and knowledge of ethnic people. Some model was replicated (high-yield production).

  The review mission question the sustainability of the program: without support will the production model sustainable?

- **Procurement**

  Decree 58, MPI and CEM developed Procurement Manual. The Procurement Manual was completed and distributed. According to Procurement Manual, open competitive tender for subproject with more than VND 1 billion, limited tender for subproject worth from VND 300 million up to VND 1 billion, force account for subprojects of up to VND 300 million.

  In practice, most subproject of less than VND 1 billion used direct contracting. Yen Bai PPC has explained limited tender needs at least 3 quotations from different bidders. There are no 3 quotation in tender documents. There are different understandings of limited tendering.

  We need to discuss in what stage the 3 quotations should be collected?

- **Program sustainability**

From 2008, Government of Vietnam has allocated funds for O&M. Circular 01 assigns concerned organisations to issue detailed O&M instructions. Review mission

found O&M activities were carried out by communes and by districts in some communes.

There are no after construction O&M instructions

- **Information**

There are various methods for information dissemination in districts and communes. Many households know about Program 135, its investment subproject types, stage of people participation. Few households, however, have no information about the program.

Public accessible information: most commune publicized list of beneficiaries and investment subprojects, some communes, however, did not publicized information. The public information helps the program's transparency and increases the commune monitoring.

- **People contribution**

Program does not set a certain people contribution ratio because the program was implemented in extremely poor arrears. Though in reality people have contributed a significant share: 15-20% in some subprojects, up to 50% in other projects. Nonetheless, there contributions were not recorded in financial reports as required by Circular 01 as well as other financial regulations.

- **Monitoring**

From 2007, Program 135 uses monitoring system with its forms and software. CEM has conducted training in regions, and some separate training in provinces. There is no evaluation on results of this monitoring system. We hope participants to share the reason why this monitoring system was not implemented, and then propose solutions

The monitoring system implementation will help program management and directions

- **Gender and participation**

Many women participated in training and production organization. In some places more women participated than men, as in practice women usually participated in training and production. Nonetheless all reports and documents do not show the women participation. If training participants list show participants' gender, then it can prove to the review mission.

All communes report that women participated from planning to needs identification to priority selection of construction and production development.

- **Education**

The disbursement report shows the assistance to the poor school children. In some places, however, some children have not received assistance. How do districts and communes explain this?

**Mr. Thuat:** review samples are too small in comparison with number of Program 135 communes. There may be differences in other communes. We wish participants to share their opinion focusing on 10 points in the previous presentation. Only focus on main points, time allocation for each participants: 10-15 minutes.

**Mr. Nang (Ethnic representative from Yen Bai):** Yesterday the review mission have pointed out 8 weak points in Yen Bai, two of them are:

- Information reporting system: still in traditional form
- Commune as investor was not implemented. PPC vice chairman commits 100% communes will be investor in 2010

I would like to ask: two communes Ban Cong and Han Liu, and Tram Tau district, weather communes can work as investor?

Besides, Yen Bai province agrees with findings by the review mission.

**Mr. Vu – Ban Cong CPC**:

Public information in meetings in communes. People participated in subproject selection. We followed Program 135 guidelines.

District assigned commune as investor for production component, and commune house for infrastructure construction.

Communes have a lot of works, and can play investor role in some subprojects. There are 8 staff in our commune doing a lot of works with low salary. Some staff are absent for education, some work part time

Commune have difficulties to play investor role. We even have difficulty understanding the design drawing of construction.

We can assist in education, production.

Education assistance: VND140,000/month/primary full day school student and VND 70.000/month/student, with delayed disbursement. We propose to increase the assistance level to VND 140,000 because of price increase, and to encourage children to go to school.

Investor procedure: ready forms needed

Rice and maze farming techniques training should be focused using H'momg language for better understanding. H'mong women know only H'mong language.

**Mr. Nguyen Phuc Cuong** – Tram Tau district DPC vice chairman

- Success of Program 135: improved knowledge, farming practice of people

Information about Program 135 are known to the people, this show the good public information. Commune organize meeting to collect people's opinion, commune then summarize and submit to district, district summarize and submit to province.

Districts assist commune staff for better education. Some commune PC chairman have university education.

Training courses tried to use models

For every program implementation stage, a list of beneficiaries was publicised in a public place.

At present, our district directs to coordinate and integrate trainings for suitable participants and methods.

Women play high role in participation and production organization, but they are too shy to voice their own opinion

Commune-as-investor decentralization: in 2010 100% commune will be investor for simple tasks, for difficult tasks district will direct concerned organizations to assist communes-as-investor

High contribution of people: 50% for community house, but no records due to lower level of literacy and education of the local people. We will direct communes to have record books for people contribution and government support.

**Mr. Cuong** – Yen Bai PPC Vice Chairman

Will conduct study of review mission findings. Plan to have meetings with Program 135 concerned sides during period 5-10/11/09 for 2010 plan and increase the program implementation in last quarter of 2009

**Mr. Ha Vi Luong** - Tan Son CPC Chairman, Tan Son district, Phu Tho

Generally low level of literacy and education of ethnic people

- Commune as investor decentralization: district assigned our commune to be investor for production support component and O&M component
- Commune capacity: improved management and planning capacity of staff. Further training is needed for commune PC staff, and detailed instructions for commune investor. Special assistance from districts is needed, for example World

Bank on-the-job training. We have difficulty in knowledge and education to be investor

- Production support: 49.1% poor households, 60% near poor households receive no assistance.
- Poor school children assistance: delayed disbursement, first semester assistance came after the end of 1st semester. Timely assistance is needed to support children. **Monthly assistance** is better.

**Mr. Huan** – Tan Son DPC Vice Chairman

Agree with findings by review mission

Tan Son district was established (separated from Thanh Son district) with thin staff force, and low capacity. We have difficulties in assisting communes. There are 14 extreme poor communes in the district. In 2009 role of investor was assigned to communes: communes can manage production and O&M components. Communes have difficulties as investor for infrastructure construction

Training: training courses were conducted for communes, but they have difficulties in dealing with contractors, construction design.

Further hands on training with better method will help communes to be investor

Our district commits to direct communes as investor in 2010

**Mr. Quang** – Phu Tho Ethnic Minority Council Head

Agree with findings by review mission. We will advise PPC to implement review mission recommendations

- Commune-as-investor decentralization

In 2008: 15/43 commune-investors in Thanh Son, Thanh Thuy districts... not in Tan Son district.

Commune staff were trained for Program 135. Therefore it is natural to assign communes as investors. 43 communes are not investors, of them 14 communes are from Tan Son district. Phu Tho province will conduct training in parallel with assigning communes as investors. 3-day commune-investor training was conducted.

- People contribution records

People have contributed a lot, but no records. We promise to records the people contribution as required.

- Monitoring System

Recently implemented in districts having participated in training in Quang Ninh. Monitoring system will be implemented in other districts. The monitoring system will be fully applied when 100 communes become investors

- Delayed funds for poor assistance

We await VND 4 billion. Request the attention of Ministry of Finance.

**Mr. Cuong** – Yen Bai PPC Vice Chairman

Commune plays investor role for some components. Can we trust commune to be investor? Is it unreasonable will? If they perform badly, we can lose our staff.

Staff allocation for Program 135 is not reasonable.

World Bank project has provincial and district PMU, with provincial secretariat with furnished equipment. With these conditions program implementation will be successful

Program 135 requires big staff resource, but at district level there is only one Vice Chairman in charge with no supporting staff

We recommend CEM to consider more staff, it may be late for 2010, but can be considered for next program. Management staff are very important, CEM and donors need to pay attention to this issue.

**Mr. Thuat** – explains concept of commune investor: not only investor for infrastructure construction, but also investor from production support, small subprojects, house construction with people participation in commune. It is unreasonable for commune to be investor for big construction. Gradual steps are needed for communes to be investors, from small to big construction.

Investor not only for construction

Commune investor decentralization should be associated with step-by-step trainings. Commune investor concept is both aim and means for achieving program objectives. Commune investor need to be trained step-by-step. For commune investor, the district assistance should be enhanced to help communes in construction management

Law has provisions to let investor hire construction consultant to do complicated works which communes are unable to do.

When reviewing we need to clarify, for which construction commune can be investor? Not all 100% commune can be investors of all constructions.

Program documents says commune investor is a gradual process, from simple to complicated construction.

Program construction subprojects cannot be designed as development partners' project, they are associated with political tasks. Association to government system is needed.

Development partners'' PMU have no job after the project closure, bur for Program 135, the management should associated with political tasks in the government system.

**Break**

**Mr. Thuat:** Discuss in detail difficulties facing communes and solutions orientation.

**Mr. Vi Van Thanh** – Tuyen Quang Ethnic Minority Council Head

- Management:
- Commune investor: communes investor from phase I, Phase II commune investors for all 3 components
- Transparency and democracy: monitoring, poor households selection, priority of assistance. There are different methods for information, mostly public notice at commune PC and villages.
- Public information of budgets and findings, advise PPC in building and approving, and issuing criteria.
- Planning: Yearly planning is made in 3rd quarter, DPC submits to PPC, Ethnic Minority Council appraises and advises to PPC
- Infrastructure construction: PPC allocate funds to districts based on district and communes' detailed plans. DPC approves and assigns to communes.

