

PA-SARD (2008-2010)



**Impact Assessment
of
Commune Development Funds - CDF
in Hoa Binh and Cao Bang Provinces**

The Public Service Provision Improvement Programme (PS-ARD)

October 2010

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ACRONYMS

ADB	Asian Development Bank
BHYT	Healthcare insurance
CB-GEM	Community-Based Governance - Extension - Market Project, Helvetas in Cao Bang Province
CB-SPAR	Community-Based Supporting Public Administration in Cao Bang Province
CDB	Commune Development Board
CDF	Commune Development Fund
CSHT	Infrastructure
DTTS	Ethnic minority
ETSP	Extension Training and Support Project
FFS	Farmer Field School
HĐND	People's Council
JICA	Japan International Cooperation Agency
KT-XH	Socio-Economic
NN&PTNT	Agricultural and Rural Development
Phòng TC-KH	Finance and Planning department
PS-ARD	Public Service Provision Improvement Program in Agriculture and Rural Development
PTD	Participatory Technology Development
SDC	Swiss Agency for Development and Cooperation
KH-ĐT	Planning-Investment
LĐ-TBXH	Labor, Veterans and Social Affairs
TOT	Training of Trainers
UBND	People's Committee
WB	World Bank

Exchange rate: 1 USD = 19.500 VND (9/2010)

SUMMARY

The Public Service Provision Improvement Program in Agriculture and Rural Development (PS-ARD) is financed by the Swiss Agency for Development and Cooperation (SDC) with technical support from Helvetas. During 2008 and 2009, the program mainstreamed participatory socio-economic development planning (SEDP) and financed Commune Development Funds (CDF) in 2 provinces of Northern Vietnam (Cao Bang and Hoa Binh). In total, the program supported all 103 communes in 2 districts of Cao Bang and 3 districts in Hoa Binh. The CDF disbursed 18 billion VND (900,000 USD) for over 1600 small development projects allocating around 200 million VND per Commune (10,000 USD). The projects included activities for: (i) the development of small-scaled infrastructure, and (ii) improvement of agricultural production conditions.

An impact assessment was carried out in 2010 by Truong Xuan (Ageless Company) with the aims of : (i) assessing the major objectives and the outcomes of the CDF; (ii) drawing lessons learnt during the implementation of the CDF; and (iii) suggesting recommendations for the next SEDP planning phase. The assessment has been done using qualitative methods and mostly based on opinion surveys of local people towards perceived changes before and after CDF. Secondary research data was used as well.

Even though CDF makes up just a small proportion of each commune/district's total investment funding, its direct and indirect impacts have gone beyond the anticipated program scope.

As for the *direct impacts at the village level*, CDF proved to be most effective in small-scale infrastructure projects (SIPs). CDF helped build SIPs which were not usually included in Program 135 and other government programs. Local people contributed much to these projects through model initiatives such as “community building” and “cooperation between government and the people”. Projects supported by CDF have helped improve local people's livelihoods and income, contributing to poverty alleviation. Social impact is one of CDF buildings' superiorities compared to those by other projects and programs. CDF has also helped to increase community linkages, increasing participation by the poor and promoting community institutions. Women are also direct beneficiaries of these activities.

In the part of production support, some CDF livelihood models have helped local people to increase their income and positively change their cultivation techniques. Shared tools and machinery provided in the model have helped people escape from poverty.

The challenge to CDF is how to solve the conflict [of interest] between [helping]¹ the chronically disadvantaged and the poor and building successful “models”, models which have previously failed to target poor households, so that the poor can truly benefit from the projects. Fertilizers and seed supply saved on costs for poor households but showed no impact in improving their sense of initiative or contributing to sustainable economic development. Market-oriented livelihood alternatives need to be carefully revised to [meet the requirement and conditions of the poor and] ensure effectiveness in the future.

¹ Editor's remark

As for *commune financial management*, CDF has proven to be beneficial in improving the quality of accounting staff and CDB key members at the commune level. From participation in the CDF, their capacity in accounting such as budget planning, balance-sheet drawing, revenue, expense, application of accounting software, has been raised. CDF can also be integrated into SIPs with the same objectives and implementation methods such as rural roads programs and small-scale irrigation system support to construct basic infrastructure at the village level. Financial transparency has built up people's trust and increase local ownership over the construction. SIPs within the CDF are much more economically viable than other approaches.

Participatory planning at the commune-level has been institutionalized under the impact of PS-ARD in Hoa Binh Province. Socio-economic development planning funded by CDF has been associated with community participation which was advocated for by local people. Through a participatory planning process, recipients of the project were able to articulate their needs which in turn were incorporated into program planning. CDF enhanced commune cadres with better socio-economic development planning, implementation and coordination skills while attracting much-needed human resources to the villages. CDF also strengthened grassroots democracy. Local people now have the chance to discuss and take part in the implementation and monitoring of activities. Thanks to this participation, SIPs funded by CDF have achieved better outcomes.

Some *lessons learnt* after 3 years of CDF implementation in Cao Bang and Hoa Binh:

- CDF cannot be separated from the three-dimensional relation between socio-economic development planning, the improvement of commune financial management and CDF.
- CDF implementation creates unity among administrative levels: provincial-, district-, commune-, and village-levels and the people.
- One strong point of CDF is its “simplicity and small size”, this small scale capital and simple procedures are suitable for the SIPs.
- CDF implementation is a learning-through-practice process built up on TOT (training of trainers) and completing- on-the-go methods.
- CDF is better implemented if management fees at the grassroots level are increased.
- The planning process and implementation of CDF should achieve harmony between local people's development priorities and the development priorities of the local government, while at the same time achieving a balance between long-term and short-term goals.
- Production condition support activities within CDF should not function as social welfare but rather support the development of sustainable livelihoods.
- CDF activities should promote current social institutions and have the flexibility needed for local requirements.



In conclusion, although the CDF initiative is small, its impacts have been substantial. CDF plays the role of a “stimulus” and initial investment fund which helps give power to people’s voices, while fostering agreement from the government and allowing each household to reach their potential towards the common goal of socio-economic development and poverty alleviation.

Developing Chayote in large areas in Ngo Luong commune, Tan Lac district, Hoa Binh province.

CDF is an important initiative by PS-ARD and some other donors which matches well with the change in poverty alleviation institutional reform and will bring support for poverty alleviation to the village level during the 2011-2015 period.

Some recommendations for the donors:

1. Share the CDF experience in Cao Bang and Hoa Binh with Vietnamese agencies, especially MoLISA and CEMA. Support and encourage local partners to adopt a CDF approach to state budgeting in order to increase the decentralisation of investment so that it reaches the grassroots levels - commune and village - in accordance with the mutual working mechanism between state, people and community implementation.
2. Take on greater part in the experience sharing among projects and donors all over the country about the CDF approach, CDF group work, and CDF websites. To start, there is a need to study and compare CDF projects by different donors and compile, publish and propagate documents about CDF.
3. Continue the support for CDF phase 2 from 2011 to 2015 in Cao Bang and Hoa Binh while combining CDF with participatory SEDP and commune financial management capabilities improvement. CDF phase 2 should consider carefully the following 3 directions:
 - First, expanding the CDF supported area vertically to 1-2 more new districts in each province (possibly districts under CB-GEM in Cao Bang and JICA in Hoa Binh)
 - Second, for the five districts under CDF support in Cao Bang and Hoa Binh: continue the support to increase commune/village cadres' capabilities for better quality CDF planning and outcomes.
 - Continue to support the district government in the planning process (including CDF planning) based on the ideas suggested from the communes. Continue to support the provincial 5-year-plan following the new method.
 - CDF phase 2 from 2011 to 2015 should pay more attention to the basic adjustment in the management regulation and CDF as the following:
 - Expand the scope of CDF support for each commune, especially the poorest ones.
 - Make a longer-term CDF plan, 3-5 years for example, with a separate annual action plan for each year.
 - Increase grassroots capabilities, especially at the village level: concentrate on the "soft skills" for better planning quality and CDF suggestions.
 - Give out more detailed instructions on management regulations, SIP operation in villages, and regulations on the sharing of benefits from agricultural production support among households.
 - Exclude the part of "fertilizers and seed supply" in the CDF instruction on production support (note that the draft version of Program 135 has already replaced this support with "100% support of credit interest rate applied to loans for agricultural production materials").

- Implement production support according to the sustainable livelihoods model; expand to forestry other types of economic productions that are suitable for a regional 5-year-plan from 2011 to 2015.
- Have detailed regulation to connect public services in the area of agriculture and rural development, especially forestry and agricultural development promotion, veterinary and plant protection in CDF planning in order to expand the agricultural promotion methods on a larger scale. The method [to use community rice funds or other community funds]² that Hoa Binh has applied to SIPs under CDF in 2010 should be revised and reassessed for expansion.
- The community development approach should be applied on a larger scale within the CDF but with more flexible regulations for better implementation based on the specific conditions of each local partner.
- Give out more detailed instructions to district cadres and the CDB about the impact analysis of planning and CDF activity assessment on the poor and women so that they can benefit more from approved projects. There should be a balance between the increase of support scale and the improvement of support scale to the poor. Also, the idea of “the percentage of poor people benefited” should be flexibly applied based on the type of activities. The part of “the percentage of women benefited” can stay the same as it requires complicated calculations.

Some recommendation for Cao Bang and Hoa Binh:

1. Engage more in CDF implementation experience sharing activities with other provinces (possibly organized by donors or specialists).
2. Release official provincial-level documents about the socio economic development plans (SEDPs) and integrated commune financial management, based on lessons learnt for the past 3 years. Strengthen CDF funded activities by the Department of Planning and Investment and Department of Finance in order to continue improving the process, model and instructions. Local cadres should also be trained according to the TOT method.
3. Use local budgets when implementing CDF (in Cao Bang) as a financial benefit to improve planning/implementation and commune financial management capabilities.
4. Adjust and complete the regulations on CDF usage based on the experience of the last 3 years, as stated in the donor recommendation above.

² Editor's comment

1. Introduction

1.1. Background and Objectives

From 2008 to 2010, the Swiss Agency for Development and Cooperation (SDC) funded Public Service Provision Improvement Programme in Agriculture and Rural Development (PS-ARD) which implemented a Commune Development Fund (CDF) initiative in a total of 103 communes of 2 and 3 districts of Cao Bang and Hoa Binh provinces, respectively. During the years 2008 and 2009, some VND 18 billion (on average USD 10.000 per commune) was allocated through the CDF to help the communes realize more than 1600 projects in the sectors of (i) small-scaled infrastructure construction projects (SIP), and (ii) production improvement activities.

The main objective of the CDF are to provide the communes with a certain amount of capital to implement agriculture and rural development (ARD) related and small scale projects with a view to enhancing socio-economic development planning and commune financial management capabilities (box 1).

Box 1: CRITERIA OF THE CDF IN THE PS-ARD

SPECIFIC RESULTS

- Rural SIPs built
- Production improvement activities carried out
- The CDF is integrated in the overall commune fund source; budget proposals, finalization procedures and financial vouchers are completed

OUTPUTS

- Farmers' income improved; poverty rate reduced in targeted communes
- Commune development strengthened; activities in the SEDP effectively implemented
- Transparent and integrated funding source established

OBJECTIVES

- Rural livelihoods improved
- Commune financial management capacities improved (through the realisation of the CDF)

The objective of this survey/ assessment is to analyze impacts which were happening when the CDF initiative was carried out in 2 districts of the Cao Bang province over the last 2 years. The **CDF impact assessment** was carried out with the following specific objectives:

- Assessment of outputs and (achieved) objectives of the CDF realization up to the present;
- Lessons learnt; and
- Recommendations for a similar CDF initiative from provincial or district budget sources.

1.2. Assessment method

Approach

In this particular assessment, “*impact*” means positive or negative changes or influence, which is (partly) caused or brought about by a program/ project’s preliminary and secondary, intentional and unintentional, and direct and indirect changes.

Attribution gap is always a challenge for any impact assessment, since apart from a single program or project; related stakeholders are also influenced by many other factors. Support of a program or project is usually rather small in comparison with a national development program, such as that for poverty alleviation or SEDP over a certain period. This means that it is difficult to identify exactly if a change is the direct result of a certain intervention.

In this context, a flexible impact assessment approach was chosen with interactive social study through the use of case studies (see the boxes in this report), feedback from local cadres and farmers (direct quotes) and secondary documents to clarify the connections between local changes and the CDF intervention.

The CDF impact was assessed according to the following factors:

- Direct impact on farmers where CDF was allocated, through changes in lives and livelihoods which were partly brought about by the CDF;
- Impact on commune financial management capacity, understanding of the knowledge, skills and attitudes (KSA) when disbursing allocated funds, including CDF.
- Broader impact on the SEDP implementation, through understanding changes at the commune-level during the process of CDF realization.

Surveyed localities

The assessment localities were chosen on purpose as they were typical of the communes and villages in the two districts of Quang Uyen and Nguyen Binh [and Tan Lac, Lac Son and Yen Thuy]. In each district, there are two CDF-allocated communes that have been implementing CDF activities for at least 2 years: one with more favourable conditions, closer to the district center, and one with less favourable conditions, further from the district center (including 135-program communes). In each commune, 2 villages were chosen with the same above-mentioned criteria. Moreover, the survey team carried out rapid assessments of the other communes and villages to gain more information about CDF-funded models (see maps and commune, village information in Annex 1).

Assessment tools

The first step of the assessment process was an in-desk study which was followed by meetings with related stakeholders. During the 15-day field assessment (22/6/2010 to 5/7/2010) in 2 districts of Quang Uyen and Nguyen Binh, the team carried out several group discussions and in-depth interviews (see field timeline in Annex 2). [The same approach had been applied in Hoa Binh Province]³

³ Editor’s comment

- Group discussions at commune-, district- and provincial-levels were held with commune leaders, core group members of the Commune Development Board (CDB), district and provincial CDF task force members, and representatives of the CB-SPAR to understand and study changes in commune development, SEDP implementation and financial management capacities. Another purpose of the discussion was to provide participants with orientation for application of the CDF approach at the district- and provincial-levels.
- Group discussions at the village level were held with village core groups and farmers (men/women) to understand and study the impact of the CDF initiative on farmers' livelihoods. Participatory tools such as wealth ranking, seasonality, and ranking exercises, were used during the discussions.
- HH (households) in-depth interviews were carried out in 4-6 HHs in each of the CDF-funded villages to understand the qualitative impact of the CDF on farmers' lives.

The team carried out **119** HH in-depth interviews (**102** HHs benefited directly from the CDF production condition improvement sector and **17** HHs took part in CDF's SIP construction) and **64** group discussions with farmers and cadres at various levels. In total there were **507** participants, among whom, 312 were men and 195 women (10 Kinh, 36 Dao, 88 Tay, 52 Nung and 22 H'Mong and 297 Muong ethnicities). See more details on SIPs and production support activities in Annex 3.

Survey team

The team consisted of 7 consultants from the *Ageless* company:

- Mr. Hoang Xuan Thanh, director of the company - team leader
- Mr. Hà My Thuan, Ms. Đặng Thi Thanh Hoa and Mr. Truong Tuan Anh, from the company - team members (*CDF survey team in Cao Bang*)
- Ms. Dinh Thi Thu Phuong, Mr. Luu Trong Quang and Ms. Nguyen Thi Hoa, from the company - team members (*CDF survey team in Hoa Binh*)

2. CDF in Cao Bang and Hoa Binh within the scope of the PS-ARD

From 2008 – 2010, under the PS-ARD, the CDF initiative was carried out in Cao Bang and Hoa Binh. In 2008, some VND 6.7 billion was allocated to 73 pilot communes of the two districts of Quang Uyen and Nguyen Binh (in Cao Bang) and Lac Son and Tan Lac (in Hoa Binh). In 2009, another 13 communes in Yen Thuy district (Hoa Binh) and 17 more communes in Nguyen Binh district and Quang Uyen district joined the project, bringing the total number of CDF funded communes to 103 with total funding of VND 12.3 billion. Over the two years of 2008 and 2009, total allocated funding for the two provinces reached VND 19 billion.

CDF started in 2008. SDC stipulated that each commune could only spend maximum 40% of the total sum on SIPs, a maximum of 10% of the total sum on management fees, while the remainder was reserved for production condition improvement activities. In 2009, on the basis of commune proposals, SDC agreed to raise the ceiling for SIP spending to 60%. Once the communes meet required CDF realization conditions⁴, the fund will be transferred from the account of CB-SPAR [or the Component Management Unit Hoa Binh Province, respectively]⁵ to commune accounts directly.

The allocation of CDF differs between the two provinces. In Cao Bang, each commune under Program 135 phase 2 is supported with up to VND 120 million/commune/year; and up to VND 100 million/commune/year for non-Program 135 communes. In Hoa Binh VND 80 million/commune/year was allocated for those villages with less than 7 households each, VND 100 million/commune/year for communes with 7-15 villages and VND 150 million/commune/year for those with more than 15 villages. Each poor commune which is not supported by Program 135 is given more VND 20 million/commune/year (excluding the additional CDF 2009 sum for some communes and bonuses for communes with successful implementation records).

Based on the commune SEDP, which was consolidated from villages' development plans, the commune development board (CDB) allocated direct funds to villages. The CPC was the project investor and adopted two management forms: (i) the commune itself signs a contract to buy materials and production inputs (in most of the cases); (ii) the commune hands over cash to VDB to buy materials and production inputs (in only some cases).

In 2008 and 2009, the CDF was used to carry out **1603** projects (Cao Bang: 530 projects; Hoa Binh: 1073 projects), among those:

- 774 SIPs in total: Cao Bang: 220 projects and Hoa Binh: 554 projects that supported the construction of small bridges, road upgrades, irrigation canals, dams, water systems, water pumps, fresh water supply and electricity which received almost VND 8.9 billion, covering 49% of the total CDF in two years.

⁴ Consists of 5 conditions: (i) the commune has approved SEDP plan; (ii) Communes leaders were trained on transparent and integrated commune financial management procedure and CDF procedure; (iii) commune has agreement on use of CDF between PS-ARD, district People's Committee and Commune People's Committee; (iiii) the commune has approved CDF budget estimation; (iiiii) Commune has decision on establishment of Commune Development Board

⁵ Editor's comment

- 829 production improvement projects (Cao Bang: 310; Hoa Binh: 519), received VND 8.7 billion, covering 55,3% of the total CDF over two years. Production improvement projects fall into three categories: supporting inputs such as fertilizers, seeds and plants, livestock, pigs and cattle; model building support (combined with the provision of training, study tours, and shared tools and machine support.

Each project under the CDF enjoyed moderate funding: on average VND 11 million/ infrastructure project and some VND 10 million/ production improvement project. However, in infrastructure construction, large contributions were made in kind and in cash by farmers. On average, farmer contribution made up more than 30% of the total value of infrastructure projects, in some cases even reached 50%.

In the last two years, 77,000 HHs benefited from the CDF activities (Cao Bang: 1490; Hoa Binh: 62.500). SDC stipulated that at least 50% of poor HHs and 30% of women should benefit from CDF activities. In reality, exact number female beneficiaries is hard to measure since activities were conducted on a HH basis, including both men and women. Since all villagers were potential beneficiaries the number of participating poor HHs is a more reliable indicator (Table 1)

Table 1: Participation of poor HHs and women in CDF-funded production improvement activities 2008-2009⁶

	Cao Bang		Hoa Binh		
	Nguyen Binh	Quang Uyen	Lac Son	Tan Lac	Yen Thuy ⁷
Poor HHs out of total benefiting poor HHs 2008	32%	40%	27%	23%	NA
Benefiting poor HHs out of total district poor HHs 2008	28%	41%	53%	56%	NA
Poor HHs out of total benefiting poor HHs 2009	58%	34%	32%	22%	56%
Benefiting poor HHs out of total district poor HHs 2009	61%	69%	42%	56%	34%
Women in production improvement activities 2008	49%	57%	11%	45%	NA
Women in production improvement activities 2009	75%	58%	24%	N/A	17%

*** The rate of female beneficiaries was calculated on the basis of such activities as plantation and animal husbandry in which many women participated (e.g. seeds, animals or fertilizers supply).

No statistics have been compiled from surveyed localities implementing the CDF in 2010 and the additional fund from reserve fund of PS-ARD.

⁶ Source “CFinM and CDF in 103 communes of Hoa Binh and Cao Bang – A two year review”, PS-ARD March 2010 (edited in May).

⁷ Yen Thuy district (Hoa Binh) joined the project in 2009

3. CDF influence/ impact on farmer livelihoods and local poverty alleviation

3.1. Poverty alleviation and farmer livelihoods in CDF-funded localities

3.1.1. Poverty alleviation rate in CDF-funded communes

Poverty rates reduced in most of the CDF-funded communes. The average speed for poverty reduction was about 5%/year over the period of 2008 -2010. Furthermore, most of the surveyed communes had higher poverty alleviation rates than the district average (Table 2).

