



Provincial Engagement Strategy in Lao Cai Province

(Full version)



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ABBREVIATIONS

ACIAR	Australian Centre for International Agricultural Research
ADB	Asian Development Bank
BDS	Business Development Services
CBO	Community-Based Organizations
CBT	Community-Based Tourism
CDD	Community Driven Development
CEMA	Central Committee for Ethnic Minority Affairs
CIG	Common Interest Group
DARD	Department of Agriculture and Rural Development
DFAT	Australian Department of Foreign Affairs and Trade
DoCST	Department of Culture, Sports and Tourism
DOLISA	Department of Labour, Invalids and Social Affairs (Provincial)
DPI	Department of Planning and Investment
EU	European Union
FA	Farmers Association
GALS	Gender Action Learning System
GESI	Gender Equality and Social Inclusion
GoV	Government of Vietnam
GREAT	Gender Responsive and Equitable Agriculture and Tourism
GSO	General Statistics Office
Ha	hectare(s)
IB	Inclusive Business
INGO	International Non-Government Organisation
M&E	Monitoring and evaluation
M4P	Markets for the Poor
MARD	Ministry of Agriculture and Rural Development
MCST	Ministry of Culture, Sports and Tourism
MERL	Monitoring, Evaluation, Research and Learning
MoLISA	Ministry of Labour, War Invalids, and Social Affairs
MPI	Ministry of Planning and Investment
MSD	Market Systems Development
MTR	Mid-Term Review
NGO	Non-Government Organisation
NMPRP2	Northern Mountains Poverty Reduction Project Phase 2
NTP NRD	National Target Program on New Rural Development
NTP SPR	National Target Program on Sustainable Poverty Reduction
NTP	National Target Program
PCEM	Provincial Committee for Ethnic Minority Affairs
PES	Provincial Engagement Strategy
PMU	Project Management Unit
PPC	Provincial People Committee
PPC	Provincial People's Committee
PwD	People with Disabilities
SC	Steering Committee
SCG	Savings and Credit Group
SEDP	Socio-Economic Development Program
SHG	Self-Help Group
VC	Value chain
VBSP	Vietnam Bank for Social Policy

VWU	Vietnam Women's Union
WB	World Bank
WEAMS	Women's Empowerment and Market Systems (WEAMS)
WEE	Women's Economic Empowerment

1 Introduction

Economic development and women's empowerment are at the forefront of Australia's current aid policy, which are intertwining issues that Australia's bilateral Aid Investment Plan for Vietnam 2015-2020 is focusing on through a single program: Gender Responsive and Equitable Agriculture and Tourism (Aus4Equality|GREAT, referred to as 'the Program'). The Program also reflects the priorities in DFAT's Vietnam Agricultural Strategy, such as innovation, private sector engagement and inclusive agriculture as well as DFAT's Vietnam Gender Equality Strategy which promotes women's economic empowerment and leadership.

The concentration of the Program on the agricultural and tourism sectors is a strategy to reach vulnerable ethnic minority women in Son La and Lao Cai. Both sectors have major growth potential in these two provinces, while also presenting more opportunities for ethnic minority women, given their longstanding engagement in these sectors.

Aus4Equality|GREAT aspires to reach even further with its gender equality and social inclusion aims by seeking to reach the poorest and most marginalised ethnic minority women who have thus far not benefited from Vietnam's socio-economic development. This is being facilitated through a three-pronged approach which targets women at the community and household level; within market systems and value chains; and in relation to the enabling environment that influences women's engagement in markets. Program partners must demonstrate through their planning, that they are committed to socially inclusive economic growth that promotes ethnic minority women's economic empowerment (WEE).

This Provincial Engagement Strategy (PES) is based on the Program Design Document and three background studies conducted during the Inception Phase. The PES is tailored to the specific context of Lao Cai in order to: select potential products in the agriculture sector and services in the tourism sector that are most likely to promote women's (particularly ethnic minority women) economic empowerment; identify the opportunities and constraints for strengthening socially inclusive market systems for these products and services; and on that basis, propose the interventions that the Program will invest in over the coming 4 years.

This PES is structured as follows: Section one is the introduction, Section two describes the Program's goals and objectives, program logic, principles and implementation approaches and; Section three discusses the poverty and gender situation in Lao Cai with a focus on engagement of ethnic minority women in economic activities. This section also provides overviews of the agriculture and tourism sectors, the process and criteria used to select the priority products and services for Program interventions as well as the analysis of market systems in the two sectors. In addition, this section describes the most relevant policies, programs and projects for the Program. Section four presents the Program's proposed intervention strategies, which are structured in three groups, including interventions strategies in agriculture, those in tourism, and finally the strategies to promote an enabling environment for sustainable inclusive market systems development. Section five outlines implementation arrangements.

In addition to this PES, other strategies developed to guide Aus4Equality|GREAT interventions are the Gender Equality and Social Inclusion (GESI) Strategy, the Innovation Strategy, the Communication Strategy, and the Monitoring, Evaluation, Research, and Learning Framework (MERLF). These strategies should be considered alongside the implementation of this PES.

2 Aus4Equality|GREAT Program

2.1 Goals and Objectives

The overarching goal of Aus4Equality|GREAT is that *Women living in north-west Vietnam have improved social and economic status*. To achieve this, Aus4Equality|GREAT will work in partnership with other market actors and initiatives so that: *Women living in Son La and Lao Cai equitably engage in the agriculture and tourism sectors at all levels*.

To reach this goal Aus4Equality|GREAT has three linked objectives:

- **Objective 1** - Empowering local women: Women living in local communities have increased capacity, space and choices to beneficially engage with agriculture and tourism businesses. The key outcomes include: incomes of 20,000 women will have increased; and 80% of women beneficiaries will have increased confidence, self-esteem and experienced changes in gender roles and norms.
- **Objective 2** – Inclusive businesses partnerships: Selected private sector actors within the agriculture and tourism sectors innovate to profitably and sustainably trade with more women entrepreneurs in the value chain and operate in gender sensitive ways. The key outcomes include: the creation of 2000 new stable waged jobs for women; a 15% increase in women led and co-managed formal businesses; and, over USD3¹ million private sector investments will be leveraged.
- **Objective 3** – Improving sector governance and policy: Government agencies reinforce policies, and enact plans, regulations and services that enable more inclusive socio-economic development: The key outcomes include: 80% of agriculture and tourism businesses have improved communication and access to government regulators, sector plans and strategies address issues related to inclusive growth, progress in related policy implementation, central level policy influenced by provincial level evidence derived from program impact.