  Production support: Department of Agricultural and Rural Development advises PPC

  Training: Ethnic Minority Council assist PPC conduct training based on commune training needs. Districts have training facilities for a group of communes.

  Monitoring: Aside from Provincial People Council and other provincial organisations, Ethnic Minority Council conducts regular monitoring missions. Mission's findings and recommendations aim at improving program management, if serious problem found then reports to PPC for directions

  Based on reality, issued document and framework activities to steering committee, PMU, and commune monitoring unit. Provincial policy action framework was issued.

  Funds allocation: infrastructure and production support: based on difficulties

  Education: allocation based on instruction from central level

Training: Materials were distributed to communes, for specific training, materials will be adjusted for training in province and districts.

**Current Retrains:**

- Reporting: Similar to Phu Tho and Yen Bai, to report from commune investor level according to Circular 04. Traditional reporting method is used despite the new system
- Instructions and documents from central level: too many documents, particularly on production support and infrastructure construction. Continuous tender required, difficult to apply.
- Procurement: Lots of tasks for investment preparation, design estimates... many small construction and widely located... difficult to complete in short time

**Mr. Thuat:** Tuyen Quang does well in commune investor decentralization. Focus on commune staff and close directions from various level. Tuyen Quang is flexible in training based on communes needs. Training can be conducted at various locations: province, district, commune

**Mr. Nguyen Chi Que** - Lao Cai Ethnic Minority Council Deputy Head

Management: Steering Committee, with PPC Vice Chairman as Steering Committee Head and Ethnic Minority Council Deputy Head as Steering Committee Deputy Head. Steering Committee meets once every half year.

Ethnic Minority Council directly manages infrastructure, Department of Agricultural and Rural Development manages production support, and Labour Invalid Social Department manages education.

In Program 135 Phase II, there are 12 documents from central level, 9 documents from province, 5 documents from related organizations for program organization and implementation

During the program implementation process, delays in each stage and level result in activities delay in 2009

**Monitoring:** Training provided to communes. This year training will be continued. Because of no data collected from the beginning, it is difficult to update. Joint coordination is needed, ad after the program closure, those staff can be assign other jobs in offices. To issue a document requires involvement of different ministries and time consuming.

**Production Support**: 80/92 communes play role of investors. Province is eager to assign investor role to communes, but some communes can't do it. Breeding is complicated and this task is carried out by Economics Office

**Infrastructure Construction**: 40/127 construction assigned to commune as investors. Some districts assist commune well. Because Program 135 communes are extremely poor, it is not plausible for all commune to be investors in 2010, therefore reporting can't be completed.

**Funds:** Allocated based on criteria

**Monitoring and Control:** Many missions

**Difficulty of Decision 112:** Difficult to allocate to poor household because there is a very thin different between poor and not poor households, some assistance goes to household not poor. There is not enough places for children at schools, thus...

**Commune as Investor:** must be flexible. Report are usually made by contractor not by CPC

**Next Program:** Improve organization, consistent program from central to commune levels. Ethnic Minority Council can work directly with Ethnic Minority Office if the latter exists.

**Procurement**: Delayed appraisal, because the requirement of appraisal centre

**Mr. Hao A So** – Ethnic Minority Council Deputy Head

**Commune as investor**: Although the decentralization is quite strong, there are difficulties: low level of literacy and education despite trainings. Procurement according to Operation Manual and Decree 58, thus difficult in implementation of tendering and direct contracting.

**Training:** Assign to districts. Districts hire schools and private companies to conduct trainings, therefore results are not high. In 2010 will assign Ethnic Minority Council to organize training

Restrains:

**Production Support:** Has not promoted rural economy development. Selection is made for certain breeding plants but information dissemination staff are weak (trained commune staff), few ethnic staff participated. Many ethnic women participated. Difficult to apply knowledge to practice.

Monitoring: Not yet reporting by AMT/PMT. Many communes don't have electricity thus cannot report by this system. According to province's directions, electricity will be provided to those communes in 2010-2011 but findings for electricity is not ready.

**Mr. Tung – IFAD**

Program 135 poses many objectives, but there are many difficulties to overcome to achieve these objectives. Production support is the most essential component to help ethnic people in sustainable economic development. Big objective: change economic factors, create ne potentials. We need to look deeper to draw experiences for the next program. Is there an imbalance in objectives and approach method? The objective is structural transformation but the approach focuses only on some poorest household groups, with mostly material input assistance. We have great impression when visiting Han Liu commune, there is a big improvement in human resource capacity building, with our organization's contribution. The program covers larger area and better meets local needs: spring peanuts and vegetables are different from traditional products in markets. Furthermore, what should be done for people to have new opportunity in generating income. Program 135 objectives are big, but not enough activities to achieve these objectives. Therefore, program 135 should be integrated with other programs. Some provinces are lucky to have international program in their provinces creating stronger development force. For example Tuyen Quang province, we have worked a lot in this province. Commune investor decentralization was made with mobilization of various recourses. IFAD has contributed its part in capacity building for communes to be investor.

Tasks were assigned to communes, but 3 year ago we did not have plans to improve commune capacity building to achieve objective of commune investor. Or don't we have enough resolution to achieve those objectives?

Capacity building: all recourses were mobilized for commune as investor

Lao Cai: good experience of not assign all constructions to communes, but only simple constructions. ***Roadmap for capacity building***

Is it possible that some financial regulations do not meet our expectations? For example, for staff going to remote areas is there enough compensation to encourage? IFAD has a lot of difficulties: staff do not have enough money to pay for trip petrol. Is assistance for staff enough to carry their tasks? Does central level need to adjust cost norms? Is there enough human resources allocated for mountain communes?

IFAD and WB projects allocate more costs for management, but there is a roadmap for capacity building and concrete assistance to implementation staff. Program 135 does a lot, but use seconded staff and there is lack of assistance to provide high salary for staff.

**Mr. Thuat:** Summary of workshop

After the review mission presentation, workshop have listened information from program provinces, districts and communes, and other provinces (reviewed the previous year)

On behalf of workshop organizers, thank you for your inputs.

- Practical consideration is needed for Program 135 coverage. These are country's difficult and poorest areas. Difficult with natural condition: storms and floods. Program implementation facing hash natural conditions. Other difficulties are ethnic people: ability to absorb knowledge and integration, language barrier. Efforts to achieve objectives but we should not rush to reach ethnic tasks objectives.
- Ethnic tasks are long term and strategic. Changes should be made gradually for these areas
- Two reviewed districts belong to 62 poorest districts thus there are a lot of difficulties: high ratio of poor households, capacity of poor people. To point out strong and weak point in this review mission is necessary and helpful for program communes.
- Workshop focuses on 10 main findings of the review mission. In these 10 findings there are success: management at provincial, district, commune levels, and activities directly approaching local people (communication), production models. Some issues need to be clarified during program implementation: commune as investor decentralization, people participation, public information (methods). We have discussed success lessons, exchanged experiences. The discussion nonetheless focused on difficulties which we think plausible. Difficulty levels are different between provinces and communes. Difficulty in Tram Trau and Tan Son is a success for Tuyen Quang province. Therefore, experience exchange is necessary. We have analyzed commune investor reasons, procurement... Different reasons among communes. For example commune as investor: reason may be commune's capacity, may be district's resolution to assign commune as investor, and commune could do it with proper assistance form district. Solutions depend on concrete locals, we can't force some local to apply other locals' models because reality is different between locals.

**5 points to be agreed on:**

- **Commune as investor:** understanding, implementation method, implementation process, commune assistance, district responsibilities, decentralization resolution. Solution
- **Production Development Support Component:** Structural transformation is not only due to Program 135, but due to other programs. Program 135 have limited recourses, and associated with political system. Therefore consideration is needed in program planning.
- **Training and capacity building for local staff:** allocate enough resources from total budgets for training. Many locals have difficulties in conducting trainings. Locals should design suitable training to meet their needs. Locals have different methods: some locals focus on commune as investor issue, others communes focus on other issues.

- **Information and Reporting System:** Mastering software is a problem, and some locals do not have electricity. The system, however, allows both computer-generated and manual reporting.
- **Organization:** other international programs have their own professional staff for program implementation. Designed with government's target programs. Government's target programs associate with political system's capacity building. There is no Ethnic Minority Office at districts, thus the tasks become scattered and torn when assigning to different district offices. CEM have reported the problem to Prime Minister. Prime Minister has directed Interior Ministry to re-establish Ethnic Minority Office at district. Other program use professional staff, we need to explore these models.

Inputs from program provinces and districts have shown their resolution to implement the program. Provinces and districts should study review mission's findings in order to advise PPC to summary program implementation in 2009.

After the workshop, review mission will complete their report and submit to Central Steering Committee. Final report will be distributed to provinces and provinces are requested to report their solution for solving problems and recommendations which will be incorporated in final 2009 report.