Table 2: Poverty rates in surveyed districts and communes (% , rounded figures)

	End of 2007	End of 2008	End of 2009
Cao Bang Province			
Quang Uyen district	36	30	28
Ngoc Dong commune	48	41	35
Quang Hung commune	40	35	29
Nguyen Binh district	43	39	35
Bac Hop commune	52	37	35
Vu Nong commune	54	51	55
Hoa Binh province			
Tan Lac district	29	25	22
Dich Giao commune	21	21	13
Ngo Luong commune	53	37	35
Lac Son district	34	29	25
Vu Lam commune	16	12	13
Quy Hoa commune	41	38	33
Yen Thuy district	24	22	16
Yen Lac commune	12	8	5
Bao Hieu commune	46	52	38

Source: DOLISA Quang Uyen, Nguyen Binh, Tan Lac, Lac Son and Yen Thuy districts.

Apart from rapid poverty reduction communes, Vu Nong commune in Nguyen Binh district has seen its poverty rate increase. This is a remote commune with Mong/ Dao ethnic inhabitancy. The formation of poor HHs – usually as a consequence of marriage- meant that some new HHs emerged which were under the poverty line. This is the main reason for an increased amount of poor HHs. In Vu Nong commune, 51% of the HHs (158 HHs) in 2008 were listed as poor. In 2009 the rate reached 55% (172 HHs) after 8 HHs rose above the poverty line while 22 others were labelled newly-poor, making for a total of 172 poor HHs.

While local authorities tried very hard to lower poverty rates, one should be careful not to over-rely on the poor HH listings and statistics. At the moment, the communes are trying to meet annual district poverty reduction targets. But if this is combined with possible errors in poverty rate “reviews”, a possible “artificial” poverty reduction may be recorded.

3.1.2. Much-improved farmer livelihoods



Between 2008 and 2010, farmer livelihoods in CDF-funded communes experienced positive changes such as improved infrastructure, better access to markets and new technologies, and changed cultivation patterns.

In this photo:

Local people are making new roads to market to sell farming products in Quang Uyen, Cao Bang province.

Improved infrastructure

Among the improvements in infrastructure, CDF contributed directly to changes in SIPs in CDF funded villages. Other changes occurred as a result of larger-scale fund. The CDF, in this case, just contributed indirectly through the improvement of the planning process and increased commune financial management capacity.

According to reports from five districts, transportation between the districts and communes was improved. All of the communes in these five districts now possess permanent rock or asphalt roads to commune centers. Improved transportation can be attributed to large-scale government programs such as Program 135 and the Rural Roads program.

In 2009, Quang Uyen district (Cao Bang) built 6 km asphalt roads under a rural road support project and 13 km roads under the CDF (5.9 km asphalt roads, and 8 km permanent rock roads⁸). Roads in remote communes and villages were also upgraded. The same year in Quang Hung commune, 320m of asphalt roads were built (1.5m in width) for the most marginalized villages of Na Cuom and Khuoi Ry⁹, as a CDF activity.

The irrigation system was also drastically improved. In 2009, canals that measured more than 300m in length were built in Kha Ray village of Quang Hung commune using CDF¹⁰. The same year, 11.2 km of asphalt road was built in three villages of Bac Hop commune using CDF and funds from the national Rural Road program.¹¹

The irrigation system in three surveyed districts of Hoa Binh was also invested in and repaired considerably. For example, eight small and medium irrigation schemes were built in Vũ Lân commune using CDF¹²; one dam was finished on Khung stream in Cu village (Quy Hoa commune), along with Co Bi canal in Kem village, Min canal in Ve village, and Bai Lao canal in Thang village¹³.

The number of HHs with access to the national electricity grid increased, especially those in remote villages (Table 3). This was a result of the national rural electricity expansion program. CDF supported one project on rural electricity in Xieng Pen village, Vu Nong commune (Nguyen Binh, Cao Bang).

Table 3: Percentage of HHs using electricity (%)

District	Year 2008	Year 2010
Quang Uyen – Cao Bang	70	95
Nguyen Binh– Cao Bang	50	75
Tan Lac– Hoa Binh	86	93
Lac Son – Hoa Binh	70	80
Yen Thuy – Hoa Binh	85	95

⁸ Socio-economic development report, 2009, Quang Uyen district

⁹ Socio economic development report, 2009, Quang Hung commune

¹⁰ Socio economic development report, 2009, Quang Hung commune

¹¹ Socio economic development report, 2009, Bac Hop Bac Hop commune

¹² Socio-economic development report, 2009, Vu Lam commune

¹³ Socio-economic development report, first 6 months of 2010

The communication system became more convenient with every commune having landlines. In 2010, some 50 - 70% of the total HHs possessed telephones compared to 30 – 40% in 2008. This is the direct result of the network extension programs by telecommunication companies.

The problem of access to freshwater for daily life has also been improved. In most of the surveyed communes/ villages, farmers had reservoirs or water tanks and pipes. In 2010, the percentage of local people with access to fresh water in surveyed communes of Cao Bang was over 50% compared to 40% in 2008. By contrast, in Hoa Binh province, the percentage of HHs with access to fresh water was over 90% in 2010 compared to 80% in 2008. Improvements in some areas, like in Lac Son district, were less impressive, with 40% of HHs having access to fresh water compared to 30% in 2008. CDF was used to upgrade some villages' fresh water infrastructure: the CDF was used to repair and upgrade 1680m of freshwater pipelines in Quang Uyen district.

Thatched houses were very rare in the surveyed communes. Farmers possessed structured and semi-structured houses. Those HHs that were in the poor list were supported by the governmental 134 and 167 programs.

Better infrastructure was found in commune health stations. Health checks and medical delivery services had also been improved, with 100% of surveyed ethnic dwellers having received health insurance cards. Programs such as food safety, extended vaccination for children and health checks for pregnant women, were done as well. As in the Quang Uyen district (Cao Bang), some 43.000 persons/ time had health checks in 2009, 1,5 times more than those in 2008¹⁴. In Lac Son district (Hoa Binh), 4 communes reached national standards for medical healthcare.

Educational infrastructure also improved dramatically. The communes in all 5 districts managed to build new schools and invest more in teaching materials for pupils of elementary, secondary and high school. Teaching quality also improved, for example in Quang Uyen district, 96,55%, 84,12% and 82,92% of the pupils at elementary, secondary and high school respectively were ranked from middle range up¹⁵. In Hoa Binh in 2009, Tan Lac district had 10 schools reach national standards, 2 more than in 2008's. Note that CDF only focused on agricultural and rural development and thus could not contribute directly to the improvements in healthcare systems and education of the surveyed localities.

Changes in cultivation patterns and enhancing goods production

Farmers in surveyed areas tended to use more of the high-yield hybrid maize and paddy seeds. Before 2008, in Quang Uyen, only 70% of farmers used hybrid maize and 9-10% used hybrid paddy in their cultivation. By 2010, almost 100% and 20% of farmers had cultivated maize and paddy respectively, using hybrid seeds. In 2010, 95% of HHs in Tan Lac district (Hoa Binh) grew hybrid maize (compared with 80% in 2008) and 45% of HHs grew hybrid paddy seeds (compared with 30% in 2008).

¹⁴ Socio economic development report, 2009, Quang Uyen district

¹⁵ Socio economic development report, 2009, Quang Uyen district

Farmers also managed to diversify their plantations and expand their commodity production areas to increase their incomes. Farmers also applied rotating and intercropping cultivation techniques. Popular crops were maize being intercropped with soya beans and green beans or water rice intercropped with sugar cane.

Some typical villages such as Coc Nhan (Quang Hung commune, Cao Bang) grew cucumbers, Lũng cái (Ngoc Dong, Cao Bang) grew sugar cane, Xieng Pen (Vu Nong, Cao Bang) grew bamboo, Luong Duoi (Ngo Luong, Hoa Binh) grew maize and chayote and all benefited from the crops. CDF's contribution made trade easier through changing cultivation habits and improvement of transportation conditions.

Box 2: Changes in the lives of people in Ngo Luong during the last 3 years

Farmers in Ngo Luong commune (Tan Lac district, Hoa Binh province) have had positive changes in their lives during the last 3 years. Thanks to the support for infrastructure, plant seeds production models and the advantages in market access, many households have better economic conditions and more stable lives.

Since 2009, the main income of farmers in the commune has come from hybrid maize and chayote (funded by CDF). During the first 6 months of 2010, there were 270 ha of maize (of which 229 ha was hybrid maize) and 10 ha of chayote in the commune¹⁶. About 90% of HHs in the commune grew hybrid maize and 70% grew chayote. Average incomes of HHs which grew hybrid maize was VND 15-20 million/harvest/household (2 harvests/year) and VND 5 million/household/year for those growing chayote.

There were also improvements in the infrastructure of the commune. Some inter-village roads and in-field ones in the commune have been repaired using CDF funds. In 2008, there was 300m of road repaired in village Ca (VND 19 million was funded by CDF and VND 9.8 million was from local people); in 2009, 520m was repaired in the four villages of Chom Trong, Chom Ngoai, and Chom Bong (VND 50.3 million was funded by CDF and VND 23.1 million was from local contributions).

Thanks to better transportation and practical support in agricultural production as well as market access, etc. local farmers' lives have much improved. The percentage of poor households in 2007 in the commune was 49%, the number then decreased to 39% in 2008 and 34% in 2010. At present, most of the families do not live in hunger and some can even buy more assets. In 2007, 30% of HHs in the commune had televisions and 20% had motorbikes. These numbers increased to 95% and 70% respectively in 2010.

Improved market access

Better transportation makes it more convenient and easier for people to get access to local markets. Cars and vans can now access agricultural areas to transport farmer's produce. Farmers suffered less from price pressure and sold more products (Box 3). TVs and telephones also helped farmers get better and more direct access to market information.

"It's now much easier, the factories even send trucks here, for our sugarcanes"
(N.V.T, Lung Cai village, Ngoc Dong commune Quang Uyen district)

¹⁶ Socio-economic development report of Ngo Luong commune, first 6 months of 2010

“Each year we harvested 2 trucks full of bamboo, VND 1.3 – 1.5 million/ truck. It is now possible for easy transportation. Before we had to carry bamboo to the main roads...”

(Đ.S.T, Thin San village, Vu Nong commune Nguyen Binh district)

Box 3: Life has been changing in Coc Nhan village over the last 3 years

Thanks to better infrastructure and market access, farmers in Coc Nhan village, Quang Hung commune have seen positive changes in their lives. 29 HHs are living there, each cultivating an area of 4000 – 5000 m². Their main source of income is from agriculture (rice, corn, and cucumbers), animal husbandry (raising buffalos, cows and pigs) and from labour work (construction workers, seasonal labours).

In the last few years, the biggest source of income has come from selling cucumbers. On an average area of 4000m², or 1000 - 2000m² for poor HHs, with an average price of VND 4000/ kg, each HH might earn between VND 4 to 6 million. The cucumber is mainly sold to eastern districts (Hoa An, Phuc Hoa). Animal husbandry is also strength of the villagers. Most of the farmers were found to be following animal husbandry models, especially with regards to raising pigs.

In 2009, villagers built up a 300-meter road using VND 12 million from the CDF and VND 37 million from their own pockets. The road helped create more favourable conditions for transportation and marketing and selling of agricultural products. After the road construction, total cucumber planting areas were increased by 3 hectares.

“Before the construction, it took 3 persons to carry cucumbers on their shoulders. Now trucks come to the end fields. Farmers bought more vehicles as transportation became so easy. After harvesting, we brought our products along, to big markets in the district” – Core group members, Coc Nhan, Quang Hung, and Quang Uyen.

Better transportation and market access brought about positive changes in farmers' lives. Almost all HHs no longer suffer from hunger and the poverty rate in 2009 decreased to 24% (from 27% in 2008). Some families (now) possess valuable assets: in 2010, 26/29 HHs had motorcycles, 24/29 had TVs (in 2008 only 17/30 possessed motorcycles and 14/30 had TVs.)¹⁷

In some surveyed localities, PS-ARD helped district/commune cadres to do surveys and search for markets (such as chayote in Ngo Luong, Hoa Binh). This is one factor which helped them to sell their products better.

“The project supported the district cadres and us people to look for chayote markets in Ha Noi, such as super markets or major markets. Now we have a connection with Long Bien market. Buyers from Long Bien market used to buy chayote from Lô market in Moc Chau, Son La. In 2009, we had to travel to Lo market to sell our products but in 2010, traders traveled to our commune to buy chayote” (Cadres in Ngo Luong commune, Tan Lac district)

During the period of 2008-2010, prices of some agricultural products (corn, cucumber, bamboo, etc.) increased considerably, while prices of agricultural materials (fertilizers, and seeds) decreased or increased just slightly (Table 4). Higher prices have improved household income.

¹⁷ In 2009 one family moved to live elsewhere.

Table 4: Price of some products and materials in surveyed localities

	2008	2009	2010
Cao Bang Province			
Ure price, VND/kg	8.400 – 9.000	7.600 – 8.000	7.000
Cucumber price, VND/kg	500	1.000	4.000
Corn price, VND/kg	3.000 – 4.000	4.000 – 4.500	5.000 – 6.000
Pig price, VND/kg	22.000 – 24.000	21.000 – 22.000	24.000 – 25.000
Bamboo price, VND/m3	600.000	800.000	1.100.000
Hoa Binh Province			
Lam Thao Ure, VND/kg	6.500	7.000	7.000
Chayote vegetables price, VND/kg	5.000	10.000 – 12.000	10.000
Chayote fruits, VND/kg	1.000-1.500	1.000	800
Corn price, VND/kg	4.500	4.200	4.800
Cassava, VND/kg	2.800 – 3.000	3.500	3.700
Pig price, VND/kg	30.000	27.000	24.000

Source: Cadres and local people in the surveyed localities in Cao Bang and Hoa Binh

3.1.3. Contribution of the CDF initiative

According to table 5, the CDF initiative just comprised of a small portion in the total annual investment fund of the districts. In 2009, the CDF initiative just accounted for 1-2% of the district budget (Table 5).

The share of CDF initiatives in the commune annual budget varied from 5-20%. In the non-135-program communes such as Dich Giao, Vu Lam (Hoa Binh province), CDF initiative is a major investment fund which accounted for some 20% of the total commune budget. But in the case of the central commune of Yen Lac (Yen Thuy district, Hoa Binh province), CDF initiative only represented 6% of the total annual commune budget since it was able to make use of the rural transportation development fund.

Table 5: CDF initiative portion out of total district budget, 2009

	Total district budget (investment+annual expense +CDF) (VND million)	CDF initiative (VND million)	CDF initiative portion out of total district budget (%)
Cao Bang Province			
Quang Uyen district	125.000	2.000	1,6
Quang Hung (Program 135 funded commune)	1.200	100	8
Ngoc Dong (Program 135 funded commune)	1.300	170	13
Nguyen Binh district	102.000	2000	2
Vu Nong (Program 135 funded commune)	1.900	120	6
Bac Hop (Program 135 funded commune)	1.600	150	9
Hoa Binh Province			
Tan Lac district	190.000	3000	1,6
Dich Giao commune	1.600	270	17
Ngo Luong (Program 135 funded commune)	1.600	230	14
Lac Son district	250.000	3.000	1,2
Vu Lam commune	1.300	270	21
Quy Hoa (Program 135 funded commune)	2.200	270	12
Yen Thuy district	134.500	1.500	1,1
Yen Lac commune	1.800	100	6
Bao Hieu (Program 135 funded commune)	2.100	100	5

Although the CDF initiative portion is small in the total district/commune investment fund, its impacts, both direct and indirect, have gone beyond the program's scope, as illustrated below:

3.2. The influence of small-scale infrastructure schemes in the CDF

A connection between infrastructure improvement and poverty reduction in Việt Nam has been recognized in many quantitative studies¹⁸. Within the scope of this assessment, a direct influence/ impact of the SIPs under the CDF on villagers' livelihoods and income was also clearly recognized.

3.2.1. In terms of economic improvement

The CDF allowed small-scale projects, which normally were ignored by 135-program and others, to be built. In some surveyed villages, CDF was the only investment fund for the SIPs. This helped establish a connection between village infrastructure and commune infrastructure which was supported by 135-program or other programs. It can be said that the CDF helped bridge the gap of village infrastructure, allowing farmers to benefit more directly. Interviews revealed that 100% of the SIPs are fulfilling their purpose and are functioning well.

¹⁸ The WB, ADB studies

The CDF-funded projects were prioritized and proposed by farmers. CDF was seen to be a solution for the most urgent infrastructure needs, to “obstacles” towards a better socio-economic development of HHs even though its scope was not wide. In remote, marginalized areas where there is a lack of investment in roads and small scale irrigation projects, CDF proved to bring about clearer, positive changes than in communes with more favourable existing conditions.

“CDF is suitable for remote, marginalized communes and the effectiveness is seen more clearly. Farmers in nearer communes can still do something for their infrastructure as they have chances to rent machines and vehicles. In remote communes, we had to move through forests and mountains, and it made the material transportation become so difficult”.

(T. H., CDF officer, CB-SPAR)

“It takes a long time to wait for the government budget to invest in SIPs in remote areas. CDF, however, takes little time, construction materials will be supported by the project and labor work will be handled by local people. These constructions are not large in scale but very meaningful to the community”

(Tan Lac Officers, HB-SPAR)

CDF-funded roads

In the surveyed villages, the CDF-funded roads are mainly inter-village or in-field ones (they might not be equal to 5th rank roads as regulated by the State¹⁹) or small bridges over the streams. (Nevertheless) The newly funded roads helped change transportation, trading, connection, and planting patterns of village dwellers.

In Coc Nhan village (Quang Hung commune, Quang Uyen district, Cao Bang province), cucumber plantations brought the biggest cash income for farmers. The CDF-funded roads helped reduce labor and other costs during the plantation and selling. The new road used to be an earthed, muddy, uneven lane. It was impossible for any vehicle to run through and therefore farmers had to carry all products on their shoulders. A CDF of VND 15 million (and village self-mobilized funds of VND 37 million) made a strong, concrete road become real, giving farmers convenient access to outer areas.

“Before the road completion, it took three people to carry cucumbers to markets. Now trucks come to the end field, all labor is freed. Now one person can take care of one ton of cucumbers. We may get VND 8 – 10 million this year from our 1000 m² fields, as the price has been increased by VND 4000/kg”

(Core group members, Coc Nhan)

In Lung Thuong village, (Ngoc Dong commune, Quang Uyen district, Cao Bang province), the CDF-funded road is a momentum for farmers to change their production patterns. The road runs from the CPC to the village, creating unique conditions to transport sugarcane. Before the construction, the road used to be very slippery, making the productions of sugarcane economically unviable because of harsh transportation conditions. After the road was completed, the road was wide enough for trucks to run to the villages, farmers have

¹⁹ The 5-ranked road in Rural transportation construction regulations is 3 – 3.5m in width

recently increased their sugarcane planting areas as sugarcane sales promise higher revenues and less labor compared to maize (Box 4).

“Before there was 22/36 HHs planting sugarcane, now all of them are”

(Farmers in Lung Thong village)

Box 4: A change in planting patterns and more income thanks to CDF- funded roads

Previously farmers in Lung Thong village (Ngoc Dong commune, Quang Uyen district) had a very difficult life due to the fact that they did not have a road to travel on. Family of L. V. V., a poor one in Lung Thong lived on planting rice and sugarcane but they recently changed to planting maize as maize gave them more money and the state subsidized the purchasing of maize seeds. Planting maize, however, did not help much and the family is still facing many difficulties.

After the completion of the road, the family decided to start planting sugarcane as the new road made it easier to transport sugarcane.

“Formerly, it cost VND 100.000/ truck for transportation of sugarcane from the village to the CPC. We couldn’t carry them on our shoulders. The entire village relied on a road. Now infrastructure has changed, and so have our lives. We now only have to carry sugarcane for some 100 – 300m, transportation costs are much lower. If we want to buy fertilizers, the trucks will deliver them to our doors. We decide to change to planting sugarcanes”.

Thanks to the road, information exchange for the family L. V. V. has also improved.

“Now more people come to visit us, talking and sharing experiences. They even teach us how to plant cucumbers, build houses, etc. Before not so many have come here”.

CDF funded bridge construction also meant a lot to the surveyed villages. In Khang village, Dich Giao commune (Tan Lac district, Hoa Binh Province) the bridge over Bai Loi stream, which lead to the main field of the village (20 ha) was broken and unuseable. In 2010, thanks to CDF funded newly constructed Bai Loi Bridge, agricultural production of the villagers had improved (Box 5).

Box 5: In-field bridge helped improve agricultural production

In-field roads in Khang village had existed for many years but villagers still had to cross the stream to work since the bridge was broken. In the rainy season, the stream was flooded and villagers had to take another route through another village which took them over an hour to reach the field.