2.2 Aus4Equality|GREAT Program Logic

Aus4Equality|GREAT Program logic is summarised in **Figure 1** below. Further elaboration and detailed description of the Theory of Change is provided in the Monitoring, Evaluation, Research, and Learning (MERL) framework.

Figure 1: Aus4Equality|GREAT Theory of Change



¹ The realistic target for funding leveraged from the private sector will lower than the target of 3 Million USD given fact that 2.7 million AUD will be used as business challenge fund and the maximum co-investment of 49% of the total business investment cost. This target will be reviewed at the midterm evaluation.

As shown in the table below, for both sectors, the total number of households with increased income is estimated at 13,500 which is equal to 20,250 working age women, the total number of jobs created would be 2,000 under the condition that assumptions mentioned in MERLF will be met.

Table 1. Number of Program target households and women beneficiaries

Product	# of potential HH	# women of working age
Agriculture sector²		
# women with income increased	12,800	19,200 ³
Total jobs created	600	600
Tourism sector		
# women with income increased	700	1,050
Total jobs created	1,400	1,400
Total GREAT		
# women with income increased	13,500	20,250
Total jobs created	2,000	2,000

2.3 Aus4Equality|GREAT Implementation Approaches

Aus4Equality|GREAT approaches include partnership, adaptive management, market systems development (MSD), Markets for the Poor (M4P), Women’s Economic Empowerment (WEE), GESI, and Innovation. The essentials of these approaches are summarised below.

2.3.1 Partnership Approach

Aus4Equality|GREAT does not fully control impact: we facilitate and hence rely on market players to lead the change process, which is how sustainability is achieved. Catalysing lasting change requires partnerships and success will depend on who we partner with, what we do with them and how we do it. We will need different partnerships at different times in order to see system level changes adopted and maintained, expanded and supported by other players.

In recognition of the fact that strengthening inclusive market systems in developing economic contexts requires the simultaneous engagement of various stakeholders at multiple levels, the Program will create and manage a portfolio of partnership agreements with a wide range of stakeholders to achieve these outcomes. This will require a clear understanding of the key actors, their capacity to influence change and how our partnership will extend and broaden this capacity. The Program team and the PMUs will identify and select a core group of partners who collectively will support the implementation of the two PES’ to achieve program

² Number of specific beneficiary households in agriculture and tourism is provided in section 4.

³ Each household in project area includes averagely 1.5 working aged women, baseline survey in GREAT districts, March 2018

outcomes. Hence, this will require them to not only focus on their own activities but to also develop meaningful linkages with the other key partners.

2.3.2 Adaptive Management

The Adaptive Management approach focuses on learning and adapting, through active engagement of partners and other stakeholders who learn together how to address the challenges during the implementation of the Program as well as to respond to new opportunities. This helps the Program and its partners maintain flexibility in their decisions, knowing that uncertainties exist and so provides the latitude to adjust direction to improve progress towards desired outcomes.

2.3.3 MSD/M4P/WEE

Market systems development programs for women's empowerment should leave behind more efficient and inclusive systems that function and adapt without external support and deliver benefits to large numbers of ethnic minority women in the future. Interventions should support market players to innovate and perform more effective roles and capacitate them to maintain and adapt these improvements in the future.

In keeping with a market systems development approach, we will aim to build the capacity of partners to influence systemic change, by testing and reviewing the impact of interventions not just vertically within individual value chains but also horizontally across different ones within each sector. Of most importance overall, we will support partners to adopt and adapt lasting solutions to specific root causes or bottlenecks to deepening engagement of ethnic minority women within the agriculture and tourism market systems, and to expand or scale-up those that have demonstrated success – with aims of stimulating a 'crowding-in' effect with other actors, particularly the private sector. Taking an M4P approach promotes market systems development that is equally inclusive of all economic actors, especially ethnic minority women.

Aus4Equality|GREAT will work closely with individual market players to clearly understand market dynamics and test whether necessary behaviour and practice changes can endure. At other times the Program will work with a diversity of players to encourage behaviour and practice changes to deepen and broaden market system responses and improve the functioning of supporting systems.

The Women's Empowerment and Market Systems (WEAMS) Framework allows us to understand and recognise where program resources need to shift to ensure ongoing achievement of outcomes and identifies five key dimensions of women's economic empowerment. All interventions should be screened to assess whether they will address these five dimensions of women's economic empowerment:

- Economic advancement and increased income and return on labour
- Access to opportunities and life chances such as skills development or job openings
- Access to assets, services and needed support to advance economically
- Decision-making authority in different spheres including household finances
- Manageable workloads for women

Aus4Equality|GREAT will introduce and build capacity of our government counterparts and other implementation partners to use these tools and approaches in designing and implementing interventions.

2.3.4 GESI

The GESI offers strategic direction for the inclusion and empowerment of women, ethnic minority groups, and people with disabilities (PwDs) in Aus4Equality|GREAT and is seen as a complimentary strategy to the PES and the SOP. GESI is comprised of (i) background information on gender and social inclusion and women's empowerment in agricultural and tourism sectors in Son La and Lao Cai, with implications for the Program, and (ii) the goals, approach and roles and responsibilities for gender equality and social inclusion in the Program, and the process activities (consultations, workshops, trainings, monitoring missions, etc). GESI will be used to: ensure that all program activities and partnerships comply with the inclusion principles of the project; to encourage and influence gender transformational processes in the target communities and market systems, and; create an enabling environment. GESI compliance will be included in the criteria for partner selection, partner project design and overall program monitoring.