- On behalf of CEM, we appreciate your comments and will prepare summary of experience lessons

On behalf of CEM, thank you for your participation and inputs.

**Afternoon**

**Mr. Thuat speech**

CEM was assigned the tasks of designing after phase II program and submit it in June 2010. CEM has established Program preparation unit with participation form ministries and central organizations, particularly organization directly involved in Program 135 Phase II: Ministry of Sciences and Technology, Ministry of Finance, Molisa, Ministry of Agricultural and Rural Development, Ministry of Construction, Ministry of Natural Resources and Environment, Office of national Assembly, and State Audit.

CEM has conducted two workshops: 1) Workshop with development partners and some specialists related to program design in Tam Dao in July; 2) Idea consultation through trainings in August and September 2009.

There are a lot of opinions, inputs, and discussions. There is need for consultation and exchange in order to issue official program documents for submission to management organisations, concerned organizations and development partners' for comments. The Program preparation unit have built outlines of draft documents for further discussions.

Combining with other inputs and results of mid-term review mission to use as basic for developing next program. Today is only initial briefing and we need your inputs for documents development and in the following year to begin submission procedures.

**Mr. Tan** presents outlines brief: program documents

Tentatively name After 135 Program. Official name will be determined later.

**Approach method**: areas and region

**Components:** 4 components

1. Infrastructure Development Component

Identification which infrastructure is needed for each region and area. Conditions vary between communes and villages thus infrastructure needs are different

- ⇨ In northern region focus is for which construction (available suggestion from Yen Bai)

2. Sustainable livelihood for the poor

Technical assistance and knowledge serving production development, particularly the agricultural extension force to help change the production method and problem not yet solved by Program 135, for example agricultural structure transformation (achieved only in some areas)
Possible to change to non-agriculture activities to solve the land pressure problem
Service activities aiming at structure transformation impact
Ethnic areas are mostly headwater areas, therefore attention need to be paid for environment problem.
3. Improve and enhance public services
Preferential policies
4. Local staff capacity building
Roadmap is not determined for each target group and content

**Findings**

Concrete criteria needed for funds allocation

**Organization**

- Determine implementation organisation based on experiences from previous phases
- Related organizations

**Mr. Thuat:**

At present, Vietnam is developing state program: Program to support 62 poor districts, new rural program documents. There will be some program and projects for infrastructure and production development, for example WB's and ADB's poverty reduction project, and concerning policies on land management.
After 135 Program approach: 1) cultural based; 2) Region based: different assistance for different areas
Objectives of After 135 Program: Toward sustainable and rapid poverty reduction of ethnic people areas and priority objective is for ethnic people development, a problem of macro level
Concrete objectives: associate to other objectives
Scope: toward communes facing extreme hardshipand village of area 2. Possible approach to difficult villages because commune approach only reaches to commune centre, whereas villages are far from commune centre. Son La and Lai Chau have approached to villages, and there are opinions that village approach can support more beneficiaries. Beneficiaries are all people living in the program areas, including ethnic people.
Should we design with 4 components when there are already a lot of infrastructure invested? Should we invest in infrastructure? Infrastructure investment is costly and consumes high budget ratio.
Reallocation of free, nomadic people: should we include in the program?
Planning residents in border areas?
Social benefits: improvement of public services?
Training and capacity building: Vocational Training
Budget structure: for Program 135 Phase II some locals did not agree with its budget structure and require same fund level. Should we allocate funds based on the difficulty level?
Monitoring: Next week I will work with partners Finland and UNDP to design basic research for the period 2011-2015
When developing program, top specialists will be invited. We wish participation of development partners to develop high quality program.

**Mr. Thuy** – Yen Bai Ethnic Minority Council Deputy Head

Agree with the vision and objectives. Village approach is needed because the two previous phases have focused on communes. Phase II have approached to village of area 2

Program framework: 4 components are new and different from Phase II

**Component 1:** Infrastructure Development. Important for program 135 because of roads connecting communes to villages. Besides, attention on electricity is needed.

Commune headquarters are not in all communes. Study is needed

**Component 2:** Sustainable livelihood

There is a need for production support for the next period. After Phase II the production support is still needed.

**Component 3:** Vocational Training for students: result of Phase II. At present in Yen Bai training is integrated with other programs. Program 135 training has time problem. 1-2 months training is not enough for a vocation

**Budget structure:** it is a change. Agree. Budget allocation should be based on criteria. At present only investment budget structure. Thus only very poor provinces have investment findings

**Organization**

CEM should be implementation agency at provincial level. Program preparation unit needs to begin study to develop synchronized document from the beginning

**Mr. Bui Van Huan – Tan Son DPC Vice Chairman – Phu Tho**

Phase I and II: infrastructure development and capacity building

Capacity building component has not achieve good results, therefore **objectives need to be determined** and Phase III should focus on staff training improvement

**Component 1:** Infrastructure Development

Commune headquarter can host only 8 working staff. The number of staff is planned to increase therefore commune headquarter need expansion and upgrade. Community house can be approached. Community cultural house is multi-purpose and can be used for meetings, cultural gatherings…

Village cultural house: needed for village meetings. The village house can host about 30 people whereas there are about 100 households in the village. Village houses are mostly small and poorly equipped.

**Component 3:** Preservation of ethnic culture: attention should be paid to scope of cultural house

After Phase II the kindergartens will meet the village needs, but there are no private kindergartens. Program 30A have similar component, and Program 30A doesn't have findings at present.

**Production Support:** Continue support for plants breeding and fertilizers, support on sanitation and environment improvement: construction of toilets, bathrooms. Program 135 supports clean water. Mountain areas communes have difficulties to achieve state health criteria because community doesn't have toilets, although there is a commune health station.

Assistance of VND 1 million together with people contribution can build a toilet and a bathroom

**Component 3:** Preferential policies on health was implemented. Seconded staff have low incentives and can't become CPC permanent staff. Mountain communes do not have cadre for science-technology development, only cadastral staff. There is need to have a permanent staff with knowledge on production science as head of agricultural extension group.

**Component 4:** Commune staff have high school education in general but limited capacity. Associate certificate education and training

**Mr. Vi Van Thanh – Tuyen Quang**

There are extremely difficult village in Area 1 in Tuyen Quang province, about 3-4 km from the town, and they need production support

Infrastructure development: Assist people to reallocate from dangerous area. There is a state program, but this issue should be included in to this program

Budget structure and level: based on region. Road in mountain costs more than in Tay Nguyen and Mekong delta

**Management budget:** 10% is a new thing. Completely agree.

**Mr. Xo - Son La**

Component 1:

Priority order 1: road, 2: commune headquarter, 3: Electric transformer station, 4: Commune Health Station.

Many communes don't have their own headquarters.

Village Kindergartens, Cultural House, Clean Water

Component 3: Any overlapping with state healthcare and health insurance?

**Mr. Vu – Ban Cong Commune**

Related organizations should timely issue guidelines after program approval. Do not wait for training to provide documents. No documents means no base for program implementation

Component 1: commune headquarters: no headquarters in 3 communes. Warehouse is needed to keep plant breeding and fertilizers. These are being kept in people's houses

Agree on kindergarten construction. Consider to build service house for teachers because when teachers have to travel a lot it decrease their teaching quality.

Environment and sanitation improvement: build a toilet for every household

Component 3: At present there are only normal medicines, no disease treatment medicines. Better medicines should be replenished for treatment to reduce patient transfer and improve healthcare station activities

Living utensils: assist kindergartens

**Tan Son commune**

Component 1: Include upgrade and improvement of radio station at resident areas. Radio is an effective means of information

Component 2: Include model development and breeding support before technical assistance

Vocational training: What to train and what after training is important

Environment and sanitation improvement for resident areas

**Mr. Cuong – Tram Tau DPC Vice Chairman**

Structure: program rationale

Part II: Basic for program implementation (legal and practice)

Objectives: common objectives and specific objectives for each phase

Method: good method helps successful program implementation

Organization Method: coordination, seconded staff

Infrastructure component: Commune headquarters lack equipment and facilities

Production support component: assist models, readings and fertilizers

**Mr. Thuy – Yen Bai Ethnic Minority Council Deputy Head**

Component 1: O&M budget allocation

**Mr. Thuat**

CEM requests provinces to submit inputs for program development. Urgent inputs are needed

**Agree:** program rationale

**Program design:** agree on general objective, approach method, beneficiaries, include some more contents

**Program structure:** agree on 4 components. Infrastructure component is needed but the budget ratio is less than before, and O&M budget is needed.