“The old days were very harsh, we had to cross the stream or take another route to the field. If there was a storm or heavy rain, no one would dare to go. We had to carry the manure by the road of Trung village to the field. If we fell off the field’s edges, the manure would fall to others’ land.” (Đ.V.T, head of Khang village)

When there was CDF, villagers brought the plan of building Bai Loi bridge to the commune. The bridge was built in 3/2010 with VND 34 million, VND 26.5 million of which contributed by CDF.

Bai Loi bridge has made cultivation more convenient. Villagers were still able to go to the field and mechanize agricultural production in the flood season.

“Now we don’t have to worry when it rains, there’s no need to take the longer route. Bicycles can load the manure to the field.” (B.V.H, Khang village, Dich Giao commune)

CDF-funded canals

Building water canals are one of the projects which most influenced farmers' lives in many villages in the communes of Ngoc Dong, Quang Hung, Bac Hop (Cao Bang) and Vu Lam, Quy Hoa, and Dich Giao (Hoa Binh). In many villages, more crops have been planted, resulting in higher productivity less manual labor work, and closer community bonds.

The CDF-funded 250m canal supplies water to 29 HHs in Ban Nua village (Bac Hop commune, Nguyen Binh district, Cao Bang Province) and helped improve their lives. Before, the canal was made from earth and therefore could not retain the water. As a result people had no water for their consumption. There were even conflicts among HHs over scarce water supplies. After canal completion, water ran to the village (or end of the fields) and farmers no longer had to fetch water. Thus costs were reduced, crops and productivity increased, and the amount of work borne by women was reduced.

“Our 2 hectare paddy fields are now used for one more crop. The canals helped bring water to the field and farmers are now using new varieties with higher productivity (5500-7000 kg/ha). Time women spent on water fetching has been reduced, no more labor work spent on earthed canal clearing up (before each crop people had to clear up for 3-4 times). No more water use conflicts recorded, before each year we had 5 cases which must be discussed at village meetings...”

(Villagers, Ban Nua village, Bac Hop commune)

Ever since there were CDF funded canals, the standard of living of villagers in Ban Nua (Bac Hop commune of Nguyen Binh district, Cao Bang Province) and that of people in Quyet Tien village (Vu Lam commune, Lac Son district, Hoa Binh Province) has improved considerably. Previously, the canal's edges were built from earth resulting in loss of water through absorption or interruption to the water flow due to landslides. Villagers, especially women, had to dredge the canals but there was still a shortage of water that lead to conflicts among households in the village. After the construction, there is no water leakage and the time and labor required to collect water has also decreased. Notably, water now reaches the end of the field (Box 6 and box 7).

Box 6: Impact of the CDF-funded canals on farmers in Lung Cai

P. V. M. and his family are living in Lung Cai village, Ngoc Dong commune, Quang Uyen district. He is very sick and his wife is responsible for most of the farming work. After the completion of the canals, it was much easier for his wife to water the fields.

“The new canals brought water to even the end field plots, where it never previously reached. As my husband was sick, I had to go fetch water at midnight , 2 – 3 times/ week. It took 2 hours, and sometimes we had a row with other villagers. After the completion of the canals, I just have to go once a week, during the day. It now only takes 1 hour to have water in our fields”.

The canals helped increase plantation yields and women now have more time for other work to increase their income.

“Before, it took 15 days to fetch enough water for 1000 m². Now it takes 7 days. I spent my free time raising chickens, pigs, buffalos or doing labor work for extra money (VND 60.000/

day). Now productivity has increased from 500 kg to 700 – 800 kg/sào (360 m²)”

This is a case where the CDF’s impact is clear: the canals reduced women’s workload, strengthened village unity, and increase crop yields, leading to improvements in people’s lives.

Box 7: Impact of the CDF-funded canals on farmers in Quyet Tien

Although Quyet Tien is located near a river, the village was usually short of water for agricultural production due to the incomplete irrigation system. Most canals in the village were earthen and connected with the river, leading to large losses of water. Only a few households could afford to pump river water up to their fields. As a result of water shortages, some 30-40 households that had their land at the end of the canal often fought with one another.

In 2009, CDF supported the village to build 3 canals of 453m in length, with some VND 40 million, of which VND 24 million came from CDF. The construction of these canals had a notable impact on agricultural production. Ever since the canal was built, water has been able to reach the fields, insuring timely planting and improved productivity. Conflict over water resources also decreased dramatically.

“Thanks to the CDF-funded canals, we could use the water actively and crop production was no longer belated. Each family has been working on their land and fewer conflicts have happened.”
(Core group in Quyet Tien village, Vu lan commune, Lac Son district, Hoa Binh Province)

CDF-funded freshwater

As there are very few upgrading or investment activities for the freshwater system under SIPs support in Hoa Binh, this report covers only repairing/upgrading support activities in Cao Bang.

Programs 134 and 135 have supported the construction of many freshwater projects. However, some of them have been damaged due to lack of maintenance and management. The CDF was used to help repair freshwater systems in the two districts of Quang Uyen and Nguyen Binh. The repaired system helped to reduce farmers’ workload to fetch water and save resources for the construction of new systems.

Six years ago, Xien Pen village (Vu Nong commune, Nguyen Binh district) was given a system of filter tanks and a pipeline through 3 villages by Program 135. After a certain time, the pipeline was broken and farmers had no water for their crops. They had to fetch water from far away. The CDF has funded the pipeline repair and now water comes to the village as before (Box 8).

“Before the repair, we did not have enough water. We, mainly women, had to travel 1 km away to fetch water, carrying it in plastic containers. Now we have water running to the village, we are happy”

(Core group, Xien Pen village)

To overcome a weakness of the 135-program, the CDF enabled farmers to repair the pipelines and at the same time encouraged them to work out their own management regulations to ensure project sustainability.

“Village management regulation: canal cleaning once a year, at the highest water source and in the filter tank. Each HH sends one laborer for one days maintenance work”

(Core group, Xien Pen village)

Box 8: The CDF helped repair broken water pipelines, the old system can once again be used

Previously, the family of P. C. C., Xien Pen village could use freshwater from the 135-program funded water system. After a certain time, the pipeline was broken and farmers had no water to use. They had to fetch water from far away.

“Before, we got a freshwater system from Program 135. If it was broken, we used rubber bands to bind the pipes. Once, workers of an iron ore company broke the water pipes. Some CPC people tried to fix it, but they failed. We then had no more water. We had to dig a small ditch, but the water was not clean enough. We had to spend more than 1 hour to fetch water from 2 km away. It was really hard”

The CDF helped repair the clean water system. The repaired system helps reduce farmers’ workload to fetch water while avoiding waste from previous state investments.

“Recently, our village head said we had VND 15 million from the CDF to repair our water pipes. After repair, each HH can have water at home. Now that we don’t have to fetch water, we spend more time in the fields.”

It can be said that CDF is a small grant but has had a large impact as it helped fix broken projects to serve the public.

CDF-funded electricity

In the surveyed communes in Hoa Binh, there were no support activities for the electricity system installation. There was only 1 CDF-funded electricity project in Cao Bang, located in Thin San village. From Vu Nong CPC, it takes 1,5 hours to reach Thin San, a village of 19 households. Due to its remote location, the village still hasn’t been connected to the national electricity grid. By 2008, the CDF funded the purchasing of electricity cables and villagers contributed high timber pillars to install a network for the village. Once electricity was made available, the HHs enjoyed listening to radios, installing and using telephones and electric lights so their children could study at night. Two HHs also bought husking machines and offer this service (Box 9).

“At night, we grind maize for our dinner and prepare food for pigs. We used to do the same before but it was so hard. Now we have more time to work in the fields.”

(T. C. O. Thin San, Vu Nong commune)

Box 9: Standard of living has improved since being connected to the electricity grid

Family of Đ. S. T., Thin San village, relied mainly on income from planting maize and animal husbandry. Once electricity was made available, they could easily get access to information and their children had electric lights for studying at night.

"We can now listen to the radio and our children have better conditions for their studying".

Electricity helped improve people's lives and it also costs less in comparison with the alternative, kerosene.

"There are 2 rice and maize husking machines in our village. We have to pay VND 4000/10kg. Since the time we had the electricity lines, our lives got better. Before, we had to use 3 – 4 liters of kerosene per month, this cost us VND 15.000/ liter. Now each month, we only have to pay to the village head VND 15.000."

The CDF-funded electricity line helped the family of Đ. S. T. get better access to information and services. Their income also has improved.

3.2.2. Social impacts of the CDF-funded infrastructure projects

Pro-poor social impacts of the CDF-funded SIPs are strengths of the CDF approach.

Strengthening community unity

Interviewees were very proud of their CDF-funded SIPs which was evident when they prioritized, and contributed in kind and in cash to implement projects themselves to meet their farming needs. In some localities, people even willingly contributed their CDF funding to the local budget to buy construction materials, thus extending the building scale. This consciousness of co-ownership and co-management towards CDF-funded buildings instils a sense of collective ownership, in comparison with the situation of other state-funded projects, where farmers play passive roles in project implementation (Box 10).

Box 10: Road management in Lung Vai village

In Lung Vai village, Phuc Sen commune (Quang Uyen, district, Cao Bang Province), CDF supported local people to build an asphalt road of 320m in length, 2.6m in width, which connected the village to the inter-district road.

Before the construction, some HHs and village cadres organized a trip to Lung Sau village (Phuc Sen commune) to ask for road construction experience. After that, 3-4 construction workers in the village and all other villagers started. The quality of the road was assessed as very good with both length and width extended unexpectedly (it was planned to be a 2m wide road, but instead was built 2.6m wide, the latter which allowed trucks to enter the village).

After the construction, village cadres organized a meeting to make a set of road protection rules. These rules included restrictions limiting use of the road for motorbikes to 5 days after completion, 28 days for horse-pulled vehicles or automobiles, and prohibition of use of the road by heavy trucks. If anyone caused damage to the road, they would be required to repair it. Two families whose water tanks were located at the village entrance were chosen to water the road surface every day for maintenance. Village cadres expressed the view that *"This road was built upon people's labor and money and CDF funds and thus should be protected by everyone. People treasure the products of their own labor more."*

Participation opportunities of poor and non poor are equal in the CDF-funded SIPs. Before, the poor had less voice within the community and were afraid of speaking out, but in the CDF approach, both the poor and non poor benefit equally and are equally heard. Almost all of the poor were rather confident in participating in proposing CDF-funded activities. To some extend, the gap between the poor and the non poor was reduced when they all jointly worked on the proposed projects (Box 11).

“Both rich and poor households enjoyed building roads because the construction is ours. Now that all of our roads have been covered with beton, there’s no difficulty in moving around, but for the fact that we still do not have a bridge over the stream to get to work in the field. Now that the government provided us with the opportunity, we have to try. We all contribute equally to the construction; sometimes we all stop construction work for some drink and chat during the break.”

(B.T.G, Khang village, Dich Giao commune, Tan Lac district, Hoa Binh province)

Box 11: Poor households took part in building CDF-funded roads actively

In 2009, Coc Nhan village (Quang Hung commune, Quang Uyen district) was funded VND 12 million to build a 300m-length road, 50m was beton. Another VND 37 million was contributed by 29 HHs (as calculated from their labour work). All the HHs took part in the road building actively.

In the village, about 10 HHs are living near the main road, who benefit indirectly from the construction but still take an active role in the building. The poor HH of Nguyen Van Chuyen, for example, live isolated and far away from the built road. Before, the old road was still muddy and uneven, Chuyen was always asked by other villagers to carry construction materials for them. Now, the new road makes it possible for trucks to deliver the materials to all village doors and he doesn’t have to help any more. For this reason he said he could indirectly benefit from the new road and was *“willing to contribute to any village work. My family is far away from the built road but we also benefit from it. Before, the old road was still muddy and uneven, I was always asked by other villagers to carry construction materials to their doors. Now, the new road makes it possible for trucks to deliver the materials to all village doors and I don’t have to carry them any more.”*

As a result, he pays more visits to his cousins and villagers after the completion of the new road and they all feel much closer now.

CDF helps to strengthen community unity. Each project among the CDF-funded SIPs was celebrated in the village and drew much attention from the villagers, both direct and indirect beneficiaries. When implementing the CDF-funded SIPs, the extra contribution and sponsoring of ex-villagers also strengthening community unity. This helped bring people closer together, villagers and relatives now pay more visits to each other.

In Hoa Binh, some surveyed communes were able to apply and develop community institutions to attract local people into the projects funded by CDF. This is a very meaningful activity in the mountainous ethnic minority areas. A prominent example can be found in Muong area of Ngo Luong commune (Tan Lac district) using the village’s rice fund to build SIPs (Box 12).

Box 12: Village rice fund in the construction of SIPs

The rice fund of Ca village, Ngo Luong commune, Tan Lac district, (Hoa Binh) is collected after each crop, based on the cultivation area of each HH. The collection rate varied among annual yields. "There would be no collection if the yield is too low, and the collection rate increased if annual yields were higher." This fund was used to pay for the village vice president, end of year celebration, visit to the sick and HHs whose labor exceeded average contributions to public construction.

After one public construction was invested, the collection rate would be deducted for every participating household at a rate of 1kg/1laborer/day. Those who spent more labor would collect less rice. Those whose labor was not equally paid by the deduction would get extra rice based on the above formulation.

"If we don't pay the extra labor, there'll be disagreement, how can a household with 1 laborer participating in the construction be treated the same as those with 3-4. If we want to get more labor for the building to be done quickly, we have to pay for them."

(B.V.L, head of Ca village, Ngo Luong commune)

Thanks to this community institutionalization under the form of the "rice fund", the process of construction of the CDF-funded road was very smooth. Although there was a maize harvest at the time the road was built (4/2008) but villagers still took part in the construction actively. There were even 80 laborers working a day.

"Despite the road construction requiring sand and stone to be carried for a long distance, we still got our people to do it quickly. Villagers took part in everything, only the materials were supported by the project."

(Core group in Ca village)

Likewise, people in Vu Lam village (Lac Son district) used their public land fund as the village fund so the cash contribution in their CDF-funded SIPs was improved (Box 13).

Box 13: Use of public land funds in canal construction

The canal that carries water for the two fields of So – Cai was built in 2009. CDF supported VND 18.7 million and people in Cai village (Vu Lam commune) contributed VND 9.8 million more to hire a group of carpenters in the village for transporting, loading and building work. VND 4.8 million was collected directly from the villagers (VND 10,000/HH) while the other VND 5 million was taken from the village fund.

The village fund was collected from many sources: the socio-cultural fund (VND 20,000/HH/year) and forest and pond auctions, of which the income from forest auction was the highest (some 3.3 tons of rice/year). Currently, the village has 3 public forest areas of about 18ha, which are managed by villagers (only Cai village has public forest).

"Thanks to the village fund, we have enough money to built the canal and the money collected from villagers decreased"

(B.V.C, Cai village, Vu La commune)

The CDF-funded projects helped decrease the number of conflicts among farmers, especially over water use. Before these conflicts were regular as water availability could not meet people's needs. The CDF-funded canals helped bring water to the villages and almost fully met water needs, resolving the conflicts (Box 14).

Box 14: CDF-funded canal building reduces conflicts

Ban Nua village, Bac Hop commune used to have an earthen canal. In stormy seasons, soil erosion stopped the water flow. Village HHs had to dredge the canal bottom 5 – 6 times a year and carry the sediments to dispose at other places. Some HHs didn't take part in the dredging but did take water from other HHs' fields to their own. This caused conflicts.

Ms. Nong Thi No, chairwoman of the village Women's Union said *"Before, each year at least 3-4 conflicts happened. The earthen edges usually fell off and people took water from others' fields to their own, leading to a loss of community unity. Now the new canal is quite strong and not yet broken, all HHs have enough water in their fields and no conflict has been recorded"*.

Improved access to health and education services

The CDF-funded SIPs helped farmers improve their access to health and education services, especially those in remote and marginalized areas.

"The new road to the commune center was so good. If my kid is sick, I'll go down to commune center to ask for medical advice and medicines. Before, I was a bit reluctant to go there when my kid was ill, as it was very far"

(Women group discussions, Thin San, Vu Nong)

In both Cao Bang and Hoa Binh, there are examples of positive impacts that CDF made on children's attendance at school (Boxes 15 and 16).

Box 15: Impact of the road on children's schooling, Khuoi Ry village

Khuoi Ry village (Quang Hung commune, Quang Uyen district) does not have either a pre-school or an elementary school. The road to commune center was 3-4 km and in very bad condition. Before there was neither a road nor a bridge, in the rainy season, children could not travel either through the slippery mountains cliffs or walk through a dangerous stream to get to the school. Parents could not bring their kids to school by bicycles and therefore kids had to take a detour, which is 1-2 km longer, through the forests to the school. Traveling was that hard, kids showed less interest in going to school.

In 2009, villagers proposed to build a good bridge. The CDF funded VND 12 million, farmers contributed VND 19 million worth of materials. At the same time, the rural road program of the district funded 9,7 tons of cement to build a beton road from the village to the commune center. The bridge and this 250-meter-long road made it possible for all the kids to go to school easily. Parents could even bring them by bicycle or motorcycle. Now, the number of kids going to school is increasing.

"Our kids go to the commune school but before it was so hard bringing them back and forth. Now things are much better. Currently the village has 5 kids going to the secondary school and 3 high school pupils. With the new road and bridge, the kids now study till the 12th grade and probably will not drop out."

(La Thanh Duong, Khuoi Ry village head)

Ms. La Thi Vui, Khuoi Ry, Quang Hung, mother of a high school pupil said *"thanks to the new road and bridge, my child can go to school very easily. He seems to have become smarter and more mature after having broader interactions. He asked me to go to high school and I accepted. He goes to school in the morning and comes back in the evening."*

Box 16: Bridge building increases children's access to school

The main road from Bua Lay to the center of Dich Giao commune (Tan Lac, Hoa Binh) is about 1km long and is the shortest route to school. Formerly, when there wasn't a bridge, children had to cross the stream Hoi Hach (that links Bua Lay and Khang) on their way to school. In the rainy season, crossing the stream is very difficult and dangerous since the water level rises. Many kids had to stay at home on stormy/rainy days; the others had to take the inter-district Dich Giao-Lung Van route (km long) to school. Many parents had to bring their kids to school and then pick them up after classes.

"The rain makes the water level rise. Poor children, only some brave ones could cross the stream, the others had to take the longer route or stay at home."

(B.T.L, President of Dich Giao CPC)

In April 2010, CDF invested VND 25 million to build Hoi Hach bridge, another VND 4.8 million was contributed by local people in the form of labor. After the construction was finished, the children could go to school more easily and directly by crossing the bridge, even when it rained. Parents no longer have to bring their kids to school or pick them up after class.

The CDF-funded projects bring about many benefits for women

Many CDF-funded SIPs helped to lift the burden for women as they could save energy and time in productive and housework activities.

One CDF-funded water pipe repair, for example, helped village women save a lot of time and energy. In Xiên Pèng village, Vu Nong commune, women previously had to fetch water twice a day from a location 1km away. Each time they fetched 20 liters. In 2004, program 135 funded two water tanks on the mountains, with 2 valves so the HHs could have water piped to their homes. After 3-4 years, due to the limited number of valves, villagers added more valves themselves and the water started leaking. Water became scarce and women had to go up the mountains to fetch water again. In 2009, after the approval of the villagers' proposal (in their SEDP), the CDF funded VND 15 million to install 6 more valves in the tanks. Villagers spent 1-2 days digging and installing valves to pipe water home. The water pipe upgrade has helped women to reduce their working time.

"I had to walk 3 km to fetch water. We almost all were women. It was very hard. We won't have to go far fetching water any more. Support for the supply of water to the home is the most important thing for women here."

(Women group discussions Xien Peng, Vu Nong)

The bridge and the road helped reduce time and effort in carrying vegetables (Khuoi Ry village) and cucumbers (Coc Nhan village). This freed up more time to take care of children, planting rice, vegetables, cucumbers or raising pigs.

"Before, every time I went selling vegetables, I had to carry them to the main road, then took my bicycle at my cousins', and then road to the market. If it was sunny, I suffered less. If it rained, it was so horrible and dangerous as I rode on that slope. In the stormy season, I couldn't go. Now the bridge helps us a lot. I don't have to leave my bicycle somewhere, I can ride directly home, even I don't have to carry the vegetables. In my free time, I pay a visit to the field, taking care of my rice and vegetables. I plant much more vegetables. I have 5-7 vegetable varieties to sell."

(L.T.V, Khuoi Ry village, Quang Hung commune)

In Ngo Luong commune (Tan Lac district), the main income of villagers came from growing corn. Since the village was in a mountainous area, it was difficult for local people to travel around. Harvested maize was carried home in baskets, mostly by women. Since there was an in-field road, the villagers have been able to use motorbikes for transportation and baskets are now only used for distant fields. Women can now save time and energy. Participation of men in harvesting maize has also increased (since they were better at driving motorbikes).