2.3.5 Innovation

Innovation in the context of Aus4Equality|GREAT is the process of designing and trialling new partnerships, services, and interventions to improve the lives of women in poor and marginalised communities. Understanding of how innovations can catalyse change within and across complex development ecosystems will strengthen the enabling environment for promoting women's access to new economic opportunities, providing a foundation to better identify, test and scale high impact innovations. Innovation should trigger behaviour change at community and household level by modelling the benefits of equal gender roles, more inclusive business practices by incentivising linkages with hard to reach groups such as ethnic minority women and policy/institutional reform by generating evidence for the business case of change at the policy/program levels. All partners will be encouraged to emphasise innovation in their project designs and the Program has developed an innovation strategy (Annex 7) to guide this process. The Program will also support specific initiatives to foster and showcase innovation such as:

- Implementing an Innovation Challenge Fund to explore 'seedling' innovation ideas, and disseminating lessons learned in the context of the partner forum.
- Trialling a results-based funding approach to creating employment and business opportunities for women by offering a financial incentive to business incubators/accelerators that achieve successful growth and financing outcomes for women-owned and run businesses; to training institutes that successfully place women into fulltime employment, or businesses that create stable waged employment for ethnic minority women at scale.
- Implementing "success roadshows" that will support inspirational ethnic minority women and men to travel across communities to promote their successes and encourage learning. Roadshows are a peer learning approach that also fuels motivation for innovative thinking across communities.
- Piloting new smart phone technologies to support value chain linkages (given 80% of ethnic minority women have access), and particularly applications that facilitate communication between groups that speak and read in different languages.

3 Background and Context

3.1 Poverty and Gender

3.1.1 Poverty Overview in Lao Cai

The north-west region encompasses the part of the country that the Vietnam Government (GoV) and its development partners (DPs) recently declared as the ‘unfinished poverty agenda’ that still remains despite Vietnam’s rise as a major development success story. In these remaining pockets of entrenched poverty, ethnic minority groups and in particular ethnic minority women are particularly vulnerable. Lao Cai has a population of 614,595 people representing 26 ethnic groups. The most significant ethnic groups in Lao Cai include: Kinh (35%); Mong (24%); Tay (15%); Dao (14%); Giay (4.5%) and Nung (4%). Despite being the least poor province in the North West, the poverty rate in Lao Cai remains high compared to the national average. In recent years, as indicated in **Table 2**, poverty rates of Lao Cai are usually three times higher than the national average (while that of the north-west region is four times higher than the national one). The near poor rates – those vulnerable to falling back into poverty – of Lao Cai are as high as the rest of the north-west region.

Table 2: Poverty Dynamics in Lao Cai, 2015-2017

	2012	2013	2014	2015	2016	2017
Lao Cai						
Poverty rate	27.69	22.21	17.61	34.3	27.41	21.8
Near poor rate	11.61	12.67	12.65	9.98	10.52	10.79
North West region						
Poverty rate	28.55	25.86	22.76	34.52	31.24	29.8
Near poor rate	11.48	12.92	12.89	9.87	11.55	10.7
National average						
Poverty rate	9.6	7.8	5.97	9.88	8.23	7.2
Near poor rate	6.57	6.27	5.62	5.2	5.41	5.32

Note: Since 2015, a new poverty line has been applied. This poverty line is higher than that of the previous period resulting in higher poverty rates for 2015 compared to earlier years.

Source: compiled from the official poverty data (using the GoV poverty line) published by MoLISA

The outcomes of the baseline survey conducted in five communes of five targeted districts in 2018 show that the poor and near poor rates are between 54-66%, which are higher than the province’s average rates. However, in Liem Phu commune the poor and near poor rates are 11% and 27%, lower than the average of the province.

Using the 2015 data available from the most recent Survey on 53 Ethnic Minorities Groups conducted by the General Statistics Office (GSO) and Central Committee for Ethnic Minority Affairs (CEMA), multidimensional poverty rates in 2015 for Mong and Dao groups were 75% and 56% respectively, while for the Tay ethnic group it was 35%, these rates are dramatically higher than the average poverty rate of the province.

3.1.2 Ethnic Minority Women in Economic Activities

The background inception studies have identified characteristics of ethnic minority women's engagement in income generation activities in the Program design document target districts, which are summarised below:

Ethnic minority women in the project areas tend to engage only in agriculture activities and diversification into other nonfarm activities is very limited (except in some villages with developed community-based tourism – (CBT). Baseline data indicates that 93% of the correspondents reported agriculture being the most important income source. This is a function of their 'traditional' roles as wives and mothers who are responsible for the health and welfare of family members. In contrast, men have more options for income generation activities. Most ethnic minority women can only earn cash income a few times per year after harvesting crops or selling livestock. In fact, cash income was constantly needed for family expenses, especially for medical costs incurred by children and old parents, buying gifts and donations for weddings and funerals etc. Women have to rely on husband's earnings from waged labour or other non-farming activities. This reliance of ethnic minority women on their husbands for daily cash expense undermines the role and autonomy of women in the household economy.

Men are also involved in agriculture, but they are more active in the nonfarm sector than women. Ethnic minority women rarely work as hired labour (except for hotels or restaurants in Sa Pa). Migration is increasingly popular in ethnic minority areas, but mostly for men. As many men are engaged in casual jobs outside their villages, women are therefore responsible for most of the productive labour exchange. There are strong social stigmas regarding women migrating for work, especially with the work in restaurants and hotels. The practice of labour exchange is prevalent and is used to help villagers solve temporary labour shortages in the wake of natural disasters or during peak harvesting season.

Ethnic minority women has not participated effectively in agriculture market systems. There is an over-reliance on single traders except in the case of tea or some fruits. Ethnic minority women are not engaged in semi-processing, marketing or other post-harvest value added efforts. This, combined with poor or non-existent storage facilities, results in farmers selling their products right after harvest, which can create seasonal over-supply and lead to downwards pressure on farmgate prices. Access to market information is quite limited. Survey results indicate that only 54% of farmers reported that they were aware of market prices.

Increasing risk from natural disasters. Extreme weather conditions such as spells of unusually cold or hot temperatures, drought, floods, and hail affected more than 70% of the farmers' investment in agriculture (both crops and livestock) as most have limited risk mitigation and coping capacity.