**Budget structure:** agree on difficulty and region based criteria

**Additional inputs:**

- Program documents to be formed based on the frame of current projects, with consideration on practice. Point out the difference with other investment projects
- Reconsider the scope: approach extreme difficult communes and villages in Area 1.
- Program framework: stable people settlement. Separate project for people in water reservoirs.
- Infrastructure: include cultural house, kindergarten, radio station
- Production support: continue to assist in breeding, fertilizers, model development on production structure. Too much focus may make it similar to new rural development program
- Program documents should be issued early

## Group 2: Quang Tri-Thua Thien Hue

## FINDINGS AND RECCOMENDATIONS

### 1. Infrastructure development component

#### *a. Commune investment ownership*

There was differences regarding decentralization of investment ownership to commune level in two districts visited by the JPR Mission. In A Luoi district, since 2006, the district authority commenced decentralization of investment ownership to 12/12 communes. However, the capacity of commune staff is very diversed while there is certain limit to district support due to limited number of district staffs who are responsible for many different works. As a consequence, the quality of commune investment ownership mostly depends on the self-supported capacity of commune staffs. In Dakrong district (Quang Tri province), 3 out of 10 communes were assigned to be investment owners of all sub-projects, while the province authority stipulated that the commune can only take on investment ownership for projects with less than VND 300 million

- **Reccomendations**

The provinces and districts need to have a roadmap for empowering communes with investment ownership, in which the assessment of staff capacity at local level is extremely important in order to avoid the situation of handling investment ownership to communes when the capacity is not ready, thus, resulting in the communes unable to take on such responsibility, or to avoid delay in decentralization. In addition to decentralization of investment ownership to communes, the district authorities need to provide regular support and guidance as well as capacity training and monitoring in order to enable communes to be able to be investment owners.

#### b. Implementation progress

In general, P135-II implementation progress in the two provinces is quite good compared to which nationwide. The provinces have formulated he general plan for the whole period of implementation. However, the monitoring and updating of informatiton on the implementation situation and disbursement rate by the program standing committee was still slow and not sufficient.

- **Reccomendations**

- It is reccomended that the provinces use the reporting systems conforming to Decision No.04/2008/QĐ-UBDT t monitor and update on a regular basis the implementation progress in order to have sufficient information related to the implementation of the program.

#### C. Capital

In the two provinces, there are many government and donor programs and projects running at the same time. The utilization and integration of such fundings have been directed by provincial authorities quite effectively, which enhance capity using quality.

Some communes did not have information of annual funding plan, thus, were unable to take an active part in implementing the annual program plan.

- **Reccomendations**

It is reccomended that the provinces issue criteria for funding allocation to assess the different difficulties facing by communes in the same areas to ensure the program objective which is communes facing more hardship receive more investment and avoid

division of funding on an equal basis. The annual funding plan must be announced publicy early to all related stakeholders.

**d. O&M**

In areas visited by the Mission, funding for O&M is managed by the districts and is used to fix key works in the area. The communes do not yet have plans for O&M and mostly carry out qualitative review and report to district level for general planning.

The provinces feedbacked that the funding allocated for O&M work from central level as of present is not enough to maintain and fix a big number of works since the first phase and the level of funding should be increased for works constructed in areas frequently under the influence of natural clamity and flood.

**Reccommendations**

- It is reccommended that related Ministries and Departments consider raising funding for O&M to meet the present urgent demand for maintenance and repairment.

- The provinces shall take an active part in issuing documents providing guidelines to communes in planning and making a list of works that need O&M. Specialized districts units shall review such plan to ensure the focus of different funding resources. After the list is defined, the communes should be assigned to conduct O&M activities on works in the commune areas.

**e. Procurement and bidding**

Community bidding is not yet applied on a widespread basis. However, in many areas, the community has been assigned to carry out some simple works.

Information about investment works have been made public on different means of media, however, most communities in the visited areas were unable to carry out the work.

*** Reccommendations**

It is reccommended that community bidding is applied more widely, attention should be paid to community bidding method to ensure the achievement of the program objectives which is transparancy and to ensure the slogan of the program which is "communes have works and local people have employment".

**2. PRODUCTION SUPPORT COMPONENT**

***a. Content of support***

Thanks to actual review, it is seen that the content of support under the production component is very pragmatic, which contributes to increasing income of local people. However, current support so far only provides inputs and meet temporary needs, and is not associated with the market which would turn in sustainable results.

There have not been many production models capable of being replicated.

Some regulations are not flexible which creates difficulties in implementation and does not foster creativity by authorities at different levels and local people.

*** Reccomendations**

The role of extension staff should be strengthened in providing farmers with production techniques with market orientation.

Central government should review and provide solutions to exisitng problems encountered by provinces regarding regulating documents which are too detailed, thus, difficult to be applied by provinces.

**b. Utilize and integrate different financing resources**

In some provinces, there have been loans by Bank for Social Policies, however,, the utilization of such loans in production to provide economic values has not been effective.

**c. Implementation methods**

Reccomendations:

To strengthen monitoring of household groups and ensure the selection of right beneficiaries.

To strengthen the consulting functions of specialized departments in orienting, appraisal of selection, and planning of production development in the areas.

The withdrawal of support needs to be done on a gradual and strategic basis. If model is not developed, it will not be effective.

It is necessary to have funding to implement and apply constructed models.

**3. Training component**

**a. Content and target**

In many areas, the investment owners and commune accountants do not have enough capacity in different implementation stages.

Training in terms of policies has been done well but skill training is still weak.

- **Reccomendations**

It is necessary to conduct need-based in-depth training. It is not necessary to conduct training on all subjects and repeated training.

It is important to establish special training content to each target group. It is not reccommended to organize widespead training to too many target groups in one class.

**b. Methods**

So far, there is no follow up after training to ensure the content of training is applied in actual production.

- **Reccommendations**

To establish provincial and district task forces to support commune staff and a an operational and financial mechanism needs to be formulated for the task forces. An issue raised is whether independent consultants should be hired (newly graduates) or exisiting staff be utilized provided that they are provided addtional allowance?

**4. Livelihood support and living standard enhancement component**

The provinces feedbacked that funding for the content of legal support is too low and not effective.

The enlisting of schoolchildren from poor households is still slow. In some areas, the beneficiaries were not selected correctly which created delay in budget allocation from central level.

**5. Monitoring and Evaluation**

Some districts and communes have submitted AMT reports, however, the information provided was not sufficient.

Some districts reported that they do not have computers to operate MIS.

**Reccommendations**

To reestablish the district department of ethnic affairs. To provide the task forces and formulate a financial mechanism by the program to support this task force.

To establish a cross checking mechanism not only between the authority and public but between the consolidating organizations and specialized ones. How shoudl feedback be included in planning and target establishment by coordinating organizations? In addition to the program steering committees, the provincial and district PCs and People's Council also need to pay due attention to program implementation.

**6. Gender issues**

Female participation is reported in program activities but not documented.

***Reccommendations***

Figures illustrating female participation and beneficiaries who are women need to be documented.

The law on gender equality needs to be introduced in communication on legal issues (to equal female and male labor time, to reduce forced birth rate and increase female participation in program activities).

**7. Communication**

The public has been quite awared of the program, however, approach and means of communication need improving to foster further involvement.

**MEETING MINUTE**

On 31 October, in the city of Hue, the Review Mission to the Central region, in cooperation with the P135 Steering Committee of Thua Thien Hue province organized a workshop to share findings and innital reccomendations by the Mission after conducting a field trip to Quang Tri and Thua Thien Hue.

The workshop was cochaired by Ngo Thi Thuy Hoa, Vice Chairman of Thua Thien Hue PPC and Dao Xuan Tue, Vice Director of the Policy Department, Ministry of Finance (leader of the review mission to the central region).s

**I. Participants to te workshop includes:**

- All members of the review mission to the Central Region
- From Thua Thien Hue and Quang Tri: Members of the Program Steering Committee, representatives from districts and communes
- Representatives of the Program Steering Committee from Quang Binh and Quang Nam

After the chairpersons of the workshop declared the reasons for the workshop, introduced the participants and announced the general findings and reccomendations by the mission, the participants commenced discussion.

**II. Content of the discussion**

* Le Khuoc (Quang Tri):

Agreed with the comments by the mission because P135 yielded in big achievements, played an important role in poverty reduction, infrastructure development, the central and local authorities have invested in the right direction despite limited resource. In Quang Tri, 16/20 communes became investment owners.

General standpoint: to make effort to foster commune investment ownership as much as possible but not all communes. Only deliver investment ownership to qualified communes after guidelines by Ministries have been studied carefully. In Quang Tri, the communes that are investment owners are performing very well.

A roadmap for commune investment ownershop decentralization is necessary (for example, in Tuyen Quang, there is a lot of support from district to commune level).

Solutions: province and districts need to provide training for staff leaders, accountants and monitoring staff on commune investment ownership. In Huong Hoa district, training on such matter is being conducted ( it is not mentioned by the PPC but in the inter-ministerial circular); strengthen staffs to local level (providing guidance, supporting with specialized staff and poverty reduction staffs, using both central and local budget). It is expected that by 2010, all communes will become investment owners.