“It was really hard when there wasn’t a road; we had to use the baskets. Now that we have one, things are getting much better: we just drive and park the motorbike close to the field, and then maize will be brought in baskets and loaded onto motorbikes.”

(B. T. Đ, Luong Duoi village, Ngo Luong commune, Tan Lac district).

3.2.3. Challenges

Poor farmers as the targeted group

For such CDF-funded projects such as roads, bridges, freshwater system, the poor and the non-poor benefited equally. For the canals, it is reasonable to assume that the non-poor benefited more than the poor, who traditionally have had difficulties by having fewer paddy fields, higher and more remote fields where water did not reach (Box 17).

Box 17: The differences between the benefitting and non benefitting HHs, irrigation scheme

In 2008, the CDF funded people in Po Kieng village, Ngoc Dong commune VND 8 million to build a 170m beton canal. Only 12 out of 27 HHs directly benefited from the scheme, and they contributed their 15 days labour to the canal construction.

Those 12 HHs were average and better-off as they possessed many field plots. From the completion of the canal, the HHs could plant 2 paddy crops, using hybrid paddy varieties and afterwards the productivity of each crop doubled. At the same time, the 7 poor HHs continued to work remote field plots which were too high for water to reach. These HHs could not benefit from the new canal. Lack of water for the fields made them suffer from crop losses in 2010.

“Whatever the poor do, they still end up being poor: less and bad quality land, hard to benefit. Each time we planted, we had to pipe water to the terraces. It was so hard. But the fields of the non-poor were near the water and it was very convenient”
(Women group discussions Po Kieng, Ngoc Dong)

Some poor HHs also had difficulties getting access to electricity system that had been funded under the project as they lived in remote areas. (Box 18).

The CDF-funded project scopes are appropriate for villagers’ contribution abilities

The CDF is considered a “stimulative or encouraging fund” to mobilize community’s participation and contribution. In reality, this contribution was very big (ranging from 30-70% of total project value), and therefore the existing funding scope of a maximum of VND 30-40 million/ project is appropriate. If a total cost estimation of a project (including CDF

and community contribution) exceeds VND 100 million then farmers will have difficulties contributing to the fund.

“A VND 100 million project seems too big for us as farmers have to contribute a lot”
(N. V. V. Phuc Sen commune accountant)

The labour work contribution for the CDF-funded project construction normally took place in harvest-free periods (a “hungry period” for the poor, Sep. – Oct.) . At that time, many people migrated out of the village for wage labor in other provinces, leading to the lack of labor force making labor mobilization for CDF activity difficult. Especially in communes like Dich Giao, Vu Lam, Quy Hoa, 50-60% HHs have the main laborer go to work far from home when there is not a lot of farming work, making it difficult to get labor for the SIPs, especially from the poor HHs (Box 19).

“We can earn VND 50,000-70,000/day by working for others. Mostly it’s not possible to quit if the work hasn’t been done, or else they won’t hire us next time”.
(Commune cadres in Dich Giao commune)

Box 19: Waiting for labors working away caused delays in dam construction

Construction of the common dam of Cai village and So village in Vu Lam commune (Lac Son, Hoa Binh) was started in 2009. According to the original plan, the project construction would be shared between people of the two villages. However, laborers of So were busy with road construction so the dam became the responsibility of people from Cai village. Although all villagers were determined to participate in the construction, a large number of laborers were working in other areas and thus the dam construction was delayed to wait for them to return.

“The difficulty is that our main skilled laborers were away for their work and we needed more than 15 days before they could come back”.

(Cai village cadres)

Moreover, farmers in the surveyed areas, especially in Hoa Binh, have to pay a lot of different taxes to their village and/or commune and for this reason the small scope of the CDF is even more important to help decrease their financial burden (Box 20).

Box 20: Farmers in the rural areas are having to pay too many types of taxes

Currently, each HH has to pay many taxes for both the village and the commune every year. For example, in Quyet Tien village, Vu Lam commune (Lac Son, Hoa Binh) in 2009 each family had to pay about VND 50.000 and 20-30 kg of rice for the village/commune. This was before other “encouraged” contributions such as flood and storm prevention and national security contributions.

	Contribution type	Payment
Village level		
1	Socio-cultural fund	14 Kg of rice/year
2	Irrigation system operation fee	3 Kg of rice/1000m ²
3	Fund management	4,1 Kg of rice/1000m ²
4	Education promotion fund	VND 5,000/HH
Commune level		
5	Construction fund	VND 10,000/person
6	Children fund	VND 10,000/HH

7	Fund for the poor	VND 10,000/HH
8	Gratitude fund	VND 5,000/HH
9	Gratitude fund	VND 7,000/HH

Besides these fixed funds, farmers also gave proposals to build rural infrastructure such as road construction or construction of communal housing. When the village decided to build a common house for the village, each HH had to contribute VND 1 million (paid 3 times over the course of one and a half years). This sum was considerable for poor HHs.

From the above story, one can see that there should be careful consideration on calling for contribution from farmers in the CDF construction in order to not add to their burden.

Running, maintenance and management of CDF-funded projects

At the moment, the projects have just been completed and therefore they are still functioning well. In the long run, however, villages should make maintenance and management plans, incorporating risk management for natural hazards and other external forces.

Maintenance and management regulations of the SIPs have not been documented except in the CDF management guidelines. It was requested that these documents be certified by CPC. This can be seen as a difficulty in SIP maintenance and management.

“They didn’t pay much attention to maintenance and management regulations. Local cadres have never been trained and known very little about the issues involved in running, maintenance and management.”

(Group discussion, Quang Uyen district)

Another difficulty is collecting cash contribution from farmers for project maintenance and management. Some villages failed to collect these contributions and instead delegated maintenance tasks to farmers. However, when a pipe was damaged, they didn’t have the funds to replace it (Box 21).

Box 21: Difficulty in collecting cash contributions for project maintenance and management

End of 2005, 15 HHs in Lung Nam village, Bac Hop commune were relocated to a new village, named Minh Long, under program 134. At the new village, villagers got new public infrastructure projects such as a electricity network and a freshwater pipeline.

“To regularly maintain the waterpipe system in good condition, a water management group consisting of 3 members was established; each household should contribute 1000 VND per month to pay for the group, but in fact, no one in the village contributed any penny. So the villagers decided to divide into 3 groups and each group looks after the waterpipe system at monthly basis in turn.”

(Core group Minh Long village, Bac Hop commune, Nguyen Binh district)

In 2010 the building of National Highway 34 and an inter-village road made the water pipe break. Farmers didn’t have any water to use. By mid 2010, the CDF funded VND 63 million to repair the waterline and installed the pipeline in another location. Some more water tanks were also built. But waterline management regulation remained a challenge for the long-term CDF-funded SIP maintenance and management.

Types of buildings supported within the scope of the CDF

At the moment, the scope of CDF only covers SIPs for “rural and agricultural development”, such as roads, canals, freshwater and electricity. Construction that relates to environmental protection, education, public health, and public resources: such as toilets, kindergartens, and government housing, are currently not supported by the fund, although this is the desire of many local people.

Some ideas from local cadres in the surveyed areas suggested that the CDF regulation should be amended next time to extend the list of supported items. This proposal should be considered carefully as “rural development” is very large and can cover the building of toilets, kindergartens and government housing.

3.3. Impacts of the CDF-funded production improvement activities

3.3.1. Fertilizer and seed supply

Direct fertilizer and seed supply support activities were carried out in both provinces of Cao Bang and Hoa Binh, though the scale in Cao Bang was larger. In Hoa Binh, the supply of fertilizer and seed had been done over 5 years and as such, activities in the following years were limited. In Cao Bang, as prioritized by farmers, the CDF funded annually fertilizer and seed supplies. This support was meant to reduce some production costs for farmers. Most HHs used the fertilizer and the subsidized seeds improved the HH’s income and productive activities²⁰. The number of HHs who used new varieties increased over the last 2-3 years.

However, CDF support to buy fertilizer and seeds (mostly hybrid) followed traditional methods and overlapped with Program 135. Limitations of this approach can thus be identified as follows:

The CDF support to buy fertilizer and seeds was seen as a “social benefit” and did take the local situation and context into consideration; however had little positive impact on farmer livelihoods. But some extremely poor ethnic minorities in mountainous areas, who lacked investment fund and cultivation land still wanted to grow their original corn type, the development of hybrid corn was not suitable (Box 22).

²⁰ 67 typical HHs were supported with fertilizer and seeds in the surveyed localities from June to July 2010 in Cao Bang and 59 others in Hoa Binh (9/2010) (some HHs received both types of support and thus were counted as two in each case). 60% of the cases in Cao Bang and 70% in Hoa Binh confirmed an improvement in their income (once) thanks to fertilizer and seed support. The sustainability of HH livelihoods after the support ended is however, difficult to assess since it requires more time to measure the effectiveness which is also dependent on other factors. Note that these statistics may not reflect the precise success rate of all supported HHs in each locality because the “typical cases” were not picked out randomly.

Box 22: Supply of maize seed, low effectiveness...

The family of N.T.Q is one of the 4 poorest HHs in Dong Deo village, Bac Hop commune. They had 4 kids and could not work many hours as Q was sick. The family had a small paddy field plot of 1080m² and a maize plot of 500 m². The family lived mainly on the income from manual labour (weed cutting, pesticide spraying, and harvesting) performed by the wife.

In 2009, Q's family got 2 kilos of hybrid maize seed from the CDF. They use these to plant 1 crop but their productivity was not high as they could not afford fertilizer. As such, they stopped planting the maize seed. The hybrid maize was then used as animal feed since it was inedible. Q said:

"I prefer our local maize as the hybrid maize has no seeds. The hybrid maize was normally used as animal feed and cannot be used as additional human food. The local maize can. Next crop, I won't plant it anymore. I'll stick to planting local maize only"

(N.T.Q Dong Deo village, Bac Hop commune Nguyen Binh district)

The CDF funded fertilizer and seeds on a HH equally divided basis. This made it not so effective and was even not meeting the CDF's pro-poor criteria. Some examples from surveyed localities have shown that new plant supply without careful instruction and tight supervision will possibly lead to ineffectiveness.

Box 23: Disadvantages of giving fruit tree seedlings ...

At the end of 2009, Xieng Pen village Vu Nong commune got 200 lychee trees (which cost VND 3 million) from the CDF. Each HH got 3 – 5 lychee trees but didn't get any planting guidance. They planted the trees using their own experience. Besides, the trees were planted during a dry, sunny time and were not frequently watered and so they died. Some families kept the trees alive but they grew very slowly.

"The village head got all the trees, then delivered them to each family. Some families planted them but didn't water them, so they died. My lychee trees are still alive but they seem to stop growing. After 3 years, it is not likely that we will have lychees, as the trees are so small."

(L.T.H Xieng Pen village, Vu Nong commune Nguyen Binh district)

Changing cultivation habits of the poor HH is a difficult process. For example, in Lung Cai village (Ngoc Dong commune, Quang Uyen, Cao Bang), each HH was given 40 Luong Phuong cocks with bagged food. The cocks grew well but villagers stop raising them after 3 months as they had to travel to the town to buy this breed. They ended up back with the local breed without feeding them the bagged food.

Representatives of the 2 districts and communes said using the CDF to fund fertilizer and seed acquisition was not a good/ appropriate way. However nobody could give any better alternatives as there was no strong collaboration among programs and projects and extension service (such as the FFS, the PTD, market extension, etc). However, asking for fertilizer and seed support was usually the first priority of farmers in their village SEDP and it was approved by the CDF regulation. Thus the CDB couldn't refuse the proposal.

"Giving fertilizer or seeds is giving "a fish" not "a fishing rod". They should reconsider the sustainability... We recommend that in the future, the CDF management regulation should omit anything which is related to this type of support. Then things can be more sustainable"

(district cadres, Quang Uyen)

“Production support should not be on a massive scale as this. Without fertilizer farmers could still plant. They need knowledge. In reality, in 2009, the commune used both the CDF and 135 program funds to buy tons of fertilizer, hoping that farmers would have lucrative crops. But it didn’t work. Yields and productivity stayed unchanged.”

(Vice chairman of CPC, Ngoc Dong commune, Quang Uyen district)

“This year [2010] we still prioritize fertilizer supply. It might save us some money. Otherwise we still have to buy. And we don’t know what to ask...”

(Core group Xien Peng, Vu Nong, Nguyen Binh district)

In Hoa Binh, direct supply of fertilizer and maize/rice seeds was very popular during the first year of CDF implementation (2008). Although the seed were considered better compared with the local type for its higher productivity, many poor HHs came back to their old seeds after the support ended for they couldn’t afford the investment.

Likewise, representatives in Hoa Binh did not think that CDF should provide the poor with fertilizer and seeds directly because some other programs had already done this; instead, there should be a new type of livelihood model:

“Fertilizer investment can only last for one crop, and it ends after the harvest. Currently, there are many programs for the poor. We should not provide direct support for fertilizer and seed for poor HHs in the future. Instead, agricultural infrastructure such as canals and dams should be prioritized as all farmers can benefit from them, and this creates a new feature in the model.”

(Vu Lam commune cadres, Lac Son district).

Mother pig supply

In Cao Bang, support and benefit sharing manners for CDF-funded animal supply differ from locality to locality. As in Quang Hung commune, Quang Uyen district or Bac Hop commune, Nguyen Binh district, mother pigs were given to groups of 3 – 7 HHs and were raised in turn. In Hoa Binh, there was no requirement for animal sharing.

The manners of benefit sharing from supported mother pigs vary between villages in Cao Bang depending on agreements among the village and the HHs raising the pigs:

- Circulation of baby pigs: this way was chosen by the majority of the group. Baby pigs were divided among group members, male pigs would be sold and every member would share the money. From the second or the third generation (applied for the villages where people “avoid” baby pigs of the first generation as a tradition), the family where the pigs are raised will enjoy all the benefits from the original pig.
- Selling baby pigs at a low price: In Coc Nhan village (Bac Hop commune), baby pigs are sold to other HHs in the village at a lower price (VND 25,000/kg) compared to the market price (VND 30,000/kg).
- Contribution of money to the village fund: in Khuoi Ry village (Quang Hung commune Quang Uyen district) the plan was prepared by the village, any HH that

raises pigs first has to give the village head one pig of the first batch or pay VND 700.000 (equal to 1 pig purchase) so that the village head can organize village meetings to see whose turn is next or to use the cash to support poor HHs to buy a local pig.

- In Coc Nhan village (Quang Hung commune Quang Uyen district), farmers worked in groups. There was one group who raised the pig in turn, but in a special way. The first to raise pays other HHs in the same group VND 100.000 each and the pig becomes the first raiser's own. When the pig gives birth, the raiser doesn't have to share the litter with other HHs. This is actually sharing the original benefit, not the benefit from the project (the Mong Cai breed cannot be circulated to other HHs).

The effectiveness of breeding sows depends greatly on raising them efficiently. . In villages, where farmers were used to breeding sows, there was no loss.. In remote villages, where farmers were not used to raising Mong Cai pigs, the there was less success in raising them because the farmers, after only a few lessons were not sufficiently trained. . (Box 24).

Box 24: Effectiveness of pig raising depends on experience and raising habits

H. V. T in Khuoi Ry village got 1 Mong Cai mother pig from the CDF. He didn't have any experience in raising this type of pig and after one month, the pig died.

"At first I didn't know how to raise Mong Cai pigs as I haven't raised any before. I still had series of questions, such as when they gave birth, how to care, what their origin was, did they get vaccinated, etc. I got the pig without any detailed instructions. I had really no clue how to raise them"

(H. V. T Khuoi Ry village Quang Hung commune, Quang Uyen district)

Another case proves that poor HHs can still be able to raise mother pigs. A poor HH of M. V. T. in Ban Nua village however, gained experience from previous "contracted pig raising" for better off HHs and therefore when they got a CDF-funded Mong Cai pig, he was very happy and raised the pig very successfully.

"At the moment, we are contracted to raise 3 small pigs. When they are 7 – 8 month old, we can sell them and get a payment which equals to 1,5 pigs. We would like to thank the State for giving us a pig. We hope the pig will give more small pigs and bring us more income. If the pig was not given, we would never have money to buy one"

(M. V. T. Ban Nua village Bac Hop commune)

Training after seed provision

Very few new teaching methods were used in training courses of the CDF-funded series (e.g. FFS where participants could learn throughout plant's development cycle). Instead, old direct passive method of lecture was applied (e.g. seed receivers were sent to a commune hall to listen to a lecture for one or two times). Some training courses were even provided after seeds or animals had been given to farmers.

"I got the CDF-funded pig without any training... After 2 months, the pig died. I felt very sorry for it. A month later, village head invited me and another pig raiser to have training. He said only two key farmers in the village were invited"

(La Thi Vui, Khuoi Ry village)

Although PS-ARD, CB-GEM and many other programs in Cao Bang have applied successfully many new teaching methods in training provision (e.g. FFS for potato planting was very successful in Bac Hop commune, local people have been planting this type after the project ended). However, lessons learnt from previous programs were not fully applied in the CDF-funded training activities.

3.3.2. Model building

“Model” is the most implemented activity in Hoa Binh. The difference between “model” and sole supply of fertilizer and seed, as mentioned above, is the combination of material support, farmer field school (FFS) and visiting with the regular support of agricultural experts. The model may be combined with market connection and local production area planning.

FFS combined with partly material support in the building of model is a highlight in Hoa Binh. In 2010 only, FFS are considered as center of the program by PS-ARD with 329 FFS classes trained in 1490 days. According to PS-ARD Hoa Binh, the reason why FFS classes were not popular is mostly because the communes feared that they could not afford to pay for FFS teachers (from district and provincial level). In 2010, Hoa Binh changed the policy, and the province would pay for the teachers instead (using the fund from PS-ARD) so the communes asked for more FFS classes. FFS training was highly appreciated by local people compared to the traditional training method (Box 25).

Box 25: FFS on raising chickens in Quyet Tien village

The model of raising chickens in Quyet Tien village was highly appreciated by local people thanks to FFS training. The classes were taught directly in 5 days in the village's common house every Saturday. Teachers were experts from the district's agricultural department. The difference between FFS and the traditional method is that the know-how is taught in parallel with the process of model implementation of the whole production cycle. Before receiving the chicken, farmers were trained on how to build the facilities, how to clean the raising area and prepare chicken food.

“The teacher's lessons were delivered in an easy way for us to understand about the building facilities process and how to feed the chicken. We followed the lessons and then the chicken were given to us”.

(Ms B.T.H, Quyet Tien village, Vu Lam commune)

The FFS classes were organized right in the villages, which motivated farmers to join in. The lessons were delivered directly, making it easy for the farmers to understand. If there were any difficulties in raising chicken, they could ask the teachers in the next class.

One of the most successful models in the surveyed areas of Hoa Binh was the model of growing chayote in Ngo Luong commune (Tan Lac district). Chayote was a new plant here. After 3 years of implementing the model, chayote has gained its importance in the local agricultural production, which contributed much to HHs' income improvement. The model in Ngo Luong commune was very suitable with the development plan of planting production plants in the 5 mountainous areas of Tan Lac district. Chayote has been included in the commune's policy of expanding the clean vegetables area. The lesson learnt is that the

support of supplying new trees (materials, training, visiting) needs at least 2-3 years, with the connection among projects and the need to link it with the market (Box 26).

Box 26: The successful model of growing chayote in Ngo Luong

Before 2007, farmers in Ngo Luong commune (Tan Lac district) mainly lived on growing corn and animal husbandry. In 2007, Hoa Binh's Department of Technology and Industry implement an experiment model of growing chayote in Luong Tren village on an area of 5,000 m². Although Phuong Huyen company bought the products in Hoa Binh city but local people did not put their trust in the project as the price was low (VND 1,000-1,500/kg). In 2008, chayote growing models increase by 2 more from Program 135. In 2009, the number increased by 4 and another from program 135 and 3 programs from CDF initiative fund. CDF funded the chayote growing model by supplying the plants and inviting experts to train for the farmers. Moreover, CDF in Tan Lac district also organize visits for cadres and village leaders of Ngo Luong commune to find the chayote market in Ha Noi. Chayote is grown easily, not vulnerable to disease and thus very suitable for the poor HHs. Local people got happy that chayote price were high. Chayote vegetables was about VND 9,000-10,000/kg or even VND 12,000/kg. According to commune cadres' estimation, 700-800 kg of chayote vegetables was harvested in one day all over the commune. Previously, local people had to sell chayote in Lo market (30km away) in Quyet Chien commune (10 km away), but now trucks come to the commune center to buy chayote.

"We've never seen any disease in the chayote. Most of the effort was when installing the frame, and every family had bamboo so we did not have to buy. In the morning, it takes only 1-2 hours to harvest 10kg of chayote vegetables. The trucks have come to buy chayote for 1 month so far. We do not have to bring chayote to the market like things was in the first year."