Potential risk in shifting from food staples to high value crops. Ethnic minority households were encouraged to switch from food staples to high value cash crops such as fruit trees, and perennial crops in line with the government agenda for agriculture restructuring. For many this presents high risks due to lack of relevant production skills, information on which varieties to produce, and access to inputs required for these non-traditional crops. Extension services support for traditional crops and hi-tech farming. However, the latter is implemented in limited scale and requires very high investment which go beyond the financial and

technical capacity of ethnic minority households. For these new products, farmers rely on their friends and relatives for technical knowledge. As women are more dependent than men on agriculture, this risk is even more pronounced for them.

Tourism offers opportunities for ethnic minority women to engage in CBT but only in some specific locations such as in Sa Pa and to some extent Bac Ha district, including CBT related services such as the operation of home stays, offering cultural shows, selling souvenirs or tour guide services for trekking and visiting attractions in CBT villages. Opportunities for employment in hotels and tourism are mainly in Sa Pa. However, formal waged employment opportunities for ethnic minority women in the tourism sector remain quite limited. According to the baseline survey findings, tourism is the main source of income for only 13% of the households in the pilot communes.

3.1.3 *Hindering Factors for Ethnic Minority Women's Economic Empowerment*

The following factors were found as hindering forces for WEE for Ethnic Minority Women:

Language barriers are pronounced particularly for ethnic minority women over 35 years old, and this is a significant obstacle to accessing technical knowledge and training, and market information. Access to information is also limited as ethnic languages are rarely used in media. Limited fluency in the national language also affects labour market opportunities for ethnic minority women. In fact, the number of illiterate ethnic minority women who do not speak the national language was much higher than the official figures reported. The baseline data indicated that the percentage of respondents who were not able to read and write Vietnamese in Lao Cai was 38% and 11% do not use the Vietnamese language at all.

Lack of land ownership. For most of the ethnic groups in the Program provinces, land is only inherited by sons. After women get married, they often reside with their husband's family without land ownership rights, which can hinder them from being able to make livelihood decisions such as crop choices. There were cases where married women wanted to switch to perennial crops such as fruit trees but had to clear it first with their parents-in-law who ended up only allowing them to use the land for short-term crops. This makes women more dependent on their husbands and in-laws in making economic decisions.

The socio-economic impacts of marrying at a younger age. Some ethnic minority groups within the target areas tend to marry at younger ages (e.g. 16-18 years of age or even younger), which can limit girls' schooling and women's engagement in off-farm income generating activities due to the obligations of unpaid care work. Working in local agriculture is the main, and in most cases, the only option for ethnic minority women because of its flexibility to combine unpaid care work.

Biases against women, gender-inequitable and patriarchal attitudes. For all the ethnic groups interviewed, care-giving for children and elderly family members remained a critical impediment to women's economic opportunity. There are negative attitudes against women, especially young women, seeking jobs far from home in urban areas for a number of reasons such as fear of their being trafficked to China and the concern that long absences might cause family conflict or a marriage breakup. In some communities, there is strong social stigma against women working in "hospitality" i.e. hotels and restaurants. This remains the case even in Sa Pa which has been exposed to tourism activities for several years. In other cases, men's experience of economic marginalisation limits them from achieving a sense of

respectability and masculine success through earning a living for their household. In turn, they seek other forms of identity, and at times it could be through physical control and dominance over women.

Weak social network. When a woman marries and no longer belongs to her natal family and instead becomes a member of her husband's family and resident of his family village (if she marries a man in another village). This undermines social solidarity among women and their ability to maintain social ties. All of the married women interviewed in the study said they return to their parental home for visits only two or three times a year. As they are burdened with childcare, housework, and the bulk of agricultural labour, and in some cases are not able to drive a motorbike, women are not able to establish and maintain social networks, especially outside the village, at least not at the same level as men. The baseline survey indicates that only 25% of surveyed female respondents participate in interest groups, indicating weak engagement in social or economic networks.

Impacts of private sector investments. In areas with strong links to tourism, there has been increasing investment in tourism services by Kinh investors, who are said to be more aggressive and skilled in marketing than Ethnic Minorities. In Ta Van commune for instance, Giay ethnic households were among the first to operate homestays. Soon after the influx of investment of Kinh and even some foreign investors (with Vietnamese wives) in homestays and other related services in the commune, these Giay ethnic households became marginalised and their businesses were badly affected as it was difficult for them to compete with these investors. In addition, expansion of private sector investment in Sa Pa in recent years has led to the overload in the tourism infrastructure, resulting in decreased attraction to international tourists to some extent.

3.1.4 Strategies for Economic Empowerment of Ethnic Minority Women

The Program will develop multiple partnership modalities with business partners, NGOs (local or international), mass organisations, research institutes, and government agencies to address complex challenges faced by ethnic minority women related to economic empowerment and effective participation in market systems. The Program will encourage partnership arrangements that include more than one type of implementing partner in order to foster the cross-partner learning and coordination required for systemic and transformational changes in market systems required to achieve sustainable ethnic minority women's economic empowerment. Recognising the above obstacles to WEE, the Program will address these factors at all levels, including:

At the policy level, promoting gender inclusion in the actual implementation of policies and programs led by the Government is important. It is noted that gender equity is always considered as a cross-cutting policy issue and government agencies expressed their support for gender equity in the policy making process. Gender equity is a principle in the existing policies and programs but implementation in practice is challenging due to lack of implementation capacity to operationalise this principle and, because to some extent, the above hindering factors are not obviously "policy amenable". That said, gender roles and division of labour are known to respond to market signals, such as inclusive business models that "pull" marginalised women into market systems. In this regard, the recent Prime Minister Decision 1898 on promoting gender equity in the ethnic minority areas serves a relevant policy platform for Aus4Equality|GREAT to leverage our future initiatives to make the business case for investing in women.

Strategy: promoting gender and social inclusion in actual implementation of policies and programs led by the Government through:

- Awareness raising and training on WEE approaches, good practice and lessons learned.
- Enhance the gender and social inclusion focus in the implementation of the NTPs as well as other relevant policies in the two provinces. Evidence, lessons learned from these interventions will feed into relevant policy dialogue and advocacy at the national level with the ultimate aim of promoting gender equality, especially for ethnic minority women, as a thematic focus of the poverty reduction framework after 2020.
- Focus on key areas that will provide immediate benefits for women such as tailoring extension services to meet the needs of women for both productive and post-harvest skills, knowledge, access to information and technology.
- Improve women and women's groups' ability to advocate for a more supportive enabling environment beyond the life of the project.