In Quang Tri, PPC regulates that communes can be investment owners of projects not exceeding VND 300 million (this will be increased in the coming time)

Highly agree with the review mission, it is important the commune receive support in taking on investment ownership. When conducting monitoring, the commune feedbacked that any difficult matter should be refered to Party B (It is dangerous because Party B is the contractor)

Regarding the reporting system, Quang Tri has formulated a set of reporting indicators. However, it is difficult to update information from local level on a daily basis. Thus, in addition to the set of criteria, it is important to have an information updating system and it is compulsory that the local authorities update report, and it is necessary to have means for information updating. It is necessary that certain funding is allocated for reporting and collection of information.

In terms of funding resources: integrating different resouces in the same areas: Quang Tri has integrated different fundings (as for works with the same investment and financial mechanism. This helped speed up implementation of works and enable easier management of such investments. A workshop to integrate different funding resources is conducted on an annual basis. However, the PPC has decided to integrate fundings on area basis only, not on works basis.

The funding is not divided on an equal basis (Quang Tri selected the investment works that are most urgent, then select the plan and calculate the funding. This ensures fast and effective implementation.

O&M: O&M activities should be assigned to communes, and should be conducted on a regular basis to prolong the life of a work. If O&M is done on a regular basis, the works would last longer. It should not be waited until the works degrades that O&M is done.

***Other comoponents:***

The ultimate goal is to enhance livelihood, reduce poverty. However, in order to ensure sustainability, the focus must be put on production development. Therefore, more funding is needed and priority is put on household development, then household groups. (Quang Tri: in areas where there are both ethnic minority and Kinh people living together. Thus, a household group include poor people with little knowledge on production and rich people who are awared of doing business plus other ethnic goups.

When there is culture exchange among different ethnic groups, they can help each other and develop together.

Training: Training of accountants conducted by DOF on an annual basis. The method of training is learning by doing/coaching or hand to hand guiding.

Reccomendations: communication is very important. Even though the communication content has been quite good, we think that communication activities are not enough in terms of qualitative and quality aspects: communication on the policies and intention by the Party and Government.

Channels of communication: what to do? What are the purposes?

Integration of different activities in Quang Tri: DPI is the focal organization to conduct meeting with the involvement of different stakeholders.

* Mr. Minh (Thua Thien Hua PCEM)

The training framework by the central organizations is too detailed which create difficulties in implementation at local level.

Annual training content is delivered by 3 channels: training for commune and village staffs; training for local people; and vocational training for young people from 16-25 years old). However, the training mechanism is not clear, which does not ensure training quality. It is important to have a mechanism for this.

Training skills: why the central government do not provide training for the resource staffs at lower level, then they can provide training to others.

Financial mechanism: if the allowance is too low it would be difficult to attract qualified people to work in Hue. It is important to consider characteristics of each area,

including distance, content of training, etc in order to formulate a suitable financial mechanisms.

Integration: we said integration but it is difficult to implement such in the area as we have not yet had a mechanism for integration (who should be in charge: the district? Or commune? Or DPI? How should integration be conducted? By works? By investment? As each works has its own objectives, criteria and approach in terms of implementation. It is necessary to establish an integration mechanism at local level: at what level? How?

In terms of policies: central investment is sparced and small, for example: cutural support of VND 2 million is not enough to do anything. Circular 06: a lot of content however the investment is not respective to implement and it is difficult to organize monitoring. Reccomendations: it is advised to have different channel of funding for each content (for example: there is funding for legal support, funding for children's rights support, gender support, etc) .

Policies for the 2nd phase should provide different policy channel and focused investment as well as a clear roadmap to facilitate monitoring.

It is advised to provide some additional programs: for example: the program for investment in communes clusters should be mergered with the same program under Program 32;

Mr. Anh (Quang Nam PCEM):

Task force (including members from related provincial departments, and the area of support depends on the specialization of each department)

Representative from Quang Binh:

Commune investment ownership: In P135 phase I: mostly districts were investment owners.

Quang Binh has 31/35 communes who are investment owners but many communes cannot carry out such responsibility (for example, they assigned the work completely to a contractor, thus the province has to conduct monitoring and provide guidance in all communes, as the monitoring role of the district is to be "an outsider" -> thus it is important to have a roadmap for commune investment ownership. If the commune cannot fulfil such tasks, the ownership of investment will be handed back to the districts.

Training: P135 stipulates that support for travel of schoolchildren living at a far distance from the schools is VND 200,000 for the whole schoolyear. There is no support for meals and accommodation for such students.

Participants invited to training workshop at provincial level: the number invited is 100, but only 30 show up.

Some other contents: e.g. popularization of IT → could not invite a lot of participants because of the shortage of computers for leaners.

If this is a special program: training must be provided at each level and there should be special allowance (if the staff attend P135 training, they should be entitled to allowances as an official entitled to salary)

Decentralization of commune investment ownership:

The central organizations should have concrete guidelines on the cost norm for O&M right after handling of the works.

Production support component:

All policies target at poor people. At present, it is difficult to distinguish poor households because everybody wants to be in the list of poor households to receive support.

Priority for support: highest: 1: priority for households that have just raised above the poverty line; 2: priority for households aiming at production development; 3: better-off households; 4: households with no knowledge of production development.

task force to support communes: should work jointly with the extension staffs provided to the communes.

Mr. Vu (Thua Thien Hue CEM):

Reccommendations:

The mission is reccomended to propose solutions. As in the process of implementation, the policies can be adjusted to suit the actual conditions, so it is reccomended that analysis of the constraints of exisiting policies be conducted to make relevant changes to such policies for the remaining period of the second phase.

What I found not yet relevant: tôi thấy chưa hợp lý:

In Circular No. 12: it is stipulated that the maximum support for each household is VND 3 million, which is not suitable. The support should be VND 5 million.

2. Household group supporting: From 3 to 5 households become a group which includes 20% out of poor, the remaining is poor --> it is suggested that 50% is a suitbale percentage to ensure sustainability for households that overcome poverty and they induce others. The ethnic minority people are honest and support each other, not competing against each other.

Finance mechanism by Ministry of Finance

In communication campaigns and report: able to research but we should attach the phase 3 and introduce it into the content because, at this time, we let the communes be investment owners but there have a facility deprivation, and we need the buget for campaign.

Orientation: I myself am in agreement with the opinion that: if you want to have sustainability and incease the investment level for manufacture method, we should think in long term and make correct prediction: market research and approaching the maket. Increasing the capital for manufacture developing lead to increasing in job.

O&M: in 2 years ago, in Thua Thien Hue province, it is mainly repairment not maintenance that was done (O&M needs conducting more often). We need to have a thorogh understanding of O&M – (there should be a cost norm for O&M and the procedure must be suitable to local conditions. In Hue: there is a lot of storms and rain, resulting in many damaged works, thus we cannot not handle O&M responsibility to the district. Maintenance, at the same time, should be responsible by the commune so they can strengthen local resources).

Only hand-over such responsibility to communes capable of carrying out the tasks, however, we should also gradually handover the works to all communes as well.

Phase 3 should has the "long hand": supporting team: 2 level: province: 1 or 2 people for: activity, usurp, resultant are a channel in the system (but they aren't the steering committee) and focust for suburban district.

Phase 3: is the consolidated and sustainble phase

Mr Anh (Quang Nam)

These difficulties mentioned above are typical to the central Vietnam and are close to actual situation. Thus, phase 3 must:

Complete and finalize all policies, let the communes be investment owners (14 conditions as committed with the donors): the donors worries about the ability of staff in moutainous areas, for example: the district operates and province directs → if the commune is a general investor: we assign diffidently but when the suburban district assigns the entire works, the commune couldn't do it → there must have a district

mission team and they take the responsibility in long-time for training the commune and let they do it by themselves. Be patient.

QN educates the important officials including chairmans, accountants ... in the province

Collaborator: The department of Agriculture training, however, should have the direct training in commune

Training for the public should focus on raising public awareness

Investor:

Funding for O&M

In the general structure, there should be a cost norm for communes and a general framework for O&M. The Ministry of Finance should have a regulation and a standard regarding this issue: if the funding for O&M is not enough, additional funding must be provided. If there is unused O&M funding, the remaining amount is saved for the following year. The remaining will be delivered to the locality who manages directly (only guidance from province, the specific part moves to commune and suburban district. The project which commune has ability to implement will be transfered to them as well as the responsible department, for example, DARDs shall be in charge of agriculture projects)

Personnel training: focus on the right candidates, only provide general training framework instead of detailed one which would create difficulties in implementation at lower levels.

Production support component: the funding of 300 billion/year/commune is low: because there are many small villages, the funding would be too little when it is splited for such villages, thus does not help solve any problem→ increasing the funding for production support to household group in daily living; production models are also needed.

Representative of D'Krong district:

The production support component is still in phase 2 but in 2007 it had funding transfered from 2006

Representative of Quang Nam province

135 program's secretary team has 5 members: ethnic board is the leader

Mechanism: 100.000 VND/month/person

Phase 2 has not got budget so it is difficult to operate

Should have a specific mechanism for this team because they can provide prompt support

O&M: there are not specific directions in process; QN has general guideline documents→ CEM has the right to issue this guideline.

The funding for O&M should be handed to communes but there should be detailed regulations and all administrative procedures should be simplified.