(Man group, Luong Duoi village, Ngo Luong commune)

Seeing the benefits from growing chayote and the local advantages such as cool weather, easily found materials to make frames, abundance of land, local people actively expanded the growing area.

"70% of HHs in the commune grow chayote, even about 100% in some village. Growing chayote brings about VND 5-6 million/year, some HHs even get 60kg/day making it up to VND 100 million/year. In 2010, many HHs bought the plants on their own. They even went to Ba Thuoc, Thanh Hoa to buy chayote plants. We estimate that there are more chayote here than in Tam Dao, they only have 18 ha. The commune even has a special subject on chayote. We do not use pesticides like they do in Tam Dao. The plant can be grown around the year, and the vegetables can be picked after 2 days. Chayote is very suitable for the poor because it just requires training or imitation from others rather than complicated technology."

(Ngo Luong cadres)

In mountainous communes of Hoa Binh, the model of raising father wild pig and Muong indigenous mother pig is starting to show potential results. This model is suitable to the local conditions and similar to raising local pigs. In 2010, some communes used the CDF fund to develop this model. Currently, the price of baby hybrid pigs is quite high though economically produces good rewards. (Box 27).

Box 27: Prospective model on raising father wild pig with Muong indigenous mother pig

The model of raising father wild pigs to breed with local pigs was carried out at some communes in Hoa Binh province in 2010 from the reserve fund of CDF. Combination with supporting wild pig breeds, technical training and study tours also have been implemented. Besides benefiting households, some other families willing to learn breeding techniques were also invited to participate. The households are responsible for buying the stables and pens. Currently, taking care of wild pigs hasn't shown up any difficulties and there has been no disease.. They are mostly feed on local products, mainly maize and bananas. The wild pig

farmer has an income from each stud around 100,000 - 150,000 VND / per time. Hybrid wild pigs are often sold with a weight below 20 kg, the market price ranging around 100,000 - 120,000 VND/ per kg, higher than those of Muong pigs.

This is a new model, intending to bring income to farmers. At the moment, do not have many hybrid pigs so the consumption of pork is quite easy. The problem is some upland communes in Hoa Binh discontinued raising Muong mother pigs. It might be necessary to set up the market links if the numbers of wild hybrid pigs increased in the future.

However, in Hoa Binh there are still some models which have not been successful for reasons such as diseases, pricing, weather and local conditions, and as a result have been discontinued. The potato model is an example, which was implemented through CDF in Dich Giao commune (Tan Lac district) in 2008, this is a new model for low lying communes because in previous times potatoes were usually grown in upland communes of Tan Lac district. However, after just one crop this model failed due to being unable to ensure the products quality and quantity to the buyers/ purchase units (Box 28).

Box 28: Unsuccessful potato growing model in Dich Giao commune.

B.V.K's family (Kha village, Dich Giao commune, Tan Lac district) was one of 15 HHs following the model of growing potatoes funded by CDF. The potatoes were taken from Quyet Tien- a mountainous commune which successfully implemented the model years before. HHs who registered will be supplied potatoes based on cultivating areas, 15-20kg on average. Because there was not land for growing plants like potatoes, local people used the land for growing rice in the Winter crop. Mr. Khôi and other HHs were trained on growing techniques for 1 day by experts from the district's agricultural department.

After 3 months, the products harvested were very limited; the quality was not good enough for companies to buy so potatoes were to feed the animals.

"A company in Hoa Binh had promised to buy potatoes but they quit after that as the potatoes were too small. 15 kg inputs of potatoes just gave out 30 kg of output. Selling was almost impossible so we gave them to the pigs."

According to Mr. K, the plants were not productive because it could not go well with the weather and then land here.

"It's warmer in here compared to those mountainous communes so the planting failed. The land is not water absorbing for there's more clay than sand in the soil."

After the first crop with supported potatoes, Mr. K's families and other HHs quit growing the plant. The lesson learnt here is that special characteristics of local land and weather should be noticed before introducing a new plant.

According to Hoa Binh province's regulation, the pro poor HHs models are supported 80% of the whole material costs and only 40% in the case of non-poor HHs. However, in fact production materials were often divided among HHs or based on cultivation area within the model's scope. In some communes, poor HHs did not have much chance to join the models because they had little land or their land was not in the planned areas.

The success of the activities needed to support machinery use depended on group's user regulations and type of funded machine. There were many lessons learnt about success and failure of group machine using. Typically is Program 135 where made – in – Japan pesticide

spraying tanks were fully used and maintained if using regulations were cleared made and agreed upon (Box 29). Moreover, ploughing machine activities for HHs group in Quang Hung (included in Program 135) were unsuccessful due to the lack of maintenance regulations. Those machines were very valuable, but broke down easily and subsequent repair costs were high.

Box 29: Made – in – Japan pesticide spraying tanks in program 135

In 2009 Program 135 provided Lung Thoong village, Ngoc Dong with a motor-based pesticide spraying tank. The machine was made in Japan, of high quality.

So far, the machine has been in use for one paddy crop and one maize crop. The HHs bought pesticide and gasoline to use systematically without any conflicts. Each family donated VND 1.000/ year and VND 5.000/ using time for a repair fund. This fund paid for any maintenance activities. The village extension worker would be responsible for mainting and keeping the fund.

With experience from Program 135, the CDF funded the purchase of high quality machines. So far there have been two types of good running machines with pesticide spraying tanks and maize/ tobacco drying ovens in Cao Bang. The maize drying oven helped store maize for a longer period, decreasing the loss which used to be up to 30-40% before (Box 30).

Box 30: Maize drying oven in Đông Reo village, Bac Hop commune

In 2010, the CDF provided Đông Rẻo village with 2 maize/ tobacco drying ovens. Every 3-5 HHs shared 1 oven. Each group was to build the oven on their own. The CDF provided VND 5 million and farmers contributed VND 7 million in labour, making it VND 12 million per oven. The oven running principle was very simple and if it broke, they were easy to repair.. Therefore, the ovens were maintained and ran quite well.

After harvesting if it rained, maize normally got mouldy because of dampness. Loss rates might reach 30-40%. With the new oven, maize could be dried and stored for the whole year without getting mouldy. A commune cadre said: *“the oven helped protect maize from termite and fungus. Maize could be stored for the whole year. Dried maize smelled delicious and pigs loved it. Previously it was necessary to redry the maize every 4-5 months to prevent its sprouting.”*

Though their initial purpose was to dry maize they proved useful in drying tobacco. As a result, some farmers were persuaded to give maize in favour of tobacco, subject to their contractual arrangements..

“The maize drying oven was so good. Initially it was to dry maize but later on it was used to dry tobacco also. Now tobacco planting areas are 10ha ”

(Group discussion, Dong Reo village, Bac Hop commune)

According to the CDF Regulation, every group of HHs was supported by production equipment and machines. However, some communes in Hoa Binh in effect the machines were by the communes or villages to promote equipment’s roles towards the community better. The case of pesticide spraying tanks shared by the whole commune in Yen Lac (Yen Thuy district) is an example of this. (Box 31).

Box 31: Engine pesticide spraying machines support in Yen Lac commune

Being part of CDF’s production support fund, Yen Lac commune (Hoa Binh) were provided with 2 engine pesticide spraying tanks. Theoretically, these machines were directly given to groups of HHs.

In fact, to increase the number of beneficiaries, the CDB asked village leaders to have control over these machines. The machines were circulated in all of 11 villages. In effect, any HH could register with the CDB to borrow the machines.

"The commune proposed the project managers but they did not agree. Despite our doing was against the regulation, it would be more effective to have the commune manage the machines instead of giving them to a particular village".

(Commune cadre of Yen Lac, Yen Thuy)

The spraying machines were circulated among the villages; each had 2 days of using. Village leaders were instructed on the usage and maintenance of the tanks. The machines were first given to the villages by the Commune's Management Board with written instructions and then they would be assigned to groups, who would do the spraying for the HHs who job it is to register the service and charge some fee.. Each village had to clean the machine carefully before returning it to the commune.

The flexible method used by Vu Linh commune could benefit a greater number of beneficiaries as opposed to a small group as described by CDF's Regulation. However, poor HHs might be possibly limited by the commune/village from accessing the service due to the lack of information.

3.3.4. Challenges

The biggest challenge of any project in the field of agricultural production, including CDF's production support, is possibly the risks related to bad weather, worms, diseases and price. The following part only mentions challenges coming from the support method within CDF's scope.

The poor orientation

CDF aims at the poor people (at least there must be 50% of the beneficiaries are poor). However, this orientation is causing troubles to the implementation in the commune and village levels. Actually the gap between those who are ranked "poor" and those close to that is very small, while many governmental programs are just focusing on direct support for the "poor" only. Those who are close to the title rarely have the chance to benefit from the supporting programs, resulting in the unexpected consequences such as comparison and jealousy as the direct cause loss of community unity²¹. The classification of "poor HHs" at the grassroots level is usually not precise. Moreover, the standard for inclusion is still based on income per capita, which may not be a broad enough definition to take account of other factors

In reality, funding purchase of animals (pigs), seeds (hybrid maize) was not a good idea although it was meant to target and prioritize the poor. The thing is poor HHs were already facing many difficulties such as less land, remote and bad quality land, hunger, no labour, no experience, etc and the CDF failed to adjust its support manner to help fix the poor's problems.

²¹ In the next 2010-2015 period, the "poor" standard of the government will be doubled in rural areas: increasing from VND 200,000/month/person to 400,000/month/person. Then the poverty rate in the surveyed areas will jump up dramatically. Some mountainous communes may have 50-70% of its HHs ranked as "poor". When the HHs who is currently close to the rank will actually be part of it, the "Poor orientation" will be easier implemented.

“Some HHs were too poor to accept raising pig. Food was not enough even for people, how could they have food for pig”

(Women group, Coc Nhan village, Quang Hung commune)

“If we gave pig to poor HHs, the pig could not grow much. If we gave seeds, they couldn’t plant as they had little, bad quality land. This was a challenge for all. We wanted the poor to get more support, but it was hard to improve their livelihoods ”

(Cadre group discussion Quang Hung commune)

As for machinery support (pesticide spraying tanks or drying ovens), not so many poor HHs could get access to this type of activity. The reason was the same: little land, not so many plants, no experience in using the machines).

“The pesticide spraying tank was commonly used by the whole village. Everybody could use it. Poor HHs had few field plots which were remote, that’s why they didn’t spray much”

(Cadre group discussion Phuc Sen commune)

“Poor HHs were initially prioritized for drying oven support. However they didn’t have much maize, didn’t have tobacco and had no experience in using. They finally gave their chances to other HHs ”

(Women poor group Dong Reo village, Bac Hop commune)

Support manners and scopes

In the CDF production improvement component, all support was given according to given needs and without professional comments from professional offices. The fund was in fact small and allocated annually. Therefore it didn’t work for improvement programs which could extend to at least 2-3 years).

The fertilizer and seed provision was very simple at the moment, and it was “suitable for (immediate) farmer needs”. However it was not sustainable. In surveyed communes, monitoring and evaluation of farmers’ proposals were missing, there was no involvement from extension service workers. One commune cadre said although they saw some weak points in giving animals, fertilizers and seeds, they had no way to oppose since the support was meant for farmers’ priorities and needs.

“We got stuck with production improvement component. We could foresee failure but had to follow farmers’ proposals as they were their needs. If other ideas were suggested, farmers refused. Changes should be made to make this component better ”

(Cadre group discussion Quang Hung commune)

In Cao Bang, there is still a shortage of monitoring the proposals of production, support from the people and the lack of involvement from specialist units such as the forestry and agricultural agencies. In Hoa Binh, CDF implementation using CDF preservation fund is worth considering, since it has the engagement from agencies of district and provincial levels and the specialist support towards production support proposals initiated by the communes (See box 34 in Chapter 6).

High economic-value crops and forest development orientation in the province of Cao Bang are opening more opportunities and potential for the SEDPs of districts and communes in the future. However, the CDF will be able to support this as it is short-term and the money is disbursed annually.

“I know the fertilizer and seed provision can only give farmers some hundred thousand dongs. It is difficult to have a bigger, more effective support. With small amount of money, fertilizer and seed provision seems to be most suitable”

(Cadre group discussion, Ngoc Dong commune)

4. Impact of the CDF on commune financial management

The CDF helped improve commune financial management in two ways:

The commune cadres were trained in transparent and integrated financial management and CDF management (The deciding condition for CDF initiative to be disbursed and

When implementing the CDF activities, commune cadres learned from them and gained experience.

4.1. Financial management capacities of accountants and CDBs have clearly improved through the CDF activities

One of the biggest achievement of the CDF was a simplified set of forms and tables to be used for the transparent and integrated financial management guideline and the CDF management regulation by the Cao Bang DOF and Hoa Binh DOF as well as the organization of TOT training for district and commune cadres.

“It took 2 years to establish the integrated financial management process...the best thing is its simplification and systemization of documents...Now we have the Notebook that is popular in many communes. In the near future, there will be documents from the province to expand the project scope”.

(Vice deputy head, Hoa Binh Financial Department)

Before, accountants of the two districts could only carry out basic and simple accounting procedure within commune budget scope. They couldn't establish a budget proposal and couldn't integrate activity implementation with the SEDP.

At the beginning, commune accountants had some difficulties using given accounting forms and tables. Budget proposals of infrastructure projects had to be sent to district finance and planning sections for guidance, which was very time-consuming.

“At first, the communes didn't know how to disburse. They even didn't dare to receive the fund as the procedure was a bit complicated. At the moment, the procedure is much easier”.

(M. V. B. Deputy head, district finance and planning section, Quang Uyen)

“Communal accountants' capabilities have been upgraded. They are starting to build the financial accounting drafts and have finished for some projects. Ever since CDF, district cadres have had fewer difficulties in checking work.

(District cadre, Tan Lac, Hoa Binh)

After some time, accountants and staff got more used to the CDF and its regulations. Their competency was also improved. Commune staff were supported by the provincial and district CDF task forces, and were trained carefully. From early 2009, the commune transparent and integrated financial management guidelines and the CDF management regulation were revised and simplified with better use of Vietnamese. Training was again provided to commune accountants who became more experienced after 2 years practice.

“I don’t have many problems now. Things are fine... In 2008, it was too new to me. In 2009, things were better. I only couldn’t do budget estimation for the big bridge since I didn’t know how much materials it needed. I had to ask district staff. End of 2009, I could do 50 – 60% of my work. Now 2010, I can do almost all. I went to district office, just to report and ask for comments”

(M. Q. H, accountant, Quang Hung commune Quang Uyen district)

From 2005, communes used DOF-given financial management software for their budget management. However, during the period of 2005-2008, almost all accountants were not used to using the software. The use of accounting software has become widespread. . Leaders of the district finance and planning section said 15/17 and 16/20 commune accountants in Quang Uyen and Nguyen Binh respectively could use accounting software quite well.

“Before, accounting tasks were done manually. If I made one small mistake, erasing was not possible. I had to rewrite from the beginning. Now with the software, I can fix it in the software, print and report immediately. Forms and tables were very complicated before. I didn’t understand much. Now they are much simpler. This March, I was sent to a training by Helvetas. I can now calculate and prepare a budget estimation. If another program comes, I can do it... Early at the training, I didn’t understand much about accounting software, I had to call and ask accountants of other communes. After the training, I understood things more clearly and fully ”

(D.T.L, accountant, Vu Nong commune Nguyen Binh district)

A difference between the CDF and other funds was that the CDF account was established in ARD Bank and other funds’ accounts were in the State Treasury. Withdrawing money from the bank is much quicker and simpler compared to the State Treasury and therefore it was very suitable for commune accounting and community self managed construction.

As suggested by Hoa Binh provincial cadres, CDF financial management procedure should also be applied to small projects. Fund delivery and balance sheet drawing can still be done through accounts in the Treasury but with the checking done after that (simple cash withdrawing without needing detailed receipts and the checking will be done at the end of the year) (principle “pre-check). This helps decrease the difficulties in remote mountainous communes.

“CDF’s expenses and financial monitoring will be done through the ARD bank (post-check) and governmental fund will done through the Treasure (pre-check). To some small scaled projects, it is not necessary to apply pre-check.”

(Provincial cadres, Hoa Binh province).

4.2.2. Integrated fund management

The CDF regulation stipulated that the CDF will not fund activities which already were supported by state funded programs. In reality, the integration of funds for the CDF-funded SIPs and for other state funded activities was difficult since funding scopes and principles of programs were different. A state program such as program 135 did large scope projects (which were managed by districts) while the CDF-funded projects were entirely managed by

communes²². The 135 program construction had to follow civil construction regulations (e.g. detailed design, bidding procedures, etc...) which were much more complicated than simplification oriented manners of the CDF (no detailed design, no bidding, etc).

“Communes couldn’t integrate the construction of the CDF-funded SIPs and the Program 135 objects as scopes of the early was so simple and the later was so large. Besides, different managers (district and commune) made it difficult to integrate the two sources of fund ”

(Group discussion, Ngoc Dong commune)

In fact, CDF could only be integrated with other small scope programs like the rural road program or SIP support program. In fact there were some integrated funded activities in some localities: (i) Lũng Vài village, Phúc Sen commune (the CDF funded VND 15 million to build roads; the rural road program funded VND 20 million to build stone embankments on two road sides (ii) Khuổi Ry village, Quang Hung commune (the CDF funded VND 12 million to build bridge; the rural road program funded VND 97 tons of cement to build a joint path bridge - road, (iii) Bac Hop commune (the CDF funded VND 20 million; SIP program funded VND 2 million for additional cement acquisition).

Payment and cost settlement systems and procedures of different programs were separate but were similar in a way that project construction was made on the basis of “community needs” and “the state and the people work together”. The integration of the CDF and other funds helped improve and sustain construction quality and combine and gradually complete rural infrastructure systems..

Another difficulty in the integration of CDF fund with other programs is that the CDF fund was delivered at the beginning of the year while other programs were passively and unreliably delivered. With CDF support, the communes can actively make plans and implement them right away; while communes have to wait for the cash delivery from superior sections in the case of other government funds.

“The commune made plan from the beginning of the year but until March the fund was disbursed by the province. Until November the decision was given to the commune from provincial level. As a result, the commune was made passive and it was very difficult to make a detailed plan like the CDF’s.

(Tan Lac district cadres, Hoa Binh)

4.3. Publicizing commune financial information

The guideline for CDF management in Hoa Binh and Cao Bang consisted of the following steps²³:

- Step 1: CPC should open a workshop on CDF information and establish the Commune Development Board
- Step 2: Commune Development Board assign tasks and open bank account
- Step 3: Organise meeting with beneficiaries at village level. Inform them about the CDF information such as total annual budget, principles, conditions and who will be

²² A CDF for each project is maximum VND 30-40 million while one 135’s project might cost some VND billions.

²³ “The guideline for CDF management □ PS-ARD, April 2009 □

beneficiaries, proposed activities likely to be approved. Villagers propose activities and estimated budget.

- Step 4: Appraise activities and feedback: The Commune Development Board appraises activities proposed by villages based on the village meeting minute. If the proposed activities are not funded, feedback should be given to villagers to avoid complaining
- Step 5: Consolidate Budget estimation
- Step 6: Implementation including detail budget estimation and developing accounting report.
- Step 7: Publicize Commune Development Fund (Regulate the time and way of publicize information)

So far, almost all the financial procedure documents of the CDF have been publicized through CDB village meetings, discussions and actual implementation. The CDF-funded activities themselves have created a “must” to publicize financial information so that farmers could prioritize, agree on the activities before they contributed and carried out the work.

However there have been some weaknesses in the CDF financial procedure/ document publication:

- Limited feedback. Staff of the CDBs at the same time are doing other official duties and therefore they publicized the CDF-funded related information or answered farmers’ related questions rather late. To avoid this, village heads should play more active roles in responding to farmers’ questions and providing feedback to commune cadres in commune meetings.

“Answering farmers’ questions should be done by village heads, commune staff can’t handle all”

(N. V. V. Accountant, Phuc Sen commune)

- Shortage of forms of publication. As stipulated in the CDF management guideline, the communes have to carry out all such publication forms as: (i) In the regular meetings of CPD, Commune Council, Fatherland Front Committee or village meeting; (ii) Post the information in such public places as CPC quarter, culture houses for at least 90 days; (iii) Send information letter to relevant organisations, individuals or households and village heads; (iv) Via mass media and village loud speakers.

In reality, very few villages publicized financial documents in the villages after the CDF activities had been done. Farmers were only told through village meetings.

“Financial documents of the CDF-funded activities were kept on commune notice board. However farmers hardly read them. In village meetings, information (mainly total fund) was again reported to farmers but documents were not so often kept on village notice board. After the completion of a project, total number of HHs, labor days and cash equivalents were reported. If cash was not fully spent, it would be returned to farmers”.