At the market system level, all the products and services targeted for program interventions selected based on criteria, including relevance to and potential for engagement of ethnic minority women in related market systems (see Section 3.2 and 3.3 for the selection of potential products and services for Program interventions). Once the products and services were selected, further analysis was conducted to identify key opportunities and constraints for engaging ethnic minority women in the market systems for these products and services. Intervention strategies for each product and service selected are proposed on the basis of the identified opportunities and constraints. Details of the intervention strategies are provided in Section 4; examples of interventions include the following:

- Introduce improved production techniques and product diversification to reduce climate and market risks for women producers.
- Introduce improved post-harvest techniques (from basic sorting and grading to more complex processing) to enable village women to retain greater value particularly in agriculture.
- Promote application of innovative approaches to provide business and technical training for ethnic minority women producer groups (for example farmers field schools (FFS), participatory tools, etc.), trialling certification and traceability with more advanced groups of women.
- Support women's cooperatives, producer and common interest groups' access to quality and affordable input supply, technical training, BDS and credit.
- Link these groups to traders, cooperatives, companies, to improve their access to markets.
- Improve access to and quality of vocational trainings with linkages to employers, promote information on labour market opportunities for ethnic minority women in agriculture and tourism.
- Promote women-led and co-managed businesses to expand their work with women producers and other business partners.

At the community, household and individual level, the Gender Action Learning System (GALS) is the most relevant approach to foster transformational changes in gender relations that hinder WEE and engagement in market systems. GALS ensures full participation of both women and men in families (including "in-laws") in recognition of the fact that unless men fully buy into the process and objectives, and change their gender biased attitudes and behaviours (against participation of their wives or daughters in-law in the household decision making process), efforts to engage women in market systems may not be successful or

result in heavier workloads for women, without increasing their economic decision making and leadership in the household and economic spheres. The Program will encourage partners to adapt the GALS approach (or other alternatives) to conditions specific to the selected products or services. Partners funding proposals will demonstrate measures to address the constraints for ethnic minority women's meaningful engagement in market systems. Other community level WEE interventions include:

- Organise women producers into groups (producer, common interest, collective, cooperatives) for higher productivity and quality and link these groups with traders, enterprises.
- Promote initiatives that improve ethnic minority women's Vietnamese language, literacy and numeracy skills.
- Raise awareness about the importance of vocational and life skills training and career development for women especially girls to participate in the labour market and link them to potential employers.

3.2 Agriculture Sector: Overview and Selection of Potential Products

3.2.1 Agriculture Sector Overview

Lao Cai is recognised as the most developed province in the North-West region of Vietnam⁴ that has comparative advantages in tourism, trade and services compared to other provinces in the region. By the end of 2016, agriculture sector (including agriculture, forestry and fisheries) contributed only 16% to the total GRDP - agriculture is not the largest sector in terms of GDP contribution but it absorbs the majority of the province's rural population and almost all of the 25 ethnic minority groups. The rural population constitutes 77% of the total population. In the target districts, the rural population accounts for between 82-95% of the total population (e.g. 82% in Sa Pa; 93% in Bac Ha). Hence, the sector plays a vital role for poverty reduction, especially for ethnic minorities. The sector has experienced rapid growth in recent years, and is dominated by smallholder farmers, and has a relatively nascent private sector.

In recent years, growth in the agriculture sector has been fuelled by a number of products with promising growth prospects and private sector investment. By 2016, commercial production has increased in paddy (31,223ha), cinnamon (23,000ha), cardamom (16,000ha), tea (5,300ha), fruit trees (3,900ha of longan; 2,000ha of banana; and around 1,000ha pineapple). Some high-value products have attracted private sector investment, including sturgeon and salmon breeding (96 breeding units) in Sa Pa, Bat Xat and Bac Ha districts, Cymbidium flowers in Sa Pa district (100 ha), and vegetables in Sa Pa and Bac Ha districts. In addition, there is also potential in various Non-Timber Forest Products and unique local speciality products such as medicinal plants, honey and bee-wax, rice, bamboo-shoots, arrow-root, pumpkin, chili, ginger, and mushroom. Those products are suitable for small-scale businesses and links to local markets.

Women and in particular ethnic minority women are the major labour force in agriculture in Lao Cai. In most agricultural products, women contribute between 60% to 65% of the labour at different stages of the supply chains, especially in land preparation, crop sowing, tree planting and caring, harvesting and semi-processing. Men spend more time in market related

⁴ Today, the North West is commonly understood as 6 provinces of Hoa Binh, Son La, Dien Bien, Lai Chau, Lao Cai and Yen Bai, with an area of 5.64 million hectares and 4.5 million inhabitants (2016)

activities, which is partly since men generally communicate in the Kinh language better than women. Men are also more diversified in nonfarm activities or other labour market opportunities.

There are some success stories of women led vegetable, specialty rice and chili cooperatives. In some other products such as cardamom, normal rice, cassava, female traders or collectors usually outnumber men. Nevertheless, the number of women-led enterprises, including micro household businesses, in agriculture is still limited. Women-led enterprises account for 22% of registered businesses. Women tend to be more risk adverse than men. As ethnic minority women are not the key economic decision makers in their households, starting up and running businesses is more challenging for them.

3.2.2 Selection of Products for Interventions

A selection matrix was developed to select the most relevant products for Aus4Equality|GREAT based on three main criteria summarised in Table 3 below.