If different fundings are not seperated → it is difficult to evaluate

Integration:

In Quang Nam province, when P135-II is implemented, DPI is in charge of formulating a training theme on decentralization and integration of different funding, but it was difficult because the districts was keeping the funding --> integration plans should be responsible for by the district.

Trần Văn Dinh – Ministry of Finance

O&M budget: will be handed to which level? Following the circular 01: for any infrastructure works under the supervision of commune, the commune will be an investor

Inter-village works: under the management of the respective district

There have been many different sources of fundings for O&M: from P135 and commune budget for non-economic activities in the commune.

The responsibility of such should be delivered to the commune, the district should only maintain their monitoring and checking functions.

Integration: I agree with the integration mechanism but I wonder how this is done at local level: In short, integration of different funding should be organized more clearly, and the finance and investment departments are two which have the most complete information of existing funding resources.

Investment spending: investor

Frequent spending: Department of Finance

Finance and Investment departments should work together to assist the People's committee and determine a clear mechanism (for each level) with the goal is undispersed the capital resources, they could combine different capital resource in the same area

Should have the petition for fast decreasing poor household and sustainable: the locality must evaluate that will the household which out of poor be poor again when there isn't any government investment? --> must consider this problem

In phase 3: arrange the capital source, supporting policy is good then concentrate to other component (i.e. manufacture component lets people get out of poor)

Hue

Mergence: Hue is doing well, for the specific of difficulty commune (Dong Son has serious difficulties which 135 capital couldn't solve → province let this commune a master development project, investor performs and mergers many resources i.e.: ADB, WB, province... and each source solve what term of development ...)

Department of Finance, department of science is responsible for transplantation.

But there has a regulation of transplantation: if in a commune has the program of 135, how much other program should invest in a commune?

The funding for the production support component is low: phase 3 should has a solution for sustainable development. This phase focus on manufacture and reduce the investment. If we stop the 135 program at these current communes, they will be poor again. (Unsustainable) --> must have a direction, mechanism, method for sustainable development? I.e. household and household group: must combine to prove the total force (create the long-term income for them)

Component legal supporting should focus on people not the commune and village officer. At present, when assign the department of justice, they will do less cause they are fewer in number of person, little money --> assign the commune is reasonable but there must has a method/direction of making them arrange the lecture source (it's not effective if the department of justice carries out)

Tran Binh Vu – Thua Thien Hue

Request the consultant research: circular 601 ... about the special regulation for teacher in difficult area, it doesn't not apply now.

--> Propose the entire component 112 enters the policy (to the content of budget for manual budget balance) not only to the content of component 135.

Avoid the mistaken between "investment" and "policy"

--> Adjust the trainer (training for commune, district, and province manager), give the supplementary of special training and repeat the management for manager:

Direct the rate of capital base on components, shouldn't spilt out for each component, should show the connection (added values) between components --> therefore it can increase the enclose capital source i.e.: manufacture development, stick with economic development and sustainable (environment ...)

Shouldn't limit/fix the article of investment, let the locality determines which base on the special demand and connect with the target of local economic development (i.e. beside the electricity, transportation, school, station it's better add more the other articles for supporting the economic-social development which the locality needs)

**III. Conclusions:**

All the delegates agree with the report by the review mission :

1. About the mechanism, policy: reviewing the mechanisms, policies. Some policies should be adjusted to be more suitable with actual conditions (for example: environmental policy, legal support policy) ... however, program 135 is on a support program in nature.

2. Reviewing of project components with the perspective to provide support for poorest and most vulnerable households is needed, and the formulation of a master policy should be considered.

3. Priority selection : what is the priority of support in the production component? How to adjust the level of investment? What is the reasonable structure of household group? Market linkage ?

4. More policies to be supplemented (should there be a supporting group ? how would their benefit be represented ? who are members of the group ? what is the mechanism for group operation ?

## Group 3: Kon Tum – Gia Lai

**AIDE MEMOIR**
**"Program 135 Phase II implementation progress review"**
**Central highland region**
***Pleiku, 30th Oct, 2009***

**Participants:**

- Representatives from Gia Lai, Kon Tum: PPC, relevant departments, P135 steering committee standing member, DakTo DPC, KrongPa DPC and 4 reviewed communes,
- Representatives from Lam Dong, Dak Lak, Dak Nong, Tra Vinh: P135 steering committee standing member,
- Review Mission.

**Co-chairman:**

- Mr. Vo Van Bay, Deputy Director of Department of Policies on Ethnic Minority, CEM.
- Mr. To Ngoc Anh, Rural development advisor, Irish Embassy in Hanoi.

**Contents:**

**I. Morning session:** Sharing the findings by Program 135 phase II implementation progress review for the Central Highland region.

1. Mr. Vo Van Bay, Deputy Director of Department of Policies on Ethnic Minority, CEM and Mr. To Ngoc Anh: introduction of contents, reviewing context, highlighted contents, and working program.

2. Mr. Pham Binh Son, representative of the review mission represented the findings and recommendations of the mission after working in 4 communes, 2 districts of Kon Tum and Gia Lai, the recommendations focus on 10 issues: gender; AMT, PMT reports; O&M of construction budget implementation presidency; infrastructure project options; competitive biddings and community biddings; linkage between production supporting activities and markets; disbursement for the Program; commune investment ownership; effect improvement for the project on training communal, commune and community staff; environmental protection in media for 135 Program locally.

3. In the workshop, participants discussed, exchanged views actively: there are 21 stated advices (including 13 from the investor's representative; 8 from the representatives of ministries, departments and provinces). The advices focus on 10 main issues:

3.1. For integration with other programs, projects:

The Party and Government of Vietnam have many programs and projects for poverty reduction objectives. 135 Program plays an important role in the process of hunger elimination and poverty reduction, ethnic minority regional socio-economic development. But only 135 Program itself is incapable for the poverty reduction process, it is the frame, the outline for the mountainous and ethnic minority regions to integrate with other programs and projects towards to poverty reduction objective. Some provinces are successful in integration with other Programs and projects. For instance, Gia Lai, the province that has a poverty reduction program at provincial level, has set up a clear roadmap for implementation, in details: when implement, on what issue, budget

(contribution of government, province and district), also, the province focus on integration between programs, projects, suggest contents need to be implemented, concentrate on comprehensive solutions: agricultural and forestry extension, sending extra staff to local area... However, the implementation of the Program, project is tattered in many provinces, there was no integration to magnify the hunger elimination and poverty reduction.

3.2. For O&M: in Central opinion, this is the operation capital, easy to disburse in local level to maintain P135 constructions. Thus, provinces need to assign communes to carry out this task. In fact, however, some provinces and districts recognize that communal level is incapable to fulfil this task, so the fund should be held at district level and districts will implement actively.

3.3. For training, staffs capability improvement: training resources in 135 Program is in short-term, training must also be on capacity improvement in management fields, not only on 135 Program management.

135 Program resources are important but just a band-aid solution, are not effective in long-term. Therefore, provinces need to develop decrees on long-term staff training, create human resource.

3.4 Community biddings: CEM drafted guidelines on biddings, detailed the process, procedures for bidding, extra-guidelines of provinces are not necessary. However, in fact, there are a few provinces that implement all types of biddings (such as Tra Vinh), and some other provinces only concentrate on bidding accrediting, but have not had other bidding types yet.

3.5. Disbursement: is in low progress, mainly in the 3rd and 4th quarter (because of objective reasons that in the 1st and 2nd quarter, the pre-investment procedures were mainly carried out, and according to the State Budget Law, expenses that are not disbursed in the planned year, will be disbursed in the next year). On this issue, provinces need to hasten the disbursement speed, avoid to disburse massively in the end of the year.

3.6. Production plan: there is a tendency in which all work load are conducted at the end of the year. Provinces need to link production with market, ensure the seasonal nature of agricultural production, develop production scientifically, reasonably, combine short-day crops and long-day crops to make sure sustainable hunger elimination and poverty reduction for farmers.

3.7. Media and environmental protection: some provinces assigned the Department of Justice to propagandize laws and policies in ethnic minority languages...but in general, these activities are still limited. In many places in region III, mission discovered rubbish near the residents, streams and rivers that cause bad impact on people's lives. Thus, it is necessary to determin the affect of environment on ethnic minority and mountainous people's lives, actions and assignment for primary government to propagandize the religious, ethnic minority policies to people through media (newspapers, radio broadcast, television, leaflets....) are needed.

3.8. Program implementation effect reviews:

CEM has issued guidelines on reporting, information collecting, detailed in the Regulation of the Decision No. 4 that has all the in-put, out-put information, and held recurrent training for implementing staff. CEM acknowledges that there are difficulties in AMT, PMT implementation, and requires two parallel and administrative reporting system and AMT, PMT. The Government commits with investor to implement AMT, PMT. Although this system is imcomplete now, but it is working and is becoming better.

However, some indicators in the report such as in-put, out-put of the programme, data on involving and being paid labours, contribution of people... were not included in

the report. It is, however, assertible that provinces are able to make AMT, PMT report, although the data are inadequate. It shows the great efforts of provincial CEMs.