(D. T. L accountant, Vu Nong commune)

“CDF publicizes itself in every way but putting up posters in public places, mostly because we’re too busy to make them do that.”

(Tan Lac district cadres, Hoa Binh)

4.4. Success of the CDF brings trust to province and districts, communes are able to manage SIP construction very well

The CDF has successfully made it clear that the communes and villages are entirely able to implement and manage the SIPs. Through carrying out the CDF-funded activities, commune and village cadres got more used to management and had more skills and experience. Previously, commune cadres couldn’t do a project cost estimation. With the CDF activities, they are now able to do planning, estimate costs and minimize differences between planned and actual costs.

Before 2009, it was very difficult to calculate how many tons of cement or iron to build something. After the planning, it was done well. Now we even know how to do about the difference, e.g. if iron price increases and the amount in the plan was lower than we know to take some from rock expenses. Normally the difference was small, some hundred thousand VND.”

(Commune cadre group Ngoc Dong commune)

“Thanks to PS-ARD projects, our cadres had the chance to be trained well. They now are able to make tables and charts, thus allowing us to actively take on Program B5 (with the investment fund lower than VND 300 million). We could not do these things if it hadn’t been for PS-ARD.”

(Ngo Luong commune cadres, Tan Lac district, Hoa Binh)

Commune cadres became more responsible for commune-managed projects; their capacities were also improved through the process from planning to implementation, monitoring, acceptance check and project running.

“Commune cadres had to do planning, implementation, monitoring, acceptance check and project running. In the CDF-funded activities, farmers were so happy and relaxed, commune cadres had to be so hard working.”

(Đ. Q. L. chairman, Quang Hung commune Quang Uyen district)

From success stories of the CDF’s rural infrastructure component, district cadres are now putting more trust in the commune management capacity managing SIPs in the coming future. The view that district level cadres or their counterparts in the communes has changed much after the implementation of CDF. Almost all interviewed district staff talked highly of the commune cadre capacities (e.g. their skills in planning, implementation and payment settlement) and management.

“Before, communes had no experience but now they have money, they are active in their SEDPs, their capacities are improved, local democracy is strengthened. The CDF helped improve commune cadres’ financial management capacities”. CDF helped the communes to make financial plans (30% of the money is from the people, for example...) in an easy and transparent way.”

(District staff discussion, Quang Uyen district)

District staff also appreciated the self-reliance and activeness of commune cadres. They believed that commune cadres are fully capable of managing such SIPs that the CDF has funded. The short-comings during the past implementation process will be improved through the next training...

“Some commune cadres in Nguyen Binh district can’t not yet work well, but in general, some 70% of the communes are capable of managing the CDF. There is still a small problem of staff transfer but we can still have on the job training. Besides, accounting staff are very active. They normally made phone calls and discussed with staff in other communes to learn and exchange ideas for the CDF activities, planning, even report writing. The CDF helped improve project running and management capacity of commune cadres. If we have small scope funding projects later on, we will surely manage them with the CDF principles”

(District staff discussion Nguyen Binh district)

“Communal accountants have to learn about the procedures and forms of payment settlement. Even though they’re doing pretty good right now, support from the district level is still necessary in the large-scaled projects, and the district will seek help from the province if they get troubles with the coordination guide and the training class for grassroots level cadres”.

(Tan Lac district cadres, Hoa Binh)

From success stories of the CDF, provincial organizations are now putting more trust in the commune management capacities for SIPs. The CDF lessons learnt were studied by the DOF to apply in the 5 year (2011-2015) provincial SEDP:

- (i) Simplify budget management procedures for the SIPs which are implemented by the communities; and
- (ii) Decentralize investment management to communes and apply the CDF management principles in the provincial “rural road” program.

“The CDF made us change our mind: we need to believe in farmers. They are capable of doing and managing small scaled projects. Canals made by farmers have better quality than that of Program 135 as they were strictly monitored. In the period of 2011-2015 we will propose to the provincial people’s council to approve a budget of VND 30 million/ year for communes for their rural roads. The DOF will continue simplifying existing financial management guidelines for the SIPs”

(L.V.H. – Vice Director, Cao Bang DOF)

In Hoa Binh only, there are institutionalization of establishing procedures, instruction of implementation, observation and assessment of annual SEDP at both communal, district and provincial levels all over the province.²⁴ The PPC ratified the DPI’s proposal to increase the expenditure task of the district and commune levels for the implementation of annual SEDP, and providing other communes with CDF budget of VND 100 million/commune/year²⁵. This may be considered as a great success for PS-ARD for it has much impact on the improvement of financial management capabilities of different levels in the future.

²⁴ Decision 10/2010/QĐ-UBND on: Regulation of the establishing procedures, instruction of implementation, observation and assessment of annual SEDP all over Hoa Binh.

²⁵ Decree 1307/UBND-TCTN on: increasing the expenditure task of the district and commune levels for the implementation of annual SEDP

“Currently, the PPC ratified the expenditure task of implementing annual SEDP for 210 communes all over the province (VND 7 million/year each). The province invested VND 500 million/year to train commune cadres. The PPC also plans to spend VND 5 billion/year (since 2011) on the non-CDF-funded communes, with at least VND 100 million/commune to expand the model all over Hoa Binh. The plan is coordinated between Department of Planning and Investment and Department of Finance.”

(Vice Deputy of Department of Planning and Investment, Hoa Binh)

4.5. Challenges

Limited capacity of grassroots cadres are the main obstacle in the communal integration of finance in Hoa Binh and Cao Bang. Some communal accountants are not good at IT so the mistakes of data inputting often happen with the fonts or statistic column insert...

“The limited accounting capabilities is the main constraint on the program. Tan Lac has 4 out of its 24 commune bad at accounting, and 8 out of 24 are not good at using the accounting software.”

(District cadre, Tan Lac, Hoa Binh)

Some accountants in remote communes are still not good at using communal financial management software. Accountants of some very marginalized communes of Quang Uyen districts are not able to do initial cost estimation and have to travel to the district for explanation and reinstallation of the accounting software, etc. Price changing also makes it more difficult for cadres to have good cost estimation and finally a good payment settlement.

In Hoa Binh, district cadres estimate that many communal cadres in Tan Lac district (12 out of 24 communes) and Lac Son (19/29) are still not able to use accounting software. The software are often run with errors or affected by viruses so the accounting staff has to use Excel instead to do payment settlement receipts. The software is not usually updated so some statistics columns which are mandatory in the project report cannot be found, and statistics have to be added manually. Some cadres of the communes and province proposed that part of the fund be used to hire an IT company to maintain or fix the errors.

“The department of Finance organized a class on IT for 5 days but there was no support after that. The communes’ capabilities were limited so it will get very hard if the software crashes or need upgrading.”

(Tan Lac commune cadres, Hoa Binh)

Another difficulty mentioned by the accountants is the regulation on receipt procedure of the project. Some materials were bought from the HHs making it impossible to get red receipts. To ensure the regulation, communes had to take part of the project’s fund to buy red receipts. *“It was impossible to get red receipts when buying from local people so we had to take some money from the project to buy some. 1/10 of the expense was because of the red receipt. Therefore the amount of supported money decreased.”*

(Vu Lam commune accountants, Lac Son district, Hoa Binh province)

However, since 2010, PS-ARD has had some adjustment to fit the reality. At the moment, only construction materials such as cement, steel, bricks, etc. requires red receipts. Buying materials bought from local people such as sang, stone, etc. can be proved using contracts or receipts with confirmation of CPC. Likewise, contract between the commune and the plant provider will be used when buying plants from HHs.

Changes in commune human resource/ staff transfer (accountants) also created certain difficulties. From 2008 to 2010, 7/17 communes of Quang Uyen district and 9/20 communes of Nguyen Binh district changed their accountants. Likewise, the transfer of accountant staff and the change in account owners put a considerable impact on the implementation of the project. In Tan Lac district, 50% of account owners (mostly commune presidents) have changed after a 5-year tenure. However, district and commune staff saw staff transfer as a very normal process and it should not be of any concern. Old and new accountants have certain handing over activities and district can provide more support.

To some communes which enjoy many different projects from Program 135, CDF and other donors, the amount of work for commune accountants adds up and sometimes even delays their rate of working on the payment settlement. Some production support activities were not implemented because of the lateness of the crops. Construction of dam or canals, etc. was halted because of the rain.

“We have at the same time 135 program and the CDF. We are too busy to do cost estimation and report on time”

(L.T.H accountant, Ngoc Dong commune, Quang Uyen district)

Some communes did not understand clearly the project’s goal of improving financial capabilities so they thought of CDF as a small fund, resulting in the passive implementation.

“Many communes made plan carelessly, they said that it cannot be done from the plan with little fund and small scale project. District cadres then had to impress upon them that other projects would not be implemented in the commune if they did not produce the plan. Some communes do not understand that the project’s goal is capabilities improvement, they just notice the financial side.”

(District cadres, Tan Lac, Hoa Binh)

In Hoa Binh, each project is supported with VND 20 million each at maximum. In Cao Bang, although there’s no actual limit, the amount of money cannot exceed VND 30 million/project. According to the commune and village cadres and people in Hoa Binh, the standard of VND 20 million/project in the grassroots infrastructure sector isn’t adequate anymore. It should be increased or removed and the matter should be left to the CDB.

“Many proposals from the villages could not be implemented because they went beyond the project’s regulation...The problem should be decided by the commune because the project’s value is not often high.”

(Vu Lam commune cadres, Lac Son, Hoa Binh)

5. CDF's effect on carrying out the SEDP and promoting Commune's development

5.1. Institutionalization of Participatory Planning

In accordance to resolution 10/2010/QĐ-UBND by Hoa Binh Province People's Committee on 15th June, 2010, establishing, implementing, supervising procedures of SEDP in the participating method has officially been institutionalized in the whole province. From that, 210 Communes and District all over the province will be financed 7 million VND more for each. Communal officers continue to be trained to improve planning abilities with 500 million VND from Province fund. Each Commune which is not in PS-ARD project and Mountainous poverty reduction project phase 2 funded by WB will be given 100 million annually by Provincial CDF fund in order to build up infrastructure and support production (the CDF fund will increase annually and cover the whole Hoa Binh Province).

Hoa Binh People's Committee is very significant when there has not been Planning Law, official Plan instruction materials as well as Communal planning specialized officers. This is a really important effect of PS-ARD which marks the official institutionalization of attempt in terms of piloting, materializing and spreading Participatory Planning method over years in Hoa Binh Province with transferring financial resources from SFDP to ETSP and PS-ARD by SDC's donation and project funded by JICA).

"Participatory Plan without resources is only like on paper... The annual fund to Hoa Binh is around 2 billion VND, the thing that we spend 20 billion (1% the sum of money) on planning and CDF will give residents the chance to think with Authority, which results in their concern and approval. The results cannot be counted in money because the sum of money is billions of VND."

(Vice General Director of Hoa Binh Plan and Investment Department)

In Cao Bang Province, it has not been institutionalized into official resolution by Province People's Committee (PPC) but Cao Bang Plan and Investment Department promulgated "Participatory Plan instruction" in Communes and organized training courses with TOT method of PS-ARD.

5.2 The CDF helped improve commune cadre planning, implementing, supervising and evaluating capacities

In the past, the communal plan only set up proportional targets and solutions in general, so the plan quality is not very high and not realistic in the context of localities. Now, Participatory SEDP has been well implemented in surveyed communes. The conducted data is all real one from villages' reflection and there are more detail and feasible solutions which are priority listed along with Plan. (Table 6)

"Today SEDP is carried out better. The conducted data is all real one from villages' reflection, collected by residents' demand. The combined plan is clearer, we just need to look at it and follow. Before, there was just plan with proportional targets and theoretical speeches in general. Since we have joined CDF program, plans have more feasible solutions attached."

(Vice Chairman of Ngoc Dong Commune, Quang Uyen District, Cao Bang Province)

Table 6: Comparison of Planning Procedures before and after implementing PS-ARD's Planning Procedure

Before	After
<ul style="list-style-type: none"> • 5 – 7 page material which is actually a report but Plan • Inconsistent sample without detail procedural instruction • Make manually which leads to difficulties in assembling parts • General content in which there are direction limited in Commune's activities without statistics or solutions from villages • There is not predicted budget and resources attached • There is not transferring resources (mainly funding from higher level authorities) 	<ul style="list-style-type: none"> • Built into complete Plan with both statistic and solutions • Consistent sample with detail instructing materials and TOT training • Supported by Excel to assemble plan's parts • Base on specific conditions of local area, logical (in terms of problems, causes, solutions), there is detail and priority listed activities from villages' proposals. • There is predicted budget and resources attached. • There is transferring resources available from CDF for prioritized activities

CDF contributes in enhancing Communal involvement. Based on activities proposed by villages, Commune Development Department can mobilize different resources for implementing the plan. When being interviewed, some commune officers said that even CDF stops, Commune still continues to make SEDP based on villages because of its realistic benefits.

“CDF results from residents’ demand, which leads to SEDP. Thanks to this CDF, Communal officers can improve their capabilities and financial management. Taking account of residents’ needs, the People’s Committee will work more efficiently. Even if CDF stops running, the Commune will continue because of its clear benefits.” ... “CDF changes the communal officers’ habits, especially in planning. Before, our Commune just tried to reach targets decided by District. Since CDF has been here, people have thought more in order to make necessary plans. Budget has to be balanced in suitable way.”

(Bac Hop Commune cadres, Nguyen Binh District, Cao Bang Province)

At first, Communes thought that it was to plan for Project. Now we understand it is for us.

Communal Development Department considers the resources, public contribution and implementing ability, then decides the portfolio investment.”

(Vu Lam Commune cadre, Lac Son District, Hoa Binh Province)

The Participatory Plan helps to promote the direct interaction between communal heads and residents. Moreover, local officers’ capability was improved along with planning and implementing CDF activities. For example, in Tan Lac District, CDF activities were 30-40% wrong compared to the Plan in the first year. In 2010, this percent decreased to 10%, which shows that Plan is better and more realistic.

“In the first year, people couldn’t understand well about CDF, so the plan was made up but turned into a change. After that, they understand more so Plan’s quality is improved.”

(Tan Lac District cadres, Hoa Binh province)

5.3. The CDF mobilized farmers' inner capacities

The CDF-funded projects were seen as small scale but met farmers' real needs through participatory planning (PP). The CDF was like an "attracting fund" which attracted farmers' participation and contribution in terms of labor, capital, spirit and responsibility in order to protect the work, then contribute to enhance local SEDP.

The Cao Bang and Hoa Binh provinces have had many other programs such as 135, 134 and national target programs in which only large scale projects were supported but villages' ones. The CDF-funded projects were seen as small scale but met farmers' real needs.

"Before the CDF investment, district implemented such programs as 135, 134 which aimed at economic growth. However, district budget was very small and small scale projects were not taken care of. For example, ditch project counted by less than 100 million VND was not solved. The SIPs for village level were in fact very crucial but was not funded. It was very flexible of the CDF to invest in the type of civil construction and it was very appropriate"

(District cadre discussion Nguyen Binh district)

The CDF was like an "initiative fund" which attracted farmers' contribution and participation. This could be seen as the most positive impact of the CDF on community partnership. The total amount of contributed values (in labor and in cash) was very big and in many cases it was much bigger than the CDF itself. Some Communes also call for ex-villagers' contribution. (Box 32)

"The CDF was small but it attracted community participation and contribution. Some village contributed more than 50% of the total fund. Therefore the CDF could be seen as a "stimulus package" which encouraged community contribution. E.g. the District funded a 6m long bridge but farmers wanted to contribute to make it 10 m long, or District funded a 1.5m wide road but farmers made it 2m wide."

(District cadre discussion Quang Uyen District, Cao Bang Province)

"I'm willing to contribute to the Project because it is for me and other villagers."
(Men group in Ot Village, Yen Lac Commune, Yen Thuy District, Hoa Binh Province)

Box 32: The CDF-funded road building attracted contribution and participation, community unity spirit of “ex-villagers”

Lung Vai village in Phuc Sen commune, Quang Uyen district was famous for its traditional job of producing knives and scissors. The village road was initially made of rocks; transportation was so difficult that cars could not use it. The road was the only connection between the village and main road so people had to use the road very frequently. Because the road quality was bad and it was difficult for trading activities.

In 2009, the CDF funded VND 15 million to upgrade the road and all villagers contributed to make a road as perfect as they can.

“As farmers wanted to build a big road and small lanes at the same time, they were all willing to contribute”

(L. V. T. village head Lung Vai village)

Since the project fund was not enough, village head asked all villagers, including “ex-villagers” who are now working and living in other provinces to contribute. It was a 320 m long, 2.6 m wide beton road and estimated to cost about VND 100 million (specifically the CDF funded VND 15 million, the Rural road program funded VND 20 million, external contribution VND 36 million and labor work of all 44 HHs). People became more responsible for the built projects when they already contributed a lot for their building and maintenance. Therefore these projects were very well protected.

“We asked “ex-villagers” who are now working and living in other provinces (Sai Gon City or Departments...) to contribute. San sent 5 million VND, Luc sponsored 25 million VND. Finally we have done it”

(L. V. T. village head Lung Vai village)

“Only 28 days after completion, vehicles could enter the road and only under 5 ton trucks were allowed to run. If the road was damaged, a fine would be given”.

(L. V. T. village head, Lung Vai)

The effect of public contribution for CDF construction’s completion is also the motivation for participation among villages in Commune.

“CDF led to participation among villages. For instance, District just funded 10 million VND but one Commune could make a 2m wide and 30m long road. From that, we can see that public contribution in terms of labor and construction materials is so important.”

(Quang Uyen District cadres, Cao Bang Province)

“Women were divided into groups for working in collaboration. All people in village worked together happily, just like in centrally economic period of time.”

(B.T.H, Quyet Tien village, Vu Lam Commune, Lac Son District, Hoa Binh province)

5.4. CDF encouraged real local democracy

The implementation of the CDF-funded activities has strengthened local democracy through “people know, people discuss, people do, people check, people benefit”. The CDF-funded activities were considered as being financially transparent where people knew clearly how much they got from higher level authorities to do what they proposed. More meetings were organized in CDF-funded villages.

“An advantage of the CDF was that it is financially transparent. E.g. an amount spent on buying cement. Commune cadres or farmers themselves went to buy it and they knew for sure

how long a road would be, how wide, 1 m² of beton road needed how much cement, etc. Farmers knew it all”

(District cadre discussion Nguyen Binh district)

“I found the CDF modality very interesting since financial information had to be public and money was in our hands so it is most made use of. In other top-down projects or programs, nobody was interested in what was going on”

(Women group discussion Coc Nhan village, Quang Hung commune)

In many places, villagers selected from amongst themselves those to work as supervisors, checking all procedures of construction. For example, in Cài village, Vu Lam Commune, people elected village’s supervisors to monitor village’s hydro-system construction. These five supervisors received an allowance from CDF fund which had been decided by the whole village.

“The sum of money for supervisors was 3% of fund which is 600.000 VND, so each person gets 20.000 VND per day. All people agreed with it.”

(Cai village cadres, Vu Lam Commune, Lac Son District, Hoa Binh province)

In short, the CDF has strengthened local democracy and farmers played more active roles in project implementation.

Farmers found the CDF very suitable for them. With the CDF, farmers were willing to contribute their labour, materials, land and the Commune Authority never had to interfere. Farmers prepared their SEDP themselves, they were very enthusiastic about their needs being met.

(Commune cadre group, Bac Hop commune Nguyen Binh district, Cao Bang Province)

5.5. Challenges

Communal and village officers’ capabilities (especially in mountainous ethnic minority areas) have not met the demand of new planning methods. For example, the analysis of “problems – causes – solutions” has not been well understood by them. At present, only villagers can attend the training course in planning procedure whereas all members of key group join Plan. Some other training programs are also for development department’s directors, so Commune officers cannot understand.

Furthermore, Communal and village officers work in terms, so the fact that terms end brings about a lot of difficulties for planning. So, the future need is to give more training courses, especially about soft skills (promoting, analyzing, synthesizing, report writing, supervising and evaluating ones), to Communal and villages’ officers so as to improve the planning quality.

Some other Communal heads find it difficult to carry out because of being too busy, with limited capacity and low awareness of participatory planning importance or CDF small fund. E.g., in Tan Lac District, Hoa Binh province, CDF key group commented that there were 5-6 Communes among 24 ones in the District have not enthusiastically implemented CDF, which made District cadres more difficult in instructing and steering.

Technically, in planning procedure, the activities’ priority attaches to both infrastructure projects and production supporting activities. Therefore, people tend to choose infrastructure support. There should be a change of these activities’ priority in the next phase.

The quality of planning software lacks significant criteria is not satisfactory. The input data was simplified but output one still requires a big piece of data to be written by hand, which Communal officers usually find so hard. In some Communes, there are software errors in terms of font or virus, which made them impossible to make a Plan document. Besides, the frequently changed plan samples resulted in local officers finding it difficult to access and understand.