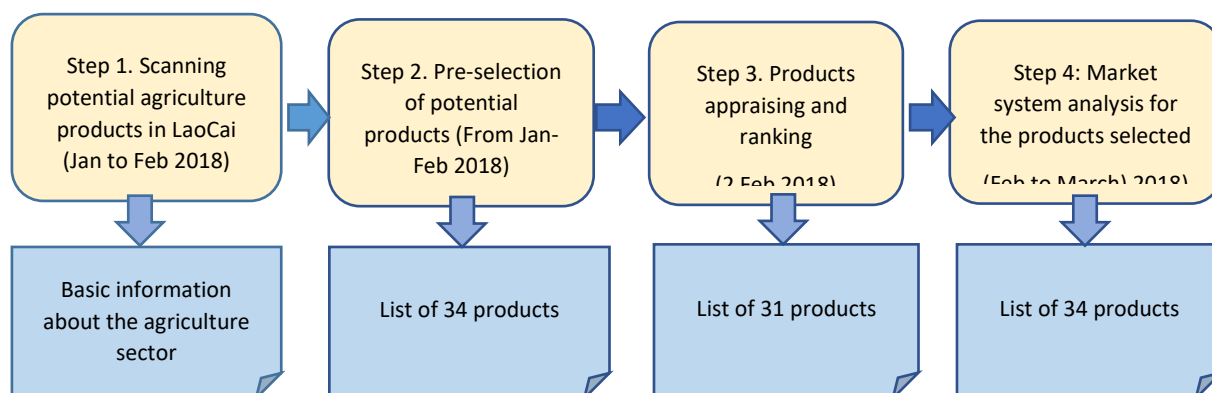
Table 3: Product Selection Criteria

Relevance for women
<ul style="list-style-type: none"> • #/% women currently providing related products and services, and labour; and potential for increased income for these target women • There is potential for substantially increasing the number of ethnic minority women participating in this value chain, and to increase their income
Growth Opportunity
<ul style="list-style-type: none"> • The subsector has anticipated stability/growth in value for the last 3-4 years • Current market scale (small, sufficient scale, large scale) • Opportunity to develop supply (Unmet Market Demand) • There are opportunities to leverage markets, finance and other improved support in the subsector
Feasibility
<ul style="list-style-type: none"> • There are potential large business partners, or business associations in the subsector (i.e. inclusive business readiness) • There is a successful model to be replicated • There are potential community/development/business partners and service providers to participate in the subsector • Any barriers, challenges, risks can be mitigated or overcome, in order to foster the development of value chain/subsector/market and to create opportunities for women's participation in the subsector • Contribute to the preservation of cultural identity and not damage the environment

Using these criteria, a selection process was implemented using four stages illustrated in Figure 2

below. The selection process started with screening the long list of potential products, and once the shortlist was agreed, fieldwork was undertaken to assess the products' fit with the criteria, based on consultation with relevant stakeholders, especially private sector, and related service providers. Building upon the information collected from the field, the shortlisted products were appraised and ranked, and market systems analysis for the selected products was conducted in order to recommend the intervention strategies.

Figure 2: Product Selection Stages



The selected products for Program interventions are categorised in two groups based on the readiness of inclusive business partners and the development level of the raw material supply area:

Group 1 consists of 8 selected potential products: 1. Tea (Lowland and upland tea); 2. Off-season vegetable; 3. Cinnamon; 4. Benzoin; 5. Medicinal plants; 6. Temperate fruits; 7. Chili and 8. Specialty rice. These products satisfy two conditions of high IB readiness. Aus4Equality|GREAT could partner with private sector partners. With tea, vegetable, cinnamon and fruits in the (one) area lacking in IB readiness, the Program shall have similar interventions applicable to the products in Group 2 below.

Group 2 includes 11 selected potential products with low IB readiness (Including: 1. Buffalo, 2. Cow, 3. Indigenous Pigs, 4. Goats, 5. Local Food, 6. Handicrafts, 7. Cold Water Fish 8. Cymbidiums 9. Ginger, 10. Turmeric, 11. Herbs) with low IB readiness. With this group, the project will focus on value chain development solutions (linked to objective 1 of the project) in order to prepare for producers including women so that they are ready to cooperate with businesses once two conditions mentioned above are satisfied. With these products, the Aus4Equality GREAT program will focus on value chain development solutions that are either related to local market or small market (corresponding to objective 1 of the program) to prepare for production households including women who are ready to enter into partnership with businesses when they meet the above two conditions.

For the products in group 1, further analysis is presented in Section 4.1. In addition to this, there is a group 3 that consists of 12 products (1. Son Tra (*Docynia Indica*); 2. Vermicelli; 3. *Thysanolaena latifolia*; 4. Corn; 5. *Coix lacryma-jobi*, 6. *Vernicia montana*, 7. Palm nuts, 8. Bamboo shoot, 9. Tsaoko, 10. Lingzhi mushroom, 11. Litsea Cubeba Oil, 12. Honey and Wax, 13. Others) with certain potential but there are no partners with IB readiness. During the course of Aus4Equality|GREAT implementation, efforts will be paid to promote interests of IB partners in these products.

It should be noted that the list of 3 products groups is an open list given time constraint for the study to identify other potential products. Other potential product could be included by partners based on their analysis available and the market opportunities.

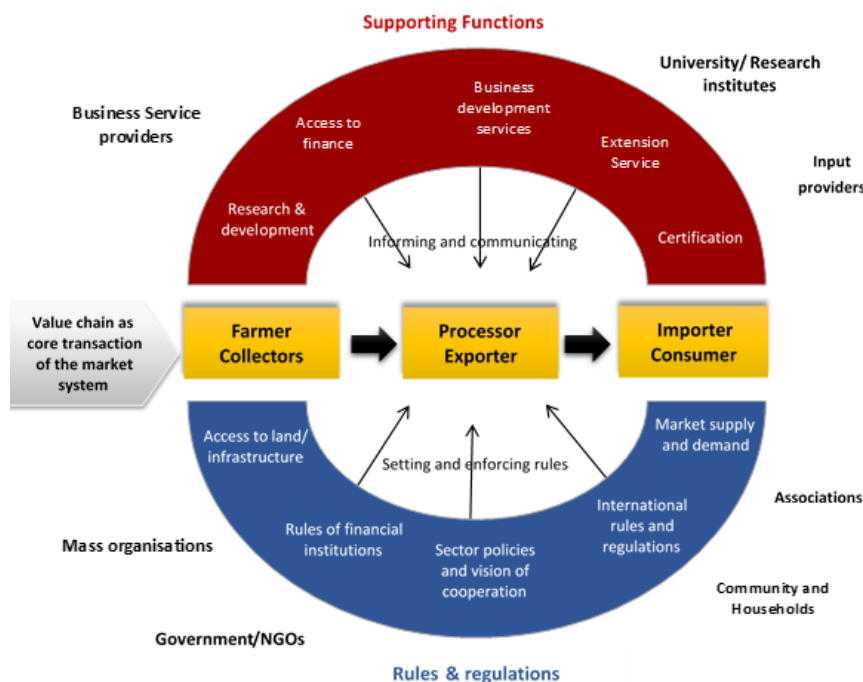
3.2.3 Market Systems of the Selected Products

Analysis of the market system of the agriculture sector in Lao Cai includes core market functions and actors; supporting functions and stakeholders, and rules and regulations. Figure 3 describes the market system in the sector, which are discussed below.