3.9. Publicity, apparency issue: through field assessment, mission realize that some communes publicized list of beneficiaries of the Program in the commune office and public places, however, some communes only showed the list of beneficiaries of this Program in the village meeting.

3.10. Ethnic minority implementing staff at district level: all provinces recognize that this is a limited, inadequate issue in the ethnic minority policies implementation generally, in 135 Program particularly in district and communal levels, and agree to recommend for re-setting up Ethnic Minority Office in districts that have many ethnic minority people.

4. In the summary of morning session, Mr. Vo Van Bay, Deputy Director of Department of Policies on Ethnic Minority, CEM concluded:

- Although the reviewed sample was small, but with 10 given recommendations that were findings met by provinces, these were actions and policies committed by the Government with the sponsors, so that they are obligations.

- P135 provincial standing agency is requested to check the management and implementation process, if there are any difficulties, send report in writing to CEM so that CEM will preside or coordinate with relevant agencies to direct the solution. Representative of MARD was requested to report to the director to answer provinces' questions.

- Provincial assignment was requested to be enhanced such as to prescribe that assignment process need to be associated with training and staff capability improvement.

- For media: P135 provincial standing agency direct districts and communes publicize the list of beneficiaries in the communes' head offices and public places.

- For P135 technical supporting team foundation at provincial level: some provinces carried out this activity actively, for example, Gia Lai used the provincial budget to form the technical supporting team such as fresh graduates, provincial, district staffs rotated to support communal level...

- For reporting system, the majority of provinces reported lately and have not analysed the implementation status as well as the effect of the Program.

- For program implementation combination: focus on integration in components of this program and with other programs and projects.

**II. Afternoon session: Contributing opinions to draft the Document of Program for Socio-economic Development in extremely difficult communes and villages in Ethnic Minority and Mountainous Areas for period 2011–2015.**

1. Mr. Vo Van Bay, Deputy Director of Department of Policies on Ethnic Minority, CEM: made general views on preparation and draft the Document of Program for Socio-economic Development in extremely difficult communes and villages in Ethnic Minority and Mountainous Areas for period 2011-2015.

Government accredited CEM to preside and work with relevant departments, agencies to draft Program for Socio-economic Development in extremely difficult communes and villages in Ethnic Minority and Mountainous Areas for period 2011–2015 submitting to Prime Minister in June 2010 in the Notice No. 153/TB-VPCP dated 11th May 2009 by the Government Office.

Up to now, CEM has established a researching board to draft the Program, including staff of CEM and representatives of central departments, held many workshops, meetings to collect opinions on ideas, outlines, objectives, contents of the Program such

as Workshops in Tam Dao, Vinh Phuc; Training workshop for 4 areas nationally with the participation of more than 1,000 local staffs... CEM also held a meeting for the board.

2. Mr. Pham Binh Son, representative of the P135 Steering Office summarized the orientation and outline for Document of Program for Socio-economic Development in Ethnic Minority and Mountainous Areas for period 2011–2015.

3. Mr. Vo Van Bay, Deputy Director of Department of Policies on Ethnic Minority, CEM suggested the content of discussion.

- For objectives, contents of the program for period 2011 – 2015: is there any details needed to be supplemented or pruned?

- For the scope of the program: how to concentrate in order to be more effective in the objects and scope. Many provinces suggested to extent the rank of difficult communes including region II communes. The program was expected to have more than 4,000 communes, following the poverty proportion over 50% (according to new poverty line). CEM, however, is doing detail research, there are many ideas suggested that extremely difficult villages should be invested.

- Approach of the program is expected to be different from the previous phases, it is regional, cultural approach...

- For implementing regime (finance, management...): how to reduce overlap in direction and steering between relevant agencies to ensure the management, coordination and implementation effectively; the relation with 62 poor provinces program, new rural program...

4. Participants contributed ideas and shared good experience lesion of 135 Program Phase II for the period 2011 – 2015, the suggestions of participants focused on:

- Program for Socio-economic Development in Ethnic Minority and Mountainous Areas for period 2011–2015 is needed to avoid reiteration with some other on-going and being built Program, such as 62 poor provinces program, new rural program, social security program...

- Draft outline documents and 04 draft components are agreed basically. Outline structure Program, however, should be considered in 3 parts, in which, part 3 should be focus on regime, policy for implementation.

- Regime is needed to be adequate with policies, given policies are needed to be more concise, understandable. Central level should only prescribe the frame, provinces should actively implement details.

- Leading agency and coordinating agencies need to be separated, avoid reiterating.

- Joint objective should be mixed, but each component should not carry out all the given objectives because resources are inadequate, components need to be combined with other programs, projects.

- Some frequent contents such as educational and medical supports should not be carried out in this program.

- Opinions are contributed in specific quantitative indicators in the Documents, such as female ratio, hunger and poverty ratio...

- Investment aspect of the Program should concentrate on extremely difficult villages and communes.

- Note: the difference between the program and previous ones and others: cultural approach...

- For capital management, implementation coordination of the program: specific regime is needed to ensure the effectively implementation.

5. Mr. Vo Van Bay, Deputy Director of Department of Policies on Ethnic Minority, CEM concluded:

Thank you for participants' opinions contribution. We would like to study for modification and supplementation of the outlines of Documents of the program.

## ANNEX 6
## Summary Note of meetings with Central Agencies

| Agency | Participants | Key Issues Raised and Discussed |
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| CEM (Nov 3) | CEM: Vo Van Bay, Nguyen Van Tan, Tran Kien, Nguyen Thi Nga, Pham Binh Son<br><br>DPs: Le Dai Nghia (FIN), Tran Thuy Duong (EC), Robert Hynderick de Theulegoet (EC), Nguyen Tu Uyen (AusAID), Nguyen Quoc Viet (AusAID), Dao Minh Chau (SDC), Gabriela Spirli (SDC), Keiko Kubota (WB), Dnaiel Mont 9WB), Vo Thanh Son (WB), Vo Hoang Nga (UNDP) | • CEM presented overall report on P135-2 progress and detailed progress on each policy action of Policy Matrix (see separate documents)<br>• All program guidelines and documents are available on P135-2 Website and CEM's website.<br>• One-pager for progress of policy actions are not available<br>• Provinces are not requested to report on progress related to policy actions. Visited provinces seemed unaware of the policy actions that GoV has agreed with DPs. CEM raised one possibility that the terms "policy actions" might not sound familiar to provinces. The specific actions of CIO or procurement or local contribution are more familiar to them.<br>• Unclear guidelines from central agencies (example of 3 million for households in Production Support component for one year or for all 5 year?) cause lots of delay and confusion.<br>• Unclear instructions on integration of different programs and sources of projects.<br>• Communes act as IO in many places under request of higher levels, and lack of support from districts. No incentive for district to support communes to act as IOs.<br>• Production Support component has not crated production model as expected as it only involve subsidized inputs and limited by cost norms as issued by MARD. No linkage to markets or local context.<br>• O&M plans are mainly repair plans, rather than a true O&M plans with routine maintenance. This reflects the common problem in Viet Nam.<br>• MIS: lack of equipments at communes, and districts. it has been committed by CEM/GoV to generate consolidated reports from MIS end of 2009 but it is clear that it is not likely to be possible.<br>• It is important that the program has clear instructions and guidelines.<br>• DPs lso needs clear information from CEM/Gov to make decisions of support.<br>• DPs would like to know more about how P135-2 linked to or integrated with other programs.<br>• Findings from field visits showed that Capacity building under program is implemented with limited approach and topics, not yet helped to improve the skill-based capacity. |

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| | | • AMPT/PMT is forced to use by provinces, but provinces have not seen the value-addedness of the AMT/PMT.<br>• Forming the taskforces to help communes: lack of incentives to keep these taskforce in place and functioning.<br>• SAV reports: many points have been raised in previous audit reports, how to ensure the implementation of SAV's recommendations?<br>• DPs are willing to help GoV and focus on the policy actions. GoV entered into agreement with DPs because GoV believe in those policy actions rather than to please DPs.<br>• **Next steps:** CEM to draft AM and share with DPs by Nov 13; DPs to provide the comments and contributions by Nov 17. |
| SAV (Nov 3) | SAV: Nguyen Anh Tuan, one more<br>CEM: Do Duc Kien<br><br>DPs: Vo Thanh Son (WB), Pham Van Cung (WB), Le Dai Nghia (FIN), Tran Tuan (UNDP); Trung (UNDP) | • SAV reports to provinces were produced on time.<br>• Audit of 2008 financial statements conducted for 14 provinces (as required by donors), all 14 provinces were first time. Audit of 2009 will be conducted for 18 provinces (as required by donors), some provinces will be second time.<br>• In the audit report of 2008 (and other years), the audit reports stated a number of limitations of scope, with which Auditor cannot form opinion for the entire Program as the sampling (number of audited provinces) was too small<br>• SAV reports are shared to DPs on Oct 23, 2009, later than planned due to the fact that the consolidated report took time for consultation and was ready on Oct 14.<br>• SAV planned to have the press release event to publicly disclose the reports on P135-2 in Nov 2009<br>• In the SAV Website, there is only the announcement of the audit, not yet the audit report.<br>• Provincial reports on implementation of SAV's recommendations are often late.<br>• SAV informed that a delegation will visit 10 provinces that have been audited in 2008 to follow-up on their implementation of AV's recommendations. This is going to take place before Nov 23, 2009. Report on this will be available in early Dec, 209.<br>• In 2008's audit, SAV requested that provinces to submit their report on the implementation of SAV's recommendations by Dec 31, 2008, but these have not been implemented.<br>• Implementation of the recommendations of the auditors in the previous audit reports not mentioned in the audit report for 2008<br>• FIN TA's support to increase the size of audit survey from 100 informants/province to 200- |