“The sample 2.A lacks a lot of local criteria such as the number of cattle and poultry herds, we have to insert by ourselves. But many Communal officers don’t know how to insert so they omit it.”

(B.T.L, Yen Lac Commune, Yen Thuy District, Hoa Binh province)

“Principles and norms need to be standardized without too many changes. Sometimes, when we had just understood, they made a change. It resulted in challenges in implementation.”

(Department of Planning and Investment’s officer – Yen Thuy District, Hoa Binh province.)

Capital integrating objective is still one difficulty among local projects. Some projects keep setting up their plans with own standards but making use of Communal Plan in PS-ARD. In turn, even being well absorbed the thing that Project is for their Communes not for PS-ARD, some Communes still prioritize CDF suitable activities. Therefore, when there is another fund (e.g., the project of poverty reduction phase 2 funded by WB), such Communes have to set up another plan.

At present, the survey is being carried out along with CDF and Program 135 by government. The procedures and effectiveness between 2 projects’ shows CDF activities have some outstanding advantages in SEDP, SIPs and local participation... (Table 7)

Table 7: The comparison between the CDF and the 135-2 program

Criteria	CDF	135-2 program
Planning	<ul style="list-style-type: none"> • Annual planning, using commune SEDP based on village needs assessments • Flexible and changeable plan 	<ul style="list-style-type: none"> • 5-year planning for infrastructure projects (according to Commune People’s Council resolution); annual planning for production support activities • Inflexible and unchangeable plan
Supported target groups	<ul style="list-style-type: none"> • All communes in a district • Priority given to poor HHs (50%), to women (30%) 	<ul style="list-style-type: none"> • Only very poor and marginalized communes • Only poor HHs in annual ranking list • Group of HHs (more than 50% of poor HHs) • Women are not considered as a separate target group • Not considered women as a target group
Budget structure	<ul style="list-style-type: none"> • Small fund, VND 100-120 million/ commune 	<ul style="list-style-type: none"> • Big fund, more than VND 1 billion/ commune

	<ul style="list-style-type: none"> • Small scaled projects within a village scope • Investment ratios 60:30:10 (60% SIPs, 30% production improvement, 10% management fee) • Maximum 10% of the fund spent on management fee 	<ul style="list-style-type: none"> • Inter-village projects • Ratios 80:20 (80% infrastructure Project, 20% production, capability and living standard improvement) • Spending of management fee follows strictly civil construction regulations and is very limited (normally 2%) • Management fee is usually very little at 1% of the fund
Investment items	<p>Annual investment items</p> <ul style="list-style-type: none"> • production improvement (seeds, fertilizers, machines, models, training, etc) • SIPs 	<p>5-year investment items:</p> <ul style="list-style-type: none"> • production improvement (seeds, fertilizers, machines, etc) • infrastructure projects • capacity building
Management	<ul style="list-style-type: none"> • CPC (through CDB) is investor • SIPs implemented by community, "The state and people work together" • Village meeting to appoint benefiting HHs for production improvement component • Simple procedure 	<ul style="list-style-type: none"> • 135 Program implementation board • Sometimes district is investor • Production supporting fund has been given to Commune since 2009 • Big infrastructure projects done by contractors, farmers are beneficiaries • Village meeting appoint benefiting HHs • complicated procedure
Implementation	<ul style="list-style-type: none"> • Cash withdrawn from bank • Simple forms and procedures 	<ul style="list-style-type: none"> • Disbursed through the state treasury • More complicated controlling procedures
Values and benefits	<ul style="list-style-type: none"> • Encourage farmers and cadres involvement in project implementation • Cost effective • Make most use of community resources • Inspire the emulation among Communes and Villages 	<ul style="list-style-type: none"> • Less sustainability because of low community ownership • Higher cost due to construction companies and technical architecture (may not suitable to local area) • Supervisory board is too busy

A question is if Program 135 and other programs can follow the CDF principles. Observations are as follows:

- It is entirely possible to extract a part of the 135 program budget and make this part run along the lines of the CDF principles, depending on the decision of each province.
- Existing legal regulations have opened separate “windows” for community implemented SIPs which can be regulated in CDF’s mechanism by the PPC. The thing is whether the PPC is planning to allocate funds to projects, using the CDF principles or not (Hoa Binh Province has done via Decision 10/2010/QĐ-UBND).
- There are 2 main differences between existing regulations: (i) the CDF is disbursed by the bank (simpler) and is different from disbursed funds by the state treasury (strictly controlling procedures); and (ii) the CDF stipulated a maximum of 10% management fee and this is different from the state run programs’ 1-2% management fee.

The OPS has been operated (mainly in Tan Lac, Hoa Binh) but there are still many limitations. The OPS was applied for planning and training but not infrastructure construction. The criteria for evaluating infrastructure construction is much easier but District and Commune levels often explain it depends on public contribution, so it is difficult to apply OPS. Meanwhile, the planning and training activities are usually evaluated irrationally. For example, in Tan Lac, OPS was applied for FFS²⁶ lecturers while participants don’t often evaluate lecturers negatively in Vietnam. Therefore, many Districts stop applying OPS. The OPS maximum paying level is up to 125% daily standard, so many officers don’t find financial inspiration.

“OPS is not much applied because lots of index is irrationally decided. To evaluate for infrastructure is easier. Trained officers are sometimes afraid of doing because even they do it well, the extra is not much. At the same time, the OPS has not been applied for infrastructure because it was done and contributed by residents. We can’t force them. We can only do it if we hire workers.”

(Tan Lac district cadres, Hoa Binh Province)

The OPS is now only applied for District officers, not communal level. Some Communes asked to apply for Communes also with the reason is Communes are the ones which implement planning activities and Districts are the ones which support.

“OPS depends on supported Communes. If Communes run it well, District officers will be awarded. If not, there is no reward in spite of enthusiasm.”

(Tan Lac District officer, Hoa Binh province)

Synthesizing and planning for districts which are based on piloted Communal projects in 2009 in Hoa Binh are still in a little confusion. At present, 5 year plan is only implemented in Province and District levels but not Communal level. Hoa Binh province’s cadres suggested

²⁶ For FFS classes, participants evaluate by grade level. If the grade is over 9.5, the lecturers will be given 25% more, from 7.5-9.49 they will be given 100% and if the grade is less than 7.5, lecturers will receive only 75% contract’s value.

implementing participatory planning in Communal level for more than 3-5 years and just planning for activities and prioritized items annually. Communal planning for such periods of time will be better for production support because production models need enough time for raising effectiveness and sustainability. SIPs can still be planned once a year.

6. Lessons learnt from CDF activity implementation

6.1. A three dimensional relationship: SEDP, commune financial management improvement and the CDF

The CDF funded projects in the PS-ARD communes on “participatory planning” and “commune financial management capacity improvement”. The CDF is seen as of financial benefit in implementing successfully the above-mentioned two activities.

The three dimensional relationship of the SEDP, commune financial management improvement and the CDF are the key point for the success of the CDF. SEDP and commune financial management improvement are pre-conditions for the implementation of the CDF-funded activities. On the contrary, the CDF encourages SEDP implementation and commune financial management improvement.

Lessons learnt from the CDF activities implementation can be applied to other programs and projects. With new funds, communes can use their existing SEDPs, accountants and financial management software to implement new activities.

In addition to the above-mentioned direct three dimensional relationship, the CDF also has an indirect connection with public service provision improvement (public administration, local democracy, extension service improvement, etc). The public service provision improvement is a basis for better CDF activity implementation which again becomes an encouragement for public service providers to improve.

Nowadays, some projects have taken care of applying access to CDF in order to improve living standard and poverty reduction in poor areas, which benefit from PS-ARD’s learnt lessons of CDF and the relationship between CDF, Participatory Planning and financial integrated management. (Box 33)

Box 33: Lessons learnt from the PS-ARD’s CDF activity implementation can be useful for Program 135 during 2011-2015

In March 2010, the CEMA prepared a second draft of Program 135-3 (2011-2015) prodoc. It proposed to launch CDF named “Community development fund” which is around VND 500 million will be invested in a commune per year. Specifically, the draft said:

- “Direct investment with certain conditions for communes through Community Development Fund (VND 500 million per commune per year will be allocated directly to communes to implement community proposed activities and community will manage the investment).
- Training support for managing and implementing the CDF”

This can be considered as breakthrough of the Program 135-3. Experiences and lessons learnt by the PS-ARD in the last three years in 103 communes of Cao Bang and Hoa Binh provinces can be shared with the CEMA, and the focus should be placed in the collaboration of the three SEDP, commune financial management improvement and the CDF management.

6.2. Unity among levels: Province, district, commune, village and local residents

A bottom-up and top-down united relationship was enforced by all levels, as in the CDF which is hardly seen in other programs.

Top-down unity: the province issued officially guidelines for SEDP, for integrated commune fund management and for the CDF management. TOT was vertically done from district to commune to village and villagers. Through CDF, province and communal officers have more chance to know the reality better.

In Hoa Binh province, institutionalization of the plan procedure and use of fund to establish CDF in all Communes (decision 10/2010/QĐ-UBND by Hoa Binh PPC) is an empirical evidence for this top-down unity.

Bottom-up unity: villagers' needs were proposed to be met, following local democracy principles. Through the SEDPs, the proposed needs were aggregated by the CDB and sent to district and province.

A unity of province, district, commune and farmers was shown in smooth-running CDF activity implementation without obstacles and claims among levels. Higher level cadres trusted their inferiors and were willing to empower them in terms of implementing small scaled projects.

“Since 2007 we have already taken part in SEDP meetings. Villagers got consensus and therefore there was no obstacles implementing the CDF activities”

(Commune cadre discussion Ngoc Dong commune, Quang Uyen District, Cao Bang province)

6.3. “Small and simple”: An appropriateness of small fund scale and simple procedure of the CDF-funded projects

Although projects funded by the CDF were small (maximum VND 60-70 million each, CDF funded VND 20-30 million, farmers contributed the rest) the effect was significant. It was said that if fund scope rose up to VND 100 million per project, the CDF principles will be difficult to be applied. Communes will face difficulty in being investors and residents have problems with contributing (40-60% was contributed by them). Currently projects have been implemented in a period of 1-3 months, crop free, at end of a year. Some projects were done continuously in 2 months and made local farmer so tired. In a project on a larger scale and long construction time, farmers will probably find it difficult to devote their time and effort. In this case the “community implementation” principle doesn't work much.

CDF procedure is quite simple in comparison to national funded programs. For example, such projects like Program 135 requires the detail consulted design and via bidding for contract. Even CDF-like-simple rural traffic projects are financially controlled by State Treasury, so it is quite financially pressured. Meanwhile, CDF funds Communes via Bank, so capital resources run faster without complicated documents.

The CDF's simplicity can be considered as its main advantage. Almost SIPs in surveyed areas are done by local residents without detailed architecture, bidding for contract and just based on their practical experiences (they just need a communal technical officer for technical evaluation). This principle minimized fund losses as all expenses were strictly controlled by the community.

"We can't underestimate villagers' capacities. State funded big projects as 135 program look quite smooth on the surface, but their quality is questionable and worse than community-implemented projects"

(Cao Bang Dep. of Finance discussion)

"If fund scope is large, it's difficult to use the CDF principles which are only suitable for small scope, participatory, transparent fund uses. The CDF-funded SIPs worked well and were what villagers needed"

(Nguyen Binh district cadres, Cao Bang Province)

6.4. Completion on the go: Hands-on experiences and the TOT

Implementing the CDF-funded activities brought local residents hands-on experiences. Financial forms and tables were modified and simplified to make it easier for use by cadres and farmers. The actual implementation of the CDF activities in 2009 was much clearer and simpler than in 2008.

In Cao Bang and Hoa Binh, TOT in CDF implementation is called "oil spillage": it was piloted in some Communes in the first year and spread to the whole District. CDF cadres in Province and commune level play an important role in support local CDF implementation. At the moment, activities in the production improvement component have not been as successful as expected. The CDF management guideline details on this component did not give much information and therefore commune and village workers had difficulties implementing. It is understandable that this component wasn't seen to bring sustainability since it took time to pilot to see the weaknesses.

In CDF implementation, the principles, forms and implementing manners have been continuously adjusted to practical conditions. Some of District and Commune's officers considered it as one of challenges of implementing procedure. However, it is necessary because the CDF is in the process of completion on the go.

The thing is, for local cadre capacity building, people should learn from hands-on experience and with hands-on support of "trainers". In the future, if the CDF principles are to be applied in other localities, such "testing-making mistakes-lessons learnt" processes should be taken into consideration. Also the CDF guidelines should be wisely used and modified to fit each locality's specific conditions.

Looking at the 3 year CDF implementation in Cao Bang and Hoa Binh provinces with continuous adjustment is the empirical evidence for "completion on the go with on-hands experience". When asking for officers' consultancies, evaluating cadres gets a lot of

suggestions for considering and adjusting to the most suitable CDF implementing method to specific areas in the future. (Box 34)

Box 34: CDF's implementing procedure: continuous adjustment

CDF implementing process in Cao Bang and Hoa Binh from 2008 – 2010 has changed much. Although the changes made local officers confused sometimes, they are more and more suitable to local context in general and give more advantages in carrying out. Not stop there, multiple level officers continue to ask for adjustment in near future. Let take some typical example:

- In the first year, support percentage between SIPs and production support is 40/60. But since the 2nd year, this percentage has turned into 60/40 so as to meet the residents' demands for small scaled infrastructure. Some ask for a more flexible timeframe and some also believed in the need of more support for production to promote market attached work.
- In 1st year, data collection in villages required many PRA tools and conference on special subjects. Nowadays, it has been simplified into a formed synthesizing tool in village meetings. 1st year CDF sample forms were quite difficult to understand due to strange words but now changed into more Vietnamese and more familiar to mountainous ethnic minority officers by province cadres. Most of Commune and Village's officers still try to make simpler planning procedure. for example, 5 year plans need forms and writings but annual plans just require expected budget.
- Starting to implement CDF in PS-ARD program, provinces still instruct to use CDF as "rotating fund" in villages (from ETSP precedent project). After having conference and sponsor's ideas (SDC), the "rotating fund" was erased from CDF in official implementation. Up to now, some Hoa Binh cadre believe "rotating fund" should be backed so as to promote HH's work and decrease direct support, which enhance the poor's activeness and contribution.
- In 2009, PS-ARD used "reserve fund" in contribute more CDF for well done Communes. In 2010, because the way of "rewarding" in 2009 is not very suitable for capability building objective, Hoa Binh province changed their policy. Communes proposed their plans and sent to higher level authority for approval and resulted to some help from District or province experts. Then, District approved and Commune implemented. The new working method in Hoa Binh towards reserve CDF still following the root-up principles but there are more supporting activities for capacity building which lead to new ideas for proposals of production support. (E.g., the models of hybrid pigs, market connecting for some products and equipments...)
- For first 2 years, some Communes of Hoa Binh had directly delivered poor HHs with seeds and fertilizers. Having found that this way was not very efficient, Hoa Binh decided to deliver only FFS or model attending HHs with a small quantity of agricultural materials. As a result, the number of FFS classes sharply increase at 329 ones. The lecturers' paying comes from province centered fund, not Commune CDF made Communes more active in proposing FFS. The lesson learnt is there should be a centered fund in province and district in addition to Commune CDF in order to support Communes' implementation.
- There must be a report for the poor and women (ethnic minority people after) proportion in programs. For SIPs, this percentage is very meaningful and difficult to get, so it is omitted. Production support programs should consider supporting marginal poor HHs which can result sustainable poverty reduction and decrease envy between the poor and marginal poor HHs. Many local officers think that there should be more flexible principle for poor HHs' percentage for benefits.

6.5. Higher management fee for local level

The CDF allocated VND 100 million/ year to zone 2 communes and VND 120 million/ year to zone 3 communes to spend maximum 60% for SIPs, 30% for production improvement activities and 10% for management fee. The management fee was used to pay for traveling

expenses, stationery fees and other expenses. This fee could somehow motivate local people to work enthusiastically.

Other programs didn't pay much attention to this management fees. As for the 135 program, 2% of the total was used for management fee but by 2009 even this small portion did not exist anymore. The lesson is projects and programs should set out a proper portion in total investment for management fee, so that working effectiveness is higher.

Hoa Binh decision of providing the communes with 7 million for planning procedure is a breakthrough. However, there should be a higher management fee for implementing, monitoring and evaluating CDF activities.

6.6. There should be a harmony between people's proposed activities and local planning, between short and long-term visions

One of the biggest successes of the CDF was to promote local democracy, improved investment efficiency and strong ownership of farmers. But the CDF funded proposed activities should be supported by mass organizations. Farmers sometimes see things with a short-term vision but their proposals should also be commented upon by professionals who see things in longer term (e.g. overall infrastructure planning, cropping pattern, market development, etc). These actors have still been ignored in the CDF principles.

In reality, public awareness and information is still very limited, so their choices for support usually focus on contemporary needs as fertilizers and seeds. Therefore, there is a need for motivation and help from District and Province's specialized agencies with strategic vision attached to general project (for infrastructure), changing structure (for production support), market development, jobs and forestation... in local areas. Hoa Binh's experience if applying reserve CDF in 2010 is worth addressing.

The preserving and operating steps of small scaled public infrastructure deserves greater attention. Especially in future years, when these constructions may degrade or will be subject to weather and other risks, which can impact on a project's sustainability.

6.7. Production improvement should be for sustainable livelihoods, not for social benefits

In Hoa Binh and Cao Bang provinces, SIPs' support is quite successful. However, the CDF help for improving work conditions faces many challenges.

Production improving activities are sometimes misunderstood as given for free "social benefits" which lower farmers' expenditure. For 3 year CDF's implementation when production support has been considered as free, the effectiveness was small and failed to improve the poor HHs' participation. In theory, poor HHs can enjoy more support but finally, the targets are not the poor sometimes in some places. In general, some machine support

programs are effective but the access by the poor is still limited. Many activities for providing the poor HHs with chicken, pig and fruit tree were successful but many others failed.

In the surveyed area in Cao Bang, supporting activities have not contributed to providing new agricultural services. The new ones such as Farmers Field School (FFS), Participatory Technology Development (PTD), market-related agricultural promotion... are almost not put into annual Commune SEDP although CB-GEM and other funded projects in Cao Bang have had so much experience in applying new agricultural methods (e.g. FFS model of growing potatoes in Bac Hop Commune, Nguyen Binh District).

Surveyed areas in Hoa Binh succeed thanks to extensively applying the FFS method, implementing new livelihood models as well as provincial and district's supporting activities. Nevertheless, there is a need for enhanced interactive supervision and support after FFS or other models are implemented so that residents can deal with unexpected problems, thus enhancing effectiveness and sustainability of agricultural promoting messages.

“We also want to be trained about more techniques but even if there is training and models, we have to watch for it after that instead of knowing our own. The models stop means everything stops, not development anymore. For example, chicken feeding support program, we were just taught about several diseases in 5 training days, but after training, we didn't know whom to ask about other diseases.

(Quyet Tien villagers, Vu Lam Commune, Lac Son District, Hoa Binh province)

From either successful or failed lessons in working condition improvement, production support needs to integrate to sustainable livelihood development with 3-5 year long strategic vision. If insisting on annual CDF Plan as at the moment, supports in some places are likely to focus on just providing seeds and fertilizers with low effectiveness.

6.8. CDF activities need to make use of community mechanism and be flexible fitting to local demands

CDF still keeps depending on existing community mechanism such as labor exchange groups, hydro-system management group, rice common fund, land common fund...with a reason that this custom is highly sustainable in ethnic minority groups, which mobilize public resources inefficiently. It can be easily seen through the case that residents made use of village funds to implement SIPs funded by CDF (see also in 3.2.2)

CDF managing and using principles need to have certain flexibility in order to fit them into specific localities. E.g. Commonly used machines and tools can be managed by village or commune with rules instead of by groups of HHs so that the effectiveness can be higher.
(Box 31)

7. Conclusion and recommendations

7.1. Conclusion

7.1.1. Direct impact of the CDF on farmers' livelihoods

- The most effective component of CDF-funded activities is the support in construction of small scale infrastructure at village level. Although the fund scope was small, the villagers all contributed to construction. The constructions helped villagers improve their livelihoods and income, thus improving living conditions and reduce poverty. The CDF was seen as a catalyst to strengthen community unity and participation in community activities. Women groups also benefited from this type of activity.
- The production improvement component gave some models for livelihood supported by the CDF which has helped raise incomes and improve farming practices of the people. The supported machines and equipments shared by groups of households or villages are managed efficiently.
- The challenge of the CDF is its target: poor people, how to resolve the conflict between the inherent disadvantage of the poor with the requirements of building a “model” of success (often aimed at non-poor households), for the poor to actually benefit (including direct and indirect benefit). The direct support helps save some costs for poor households but does not help to raise the sense of initiative of the poor and promote the development of sustainable livelihoods linked to markets. Livelihood models attached to the market need more attention.