3.2.3.1 Core market function and actors

As highlighted in Section 3.2.2, potential products are selected as the focus of the Program interventions. This includes group 1 with high IB readiness; group 2 with low IB readiness; and a group 3 without IB readiness. These products vary in their supply chain structures and characteristics. Key actors involved in these products include farmers, collectors, processors, and consumers (see Annex 2 for more details). Of these actors, companies (processors or exporters) appear to be the most influential in the supply chains and hence could exert strong influence on the performance of the market systems. Despite having been involved in the sector for 8-15 years, most of the companies consulted are small and medium enterprises; they have difficulty with quality control, market access, or management skills.

Figure 3: Market System of the Agriculture Sector in Lao Cai



3.2.3.2 Key supporting functions and stakeholders

Supporting Functions

Extension services

Agricultural extension services in Lao Cai are delivered through public and private services.

Annual plans on the provision of public services are based partly on a bottom-up approach, developed by government in consultation with producers and the private sector. While these extension services are relatively effective in terms of basic production techniques, they are not up to date with local research and international best practices in agricultural and harvesting methods, largely due to the lack of exposure of the state extension service to market realities.

Several agricultural companies/cooperatives invested in their own extension capacity to capture the added value potential from input quality improvement and sustainable supply of raw material. For example, Tea in Muong Khuong (Lao Cai) uses their own technicians to support farmers in the supply chain; while Cinnamon companies cooperate with public extension services.

Business development services

A wide range of Business Development Services (BDS) are available in Vietnam, covering market research, business planning, product development and certification, post-harvest processing, marketing branding and packaging, certification of standardised systems, financing, logistics and transportation. In Lao Cai, BDS supports input material, technical support, financial credit, logistics and branding; while other services could be mobilised from sources outside the provinces. However, BDS are not yet a driver of agriculture sector development, and not widely used.

Research & Development

A number of scientific research institutions have been involved in genetic conservation of agro-plants, medicinal plants and forest trees. R&D is constrained by low capacity in terms of financial and technical investment qualified specialists and is not yet able to contribute to improving the competitiveness of the agricultural sector.

Certification

There are multiple certifiers and support services for certification operating in Vietnam, including Control Union, Veritas, Ecolink, IMO, Ecocert, CERES and Fairtrade Vietnam. Moreover, several national bodies provide certification services such as The National Agro-Forestry-Fisheries Quality Assurance Department (NAFIQAD) under MARD which provides GAP and GlobalGAP certification. In addition, certification services for most of common standards, for example, in quality and food safety management (ISO 9001, ISO 22000), good practices (GACP, GMP) and voluntary certifications (organic or fair trade) are also available. Certification has been growing for many agriculture products in recent years.

Access to finance

Commercial banks are the key source of financial services for companies. Other sources of finance available in the province include the Vietnam Bank for Social Policy (VBSP), Vietnam Development Bank (VDB) and People Credit Fund (PCF), Women Development Fund, micro-credit and self-saving credit groups. Access to finance is a constraint for many companies, especially for SMEs due to high interest rates, complex appraisal and due diligence procedures, lack of collateral, lack of commercially viable business plan, weak financial management, or lack of information about relevant credit options.

Supporting Stakeholders

In addition to the key players (as above), other indirect market system actors include:

- Government agencies at both the central and provincial levels which provide public services on extension, plant protection, veterinary, quality assurance. These include Ministry of Agriculture and Rural Development (MARD), provincial Department of Agriculture and Rural Development (DARD), the extension system at all levels, Department of Industry and Trade (DoIT) etc.
- Input suppliers and service providers: suppliers of production inputs such as fertilizers, seedlings, pesticides, packaging; or providers of other support services such as certification, technical consulting, logistics, marketing and distribution, etc.
- Research institutions such as NOMAFSI, Post-Harvest and Processing Institute; NTFPRC; VIMAMES; Thai Nguyen University.
- Associations including sector associations (e.g. Cardamom Association), government trade promotion agencies such as VITAS, VietTrade.
- Mass organisations such as the Vietnam Women Union, Farmers Association and others at all levels.

3.2.3.3 Rules and Regulations

A number of supporting policies are in place that aim at specific targets such as (i) to increase value of agricultural and aquatic production by 5.4-6% per year; (ii) increase total production value per hectare of cultivated land per year to VND 80 million; (iii) prioritise key agriculture products such as safe vegetables, tea, temperate fruit trees, medicinal plants, cinnamon, specialty rice and chili, livestock, flowers and cold water fish; (v) focus on product quality development by application of VietGAP, Organic and GACP certification; (vi) strengthen the linkage between agriculture production and processing, labelling, and branding. In addition, there are also policies that promote innovative solutions toward sustainable production, more efficient use of available land resource and higher value agriculture production. There is shift from providing direct support to farmers (for basic inputs such as seedlings or fertilizer) to supporting cooperatives and companies working with farmer/producer groups (with more focus on value chain development, quality management, post-harvest processing, product branding, capacity and marketing skills). This shift in policy focus is in line with the MSD approach and thus very relevant for Aus4Equality|GREAT.

At the community and market level, informal rules and regulations are predominant, such as in the case of the community-based cardamom management agreement, or cross-border trade practices established and agreed among Chinese and Lao Cai traders. Therefore, in the context of the informal trade (border trade), and market development at the community level or operation of the collective group (farmer group) of cooperatives, the informal rules or regulations often applicable and more effective than the formal rule/regulation set by government. Key reasons could be (i) Informal rule and regulations are set based on the participatory approach which ensure democratic voice and balance power from different agreed participants (ii) These rule/regulations are more flexible and adaptable to the changes of the community and market context.