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| | | 250 informants/province; increase number of provinces to be audited to 14 (originally 10) in 2009.<br>• The implementation of the recommendations from the Thematic review last April: not much have been done.<br>• Some aspect of performance audit have been considered and performed, but not formally and comprehensively. The audit still tended to be more on compliance<br>• Audit in 2010: Audit Plan will be available in Feb 2010 and Audit will start in March – April 2010. |
| MOF<br>(Nov 4) | MOF: Mr. Duc, Do Viet Hoa, Nguyen Thi Yen, Nguyen Lan Anh<br>STV: Cao Son<br>CEM: Nguyen Thi Nga<br><br>DPs: Le Dai Nghia (FIN), Robert Hynderick de Theulegoet (EC), Pham Van Cung (WB), Vo Thanh Son (WB) | • Budget allocation for: available in MOF website.<br>• In 2007, quarterly reports available on the website. In 2008, only annual report available in MOF's website. No quarterly reports in 2009 yet on the website.<br>• Some provinces complained on late fund flow on cash support to poor pupils. MOF explained that it is due to some provinces did not collected good information. Some provinces could not spend the entire allocated budget for this activity, whilst some did not have enough. In principle, provinces could provide the cash support to poor pupils by months, but because of the poor data collection, province usually wait until the end of year to finalize the list of poor pupil to received cash support.<br>• Starting 2009, provinces could withdraw the estimated budget right at the beginning of the year.<br>• MOF sees that FM for p135-2 has been very effective now. All information is reportedly available on the website. Disbursements in 2009 have been better than previous years due to procedures are available. Overall program disbursement is 52% (up to Sept 2009). STV's disbursement data is at 45%.<br>• STV reported that quarterly, STV send reports to MOF and to IT Dept to post on the web. Checking the MOF website on the spot did not find the reports. STV send report regularly to CEM.<br>• It is concluded that STV, and related departments of MOF to update information on the website.<br>• FIN shared a matrix of budget allocation by year and by sources of information for MOF to fill.<br>• DPs requested to have a full picture of budget allocation and expenditure by component, by |

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| | | year, and by provinces. STV confirmed that data by year and by component is possible. Data by provinces would be very hard as it involved huge data.<br>• MOF guidelines on capturing local contribution in commune accounts were issued in Circular 60 (June 23, 2003). The same thing is said in Inter-Circular 01 for P135-2.<br>• MOF is proceeding to withdraw the $100 mill of IDA credit from DPC2. This is to be done within one week.<br>• Reconciliation between spending units and State Treasury can be (and have been) done at the lower level (district, provincial) but cannot be performed at the program-wide level<br>• There is no financial statement for the program-wide (prepared by spending unit), there is only report of disbursement from State Treasury<br>• The report of disbursement from State Treasury may be changed over the time due to the change of cut-off date for 2008 expenditure. The normal cut off date of payment (and thus accounting for expenditure) is Jan 31, of the year after. In 2008, it was allowed to extend to June 30, 2009. Cao Son from Treasury mentioned that the deadline of June 30, 2009 is being considered to be extended to December 31, 2009. Thus any figures now for 2008 of disbursement may still be incomplete. |
| MARD (Nov 4) | MARD: Dam The Binh, Dang Van Cuong, Vu Duc Lap.<br>CEM: Pham Binh Son<br><br>DPs: Vo Thanh Son (WB), Daniel Mont (WB), Manohar (AusAID) | • MARD has issued Circular 12 and the Manual for production.<br>• 6 courses of training of trainers have been made for 160 trainers. Those trainers are to train local cadres starting this Nov.<br>• Province are advised (as instructed in Circular 12) to send their query on implementation of Circular 12.<br>• Confusion over the level of support of VND 3 mill was raised and MARD rep explained that it has been raised in the TOT training courses as well. MARD believed they have clarified enough and will clarify during further training so they saw no need for clarifying this through another official documents sent to provinces.<br>• It was suggested training should be repeated with refresher courses to aid the relationship building between instructors and trainees so that trainees feel more comfortable to raise questions to trainers. |
| MPI (Nov 5) | MPI: Mr. Hung, Mr. Dinh, Ms. Quy (Procurement | • Newly revised Procurement Law: approved by National Assembly in May, 2009. MPI has issued Decree 85 for the new revised Procurement Law to be effective on Dec 15, 2009. Will the Manual for Procurement of P135-2 still be valid when the newly revised Procurement Law |

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| | Management Dept.) , Ms. Nguyen Thi Thanh Phuong (FERD)<br>CEM: Mr. Duong<br><br>DPs: Vo Thanh Son (WB), Mr. Tuan (UNDP) | is effective?<br>• Revised Procurement Law raised the value threshold for direct contracting much higher the predecessor (up to 3 bil for consultancy, up to 2 bil for goods, and up to 5 bil for civil works).<br>• MPI will have a special inspection on direct contracting in 2009.<br>• CEM rep informed the meeting that they visited Nghe An, Thanh Hoa and Cao Bang and found that these provinces applied competitive biddings for all contracts. Cao Bang also promoted the community contracting procurement methods very effective with groups of local artisans to bid and be awarded contracts. Central and Central Highland, and Mekong Delta provinces opted for direct contracting for all bids.<br>• MPI really wants P135-2 to move faster with manual for participatory planning. MPI also aims to promote that at national level and issue an decree on this. MPI has worked with many projects on participatory planning and found that "all ingredients" are available, but not yet able to make it go nationwide. MPI suggested that consultants on this to seek out opinions from wider resources people.<br>• TOR for this has been done. First draft is expected in Nov. |
| Ethnic Council (Nov 5) | Ethnic Council of National Assembly (EC of NA)): Mr. Ma Dien Cu, Vice Chair, Nguyen Hai Duong, Vice Director, Nguyen van Tien, Trieu Van Binh, Giang Thi Mai.<br>CEM: Vo Van Bay<br><br>DPs: Le Dai Nghia (FIN), Vo Thanh Son (WB), Keiko Kubota (WB), Daniel Mont (WB), Mr. Tuan (UNDP) | • EC of NA has made supervision last Nov. A plan for higher level of supervision of P135-2 has been made for 2010 by which NA's Permanent Committee will involve directly in the supervision mission because it is the last year of P135-2. Findings from this supervision will inform the design of the new program after P135-2.<br>• Many recommendations from EC of NA were reflected in policy changes (increase of cost norms, payment mechanisms, MARD's new Circular, etc).<br>• EC of NA is consulted on new programs.<br>• CEM's rep informed that the new program will focus on development rather than on poverty reduction.<br>• All budget allocations have been done according to Budget Law procedures.<br>• EC of NA was consulted on NA's appraisal report on GoV's (additional) budget allocations.<br>• EC of NA recommends integrating different programs in the same areas to create synergy and effectiveness. |

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| Ministry of Labor, Invalids and Social Affairs (MOLISA) (6/11) | MOLISA: Mr Thi<br>CEM: Mr Sơn.<br><br>DPs: Mr Châu (SDC); Mr Võ Thanh Sơn, Mr Daniel and one representative from World Bank; Mr Robert (EC); Mr Max (Embassy of Finland); 01 Representative from Embassy of Ireland | • Resolution 30A does not eliminate or negate any existing program or project. In the process of implementing Resolution 30A, there is always close coordination with other programs and projects.<br>• In implementing Resolution 30A, the district authority is the investment decision maker (once the district proposal has been approved); MPI and MOF have just issued an inter-circular providing guidelines on the financial management mechanism.<br>• Relating the reporting system under Resolution 30A: so far there has only been the temporary regulation on the reporting framework; Support is being provided by UNDP to formulate the roadmap framework and monitoring indicators, with reference to MIS, AMT, PMT under P135.<br>• In terms of the role of MOLISA in implementing the poverty reduction program in Vietnam: MOLISA is assigned as the Standing Organization for the National Target Poverty Reduction program in Vietnam and in implementing Resolution 30A, CEM is the Standing Organization of P135. The ministers of MOLISA and CEM are Deputy Directors of the Central Poverty Reduction Program Steering Committee.<br>• In the coming time, the Vietnam Poverty Reduction Program will target at 4 objectives: the implementation is: in association with the new rural program; within the national social welfare strategy; poverty reduction is done hand in hand with vocational training for the poor; focus on key areas. |