7.1.2. Impact of the CDF on commune financial management capacity improvement and social and economic development plan.

- CDF helps to improve the capability of financial management of the social accounting team and key members of the commune's Development Department. Through the participation in CDF program they have improved in professions of accounting such as the initial estimate, settlement, income, expenditure and use of social accounting software ... etc
- CDF Fund with small scale capital can be integrated with other small funds with similar aims and methods of program implementation such as rural roads, minor irrigation support programs... as a result to contribute to gradually improve infrastructure in the village.
- CDF Fund makes its finance public at the commune / village level. Thanks to publicity and financial procedures evidenced, people put more of their trust in their own works, therefore supporting activities are implemented more effectively. The infrastructure construction in the village following the CDF approach was more efficient than previous undertakings.
- Process of planning at the commune level with this participation has been institutionalized in Hoa Binh province. This is a very important effect of PS-ARD program.

- CDF Fund activities implemented in the communes are associated with participation in the economic development plans. Thanks to this planning process, CDF supported activities are based on the real desire of the people.
- CDF helps commune staff to improve the development and implementation of plans for economic development - social, conditional distribution and attract resources for the village / hamlet based on the specific conditions of each village / neighborhood .
- CDF helps strengthen grassroots democracy. People participate in discussions, give comments, carry out and monitor the activities. Thanks to the active participation of the people, the small-scale infrastructure projects funded by the CDF program results more efficiently.
- More important, although CDF is small it produces a significant impact. CDF serves as a "catalyst", "start-up capital" to help people to raise their voice, get attention and commitment of the authorities; it helps to making use of the resources of individual households and communities aiming at a common goal: socio-economic development and poverty reduction.

7.2. Recommendations

7.2.1. Toward CDF donors (SDC and Helvetas)

CDF is an important initiative of PS-ARD and other projects that are in line with Vietnam's poverty reduction need, support the poverty reduction at the village level in the period of 2011-2015. Following are key recommendations for donors:

1. Share the CDF experiences in Cao Bang and Hoa Binh with Vietnamese authorities, especially MOLISA and CEMA. Support and encourage other provinces to launch CDF initiative, using state funds to invest in communes/villages following the principles of the state and people working together in the community .
2. Contribute actively to experience sharing among different projects, donors and other provinces in Vietnam on CDF approach, it could be by creating a CDF Team, create a website about CDF...First of all a comparing study between CDF project of different donors is needed in order to have CDF information documented, published and spread widely.
3. Continue support of the CDF activities in the second phase from 2010 to 2015 at 2 provinces Cao Bang and Hoa Binh, with focus on connecting CDF with 2 components of Planning with participation and Advancing the financial management capacity. CDF at the second phase should consider 3 main directions:
 - Firstly, spread the CDF to 1-3 new districts in each province (possibly the districts where already was the support at planning with participation, CB-GEM in Cao Bang and JICA in Hoa Binh.
 - Secondly, with 5 districts from Cao Bang and Hoa Binh applying CDF: continue supporting the purpose of improving skills for the commune/village staff to improve the quality of the and raising the effectiveness of CDF implementation.

- Thirdly, continue supporting the districts to establish a planning process (including CDF plans) with participation based on proposals from communes. Continue supporting provinces to create 5 years plan with new methods.
4. Supporting CDF in phase 2 from 2011-2015, it is necessary to make adjustments on management regulations on applying CDF as following:
- Increase the size of CDF capital support for each commune, in the poorest communes.
 - CDF long-term planning for each commune, i.e. 3-5 years (each step associated with a 5 year plan upgraded from a yearly plan).
 - Continue to improve skills at grass root level, especially at villages with a focus on soft skills in order to improve planning quality and proposals toward CDF.
 - Instruct more efficiently the regulation of management and the operation of village infrastructure and the regulation of production support and benefit sharing (divided by households or villages).
 - Remove items of “distributing fertilizers, seeds” in the CDF instruction toward production support (note that the draft of Chapter 135, phase 2 2011-2015 also replaced this with “support 100% the credit interest rate for purchasing agricultural supplies loan”).
 - Continue the component of production support with sustainable livelihood model, attached to market, expand to forestry, industry, high-values trees....consistent with the 5 year plan 2011-2015 in the provinces.
 - Needed specific regulations in connecting public services in the field of agriculture and rural development, especially agriculture forestry promotion, veterinary and plant protection in planning the components of production support of CDF in order to provide new methods to agricultural promotion with widespread practices.
- Hoa Binh’s implementation toward provided minor projects funded by CDF in 2010 need to be assessed, edited to wide spread.
- The approach to community development should be widely applied in CDF, however, needs more flexible regulations that the localities can apply to their own conditions.
 - Counsel the district staff and Commune development department about analyzing the impact to the poor and women while planning and evaluating CDF activities (so that the poor and women can benefit more from chosen activities). There need to be balance between size of support to the poor and the improvement of the efficiency methods. Flexible application of criteria “% of the poor benefit” in particular activities. The feature “% women benefit” can be skipped as it is difficult to calculate.

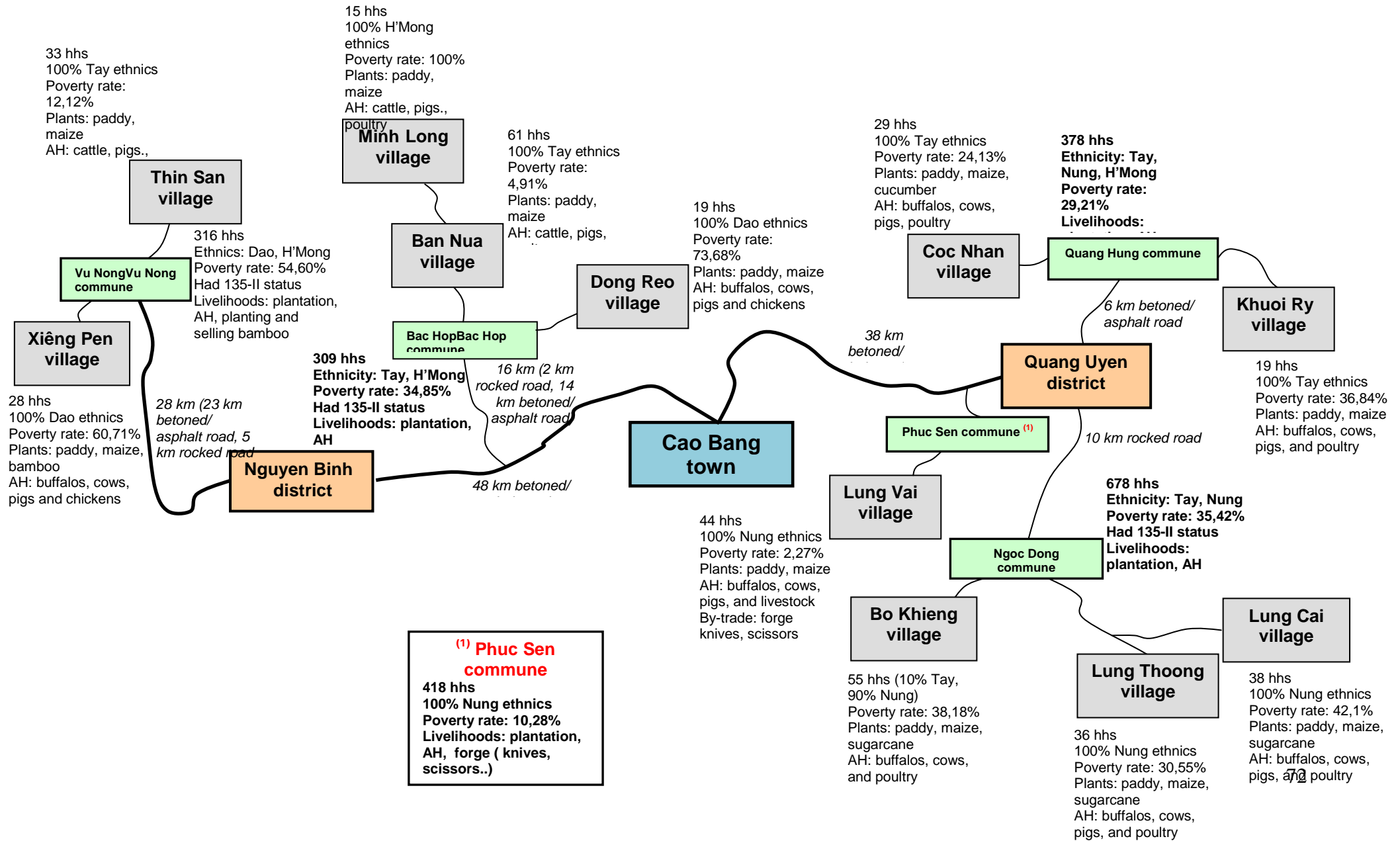
7.2.2. Towards 2 provinces: Cao Bang and Hoa Binh

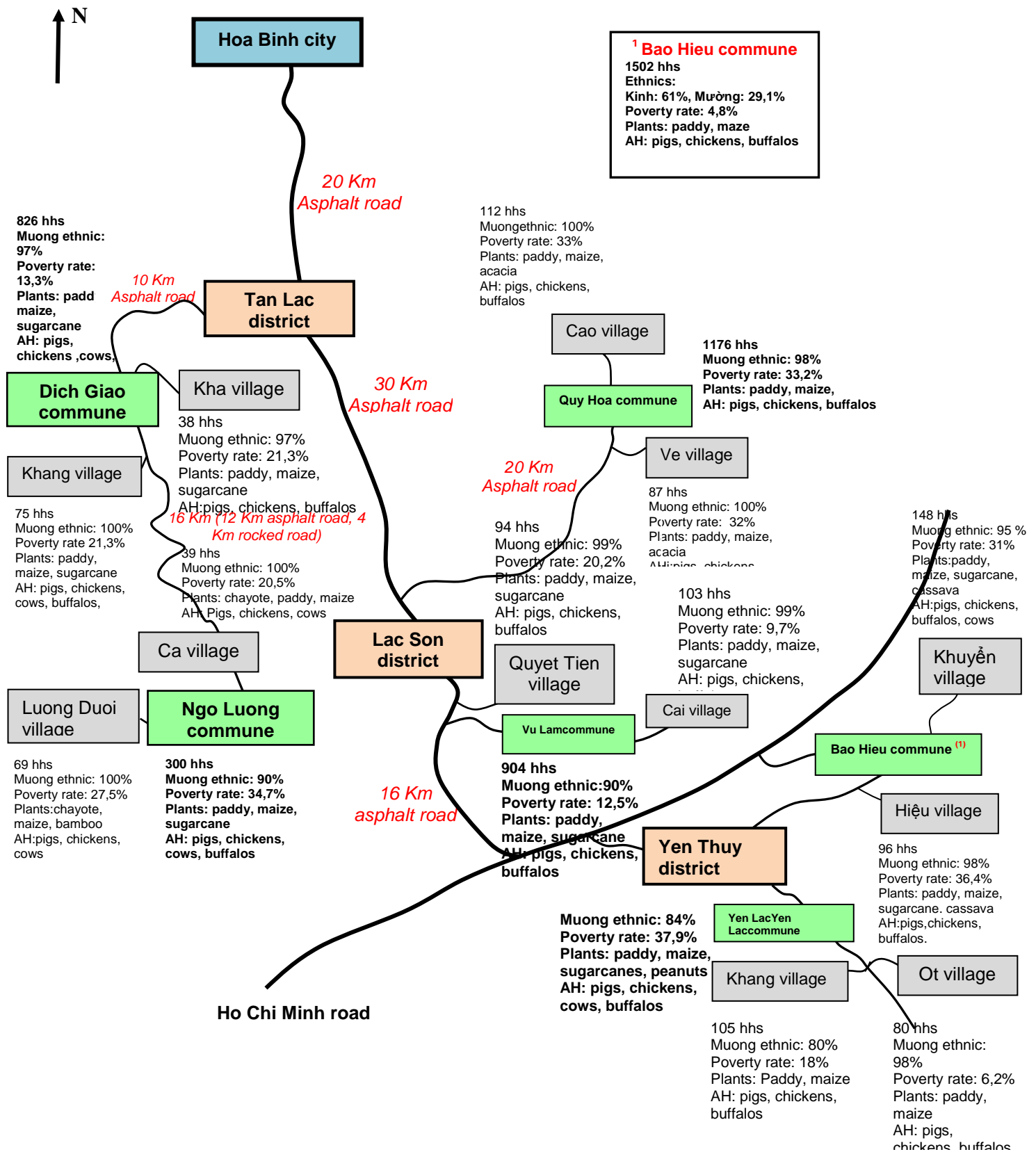
1. Active participation in the CDF activities experience sharing between host province and other provinces (possibly organized by donors or authorities).

2. Enforce the official document applied in the whole province on process of Planning for socio-economic development and Commune joint financial management (Cao Bang province) based on the experience gained in past 3 years. Reinforce the activities of CDF assigned team of Planning and Investment Department and Financial Department to continue improving the process, form and instructions and train the localities with TOT method.
3. Use local budget with an appropriate amount for CDF implementations (Cao Bang province) which is financial benefit to improve planning and performing capacity and financial management.
4. Modify and finalize the CDF use regulation based on experiences gained in past 3 years as mentioned above in recommendations toward donors.

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Annex 1 – Map of the surveyed localities





Annex 2 – Commune development fund (CDF) field trips schedule

Time		Activities	Place
In Cao Bang province from 22/6/2010 to 5/7/2010			
22/06	AM	Meeting with district CDF staff	Quang Uyen district
	PM	Meeting with commune Development board	Quang Hung commune- Quang Uyen district
23/06	AM	Group discussion, in-depth interview with staff and people	Khuoi Ry village- Quang Hung commune
	PM	Group discussion with commune staff and village staff	Lung Vai village - Phúc Sen commune
24/06	AM	Group discussion with staff and people	Coc Nhan village - Quang Hung commune
	PM	In-depth interview with families	Coc Nhan village - Quang Hung commune
25/06	AM	Meeting with commune Development department	Commune Ngoc Dong- Quang Uyen district
	PM	Group discussion, in-depth interview with staff and people	Lung Thoong village- Ngoc Dong commune
26/6	AM	Group discussion with staff and people	Lung Cai village - Ngoc Dong commune
	PM	In-depth interview with families	Lung Cai village - Ngoc Dong commune
27/6	AM	Group discussion with staff and people	Po Khieng village - Ngoc Dong commune
	PM	In-depth interview with families	Po Khieng village - Ngoc Dong commune
28/ 06	AM	Meeting with commune Development board	Vu Nong commune- Nguyen Binhdistrict
	PM	Group discussion, in-depth interview with staff and people	Xien Peng village - Vu Nong commune
29/ 06	AM	Group discussion with staff and people	Thin San village - Vu Nong commune
	PM	In-depth interview with families	Thin San village - Vu Nong commune
30/ 06	AM	Meeting with district CDF staff	Nguyen Binh district
	PM		
1/7	AM	Meeting with commune Development department	Bac Hop commune- Nguyen Binhdistrict
	PM	Group discussion, in-depth interview with staff and people	Đông Reo village - Bac Hop commune
2/7	AM	Group discussion with staff and people	Minh Long village- Bac Hop commune

Time		Activities	Place
	PM	In-depth interview with families	Minh Long village - Bac Hop commune
3/7	AM	Group discussion with staff and people	Ban Nua village - Bac Hop commune
	PM	In-depth interview with families	Ban Nua village - Bac Hop commune
5/7	AM	Meeting with Financial department, Planning and Investment department, CB-SPAR project support commission	CB-SPAR project support board office
In Hoa Binh province from 6/7/2010 to 16/7/2010			
6/9	AM	Meeting with province authorities (CMU, Financial department, Planning and Investing department)	PS-ARD project support board office
	PM	Meeting with the core group at Tan Lac district	Tan Lac district
7/9	AM	Meeting with Dich Giao commune development board	Xã Dich Giao – Tan Lac district
	PM	Group discussion, in-depth interview with staff and people	Khang village – Dich Giao commune
8/9	AM	Group discussion, in-depth interview with staff and people	Kha village – Dich Giao commune
	PM	Meeting with Ngo Luong commune development board	Ngo Luong commune – Tan Lac district
9/9	AM	Group discussion, in-depth interview with staff and people	Luong Duoi village – Ngo Luong commune
	PM	Group discussion, in-depth interview with staff and people	Ca village – Ngo Luong commune
10/9	AM	Meeting with the core group at Lac Son district	Lac Son district
	PM	Meeting with Vu Lam commune development board	Vu Lam commune – Lac Son district
11/9	AM	Group discussion, in-depth interview with staff and people	Cai village – Vu Lam commune
	PM	Group discussion, in-depth interview with staff and people	Quyet Tien village – Vu Lam commune
12/9	AM	Meeting with Quy Hoa commune development board	Quy Hoa commune – Lac Son district
	PM	Group discussion, in-depth interview with staff and people	Ve village - Quy Hoa commune
13/9	AM	Group discussion, in-depth interview with staff and people	Xom Cao – Quy Hoa commune Thang village – Quy Hoa commune
	PM	Meeting with the core group at Yen Thuy district	Yen Thuy district

Time		Activities	Place
14/9	AM	Meeting with Yen Lac commune development board	Yen Lac commune –Yen Thuy district
	PM	Group discussion, in-depth interview with staff and people	Yen Son village –Yen Lac commune Ot village – Yen Lac commune
15/9	AM	Group discussion, in-depth interview with staff and people	Khang village – Yen Lac commune
	PM	Meeting with Bao Hieu commune development board	Bao Hieu commune–Yen Thuy district
16/9	AM	Group discussion, in-depth interview with staff and people	Hieu village – Bao Hieu commune
	PM	Group discussion, in-depth interview with staff and people	Chon village – Bao Hieu commune Khuyen village– Bao Hieu commune

Annex 3: Small scale infrastructure works and supporting activities surveyed

CDF infrastructure works, studied by villages in Cao Bang												
	Quang Uyen						Nguyen Binh					Total
	Ngoc Dong			Quang Hung		Phuc Sen	Vu Nong		Bac Hop			
	Lung Thoong	Lung Cai	Bo Khieng	Khuoi Ry	Coc Nhan	Lung Vai	Xieng Pen	Thin San	Dong Deo	Minh Long	Ban Nua	
Road	1				1	1	1	1		1		6
Bridge			1	1								2
Irrigation canal		1	1							1		3
Running water									1		1	2
Electricity							1					1
Number of CDF production supporting activities, studied by villages in Cao Bang												
	Quang Uyen						Nguyen Binh					Total
	Ngoc Dong			Quang Hung		Phuc Sen	Vu Nong		Bac Hop			
	Lung Thoong	Lung Cai	Bo Khieng	Khuoi Ry	Coc Nhan	Lung Vai	Xieng Pen	Thin San	Dong Deo	Minh Long	Ban Nua	
Poultry variety	1	3										4
Pig variety			5	3	7					5	2	22
Training			2	1	3		1					7
Fertilizer							4	7		5	1	17
Paddy, maize variety									2	4		6
Fruit trees							4	7				11
Production tools (maize kiln, chemicals spray machine)						1			1			2
Total	1	3	7	4	10	1	9	14	3	14	3	69

CDF infrastructure works, studied by villages in Hoa Binh																
Infrastructure kind	Tan Lac				Lac Son					Yen Thuy						Total
	Dich Giao		Ngo Luong		Vu Lam		Quy Hoa			Yen Lac			Bao Hieu			
	Khang	Kha	Luong Duoi	Ca	Cai	Quyiet Tien	Ve	Thang	Cao	Yen Son	Ot	Khang	Hieu	Chon	Khuyen	
Inferior fields roads	1		2	1								1				5
Bridges	1	1														2
Minor irrigation works (mini water sewer, irrigation canal)				1	2	3	1				1	1	1		1	11
Number of CDF production supporting activities, studied by villages in Hoa Binh																
Kind of activity	Tan Lac				Lac Son					Yen Thuy						Total
	Dich Giao		Ngo Luong		Vu Lam		Quy Hoa			Yen Lac			Bao Hieu			
	Khang	Kha	Luong Duoi	Ca	Cai	Quyiet Tien	Ve	Thang	Cao	Yen Son	Ot	Khang	Hieu	Chon	Khuyen	
Poultry variety	3	3														6
Paddy, maize, potatoes variety	1	1	1	2												5
Mushroom variety					3											3
Support lime to improve land	3	3														6
Support building pigsty														2		2
Training				1							3	4				8
Fertilizer					2	2										4
Production tools (pomp, pesticide spray machine ,...)	2		1							1						4
Model																
Chayote			3	3												6
Chicken						2	2									4
Maize							2						4			6
Paddy							1									1
Porker									2							2
Wild boar			1					1								2
Total	9	7	6	6	5	4	5	1	2	1	3	4	4	2	0	59