3.3 Tourism Sector: Overview and Selection of Potential Products and Services

3.3.1 Tourism Sector Overview

Lao Cai is a major tourist destination in the Northern region of Vietnam. According to the statistics of Lao Cai Department of Culture Sport and Tourism (DoCST), the sector contributes to 14% of the provincial gross regional domestic products (GRDP) (2016); the total revenue from tourism in 2017 is VND 9.443 billion, a 46% increase over the previous year. Over the past 3 years the market growth rates were between 26-36% and Lao Cai received 3,503,904 visitors in 2017, 80% were domestic travellers and the rest were international tourists. Among the target districts, Sa Pa is considered a main tourism hub accounting for nearly 50% of tourists to Lao Cai, followed by Bac Ha with 8.5%. Very few visitors came to other districts including Bat Xat, Muong Khuong and Van Ban where roads and other tourism facilities are less developed and invested.

According to the data of the provincial Statistical Office, the informal sector (household level) contributes between 78-76% of tourism revenue in accommodation and catering services, indicating that tourism has great potential as an important livelihood for local people and for ethnic minority groups. Furthermore, private sector investment is expected to increase significantly in coming years. In 2017 with 96 new classified accommodation establishments, the total number of accommodation facilities in Lao Cai has increased to 961 with 11,900 rooms. Some big hotels were constructed and put into operation, for example five-star Accor Hotel, five-star Silk Path Hotel and Resort, five-star Indochina Pao's, three-star Sapa Sunrise Hotel, and Sa Pa Highland Resort. In addition, there are major projects being invested such as Cat Cat Resort; Five-star Ecotourism in Ta Phin; the Project on Ecotourism in the Valley of "đôi con gái" in Sa Pa town, Sa Pa district; Vietnam – Japan Ecotourism Destination, and Ecotourism Destination in Flower Valley of Thai Giang Pho – Bac Ha. It is estimated that the sector creates 5,100 direct and 3,400 indirect jobs. Presently in target districts, there are approximately 40-50 women-owned businesses in accommodation and catering services in major destinations and 189 homestays which are co-managed by women.

3.3.1.1 Key drivers for sector growth

The following factors are key drivers of sector growth in Lao Cai:

Rich and attractive cultural and natural assets: The diverse cultural identities (25 ethnic minority groups) with colourful traditional costumes of various ethnic minority groups, combined with the stunning rice terraces and mountainous landscape Mount Fansipan named the Roof of Indochinese at the height of 3142m and cool climate, are unique attractions that bring tourists to Sa Pa and other destinations in Lao Cai.

Significant improvements in accessibility: The recent improvements in major infrastructure projects such as the Hanoi - Lao Cai Express Way (2014), Fansipan Legends Cable (2016), and new 3-5 stars hotels have made it easier and more convenient for visitors to reach (previously a 9-12 hour bus or train journey), stay and explore the area, which promoted fast growth of the tourism sector, especially in Sa Pa district.

A number of policies to support growth: The provincial government has proactively issued a number of policy measures, programs and plans to promote the tourism sector, including develop and implement the Masterplan for Tourism (including Lao Cai Tourism Masterplan and Sapa National Tourism Masterplan), Project 03_DA / TU Lao Cai on tourism development period 2016- 2020 and the action plan N148-CTr/TU dated 28/07/2017 to implement the "Resolution N08 – NQ/TW" dated 16/01/2017 to develop tourism as vital economic sector. Accordingly, there are component projects on: i) CBT links with New Rural Development in Lao Cai, ii) tourism service and product development, iii) infrastructure

development for tourism, iv) improving state management of tourism, v) human resource development, vi) tourism information and promotion, vii) developing traditional handicrafts linked to tourism. The province has developed policies to attract tourism investment and encourage local communities to provide tourism services to visitors, including the establishment of Tourism Development Fund in 2016, which includes incentives for private sector investment such as exemptions or reduction in business revenue tax. As a result, the province attracted sizable investments from international and domestic companies, mainly in Sa Pa.

3.3.1.2 *Main challenges on inclusive sector performance*

However, there are a number of constraints as well which include:

Limited capacity in terms of human resources: The tourism sector is labour intensive and is currently under resourced in terms of quantity and quality, and far below the current and future demand. This is a significant constraint that undermines the quality of services and thus competitiveness. Tourism businesses must compete for local labour for simple to higher skilled jobs. According 3-star hotel managers, the longest employment duration is 2 years and the staff turnover rate is 40-50%. District level government staff have limited capacity for providing guidance to stakeholders on inclusive tourism development.

Poor access to potential CBT areas: Long travel time and poor road conditions limit access to potential tourist attractions in Muong Khuong, Liem Phu (Van Ban), and Bat Xat.

The hawkers of some tourist destinations: although local authorities have offered some solutions to the problem of street vendors in some villages and tourist spots in Sapa (propaganda and awareness raising for street vendors and the community, to build brocade market in Ta Phin village and sell souvenirs in Sapa town for street vendors), however, the situation of street vendors continues to occur, causing inconvenience to visitors when they come for visiting Sapa and other villages.

Maintaining cultural diversity and natural assets for sustainable community benefits: Tourism growth boosts local community economies but also brings unintended negative effects on natural tourism assets if not managed properly. Expansion of large scale investment and tourism facilities concentrated in one place and shifting from community-based tourism to mass tourism, results in narrowing down the space for ethnic groups' traditional culture and lifestyle (e.g. in Sa Pa). Businesses that are crowding in to benefit from the tourist boom and maximise their returns, tend to replicate service models from other areas leading to changes in local architectural features, village landscapes, importing modern lifestyles in traditional communities such as Ta Van, and potentially Bac Ha, and Y Ty. Solid waste management in overcrowded tourist attraction areas is also a critical issue. The attraction of current and potential tourism villages is at risk of disappearing in the medium and long term, resulting in fewer tourism related economic opportunities for local communities.

Other challenges for the inclusive growth will be further analysed in section 3.3 on market systems.

3.3.2 Selection of Services for Program Interventions

Three products and services have been selected for priority interventions including employment in the hospitality industry, community-based tourism services and traditional handicrafts, based on the below selection process (Figure 4) and information about selected products are provided in Table 4 below.

Figure 4: Selection process of potential products for tourism sector

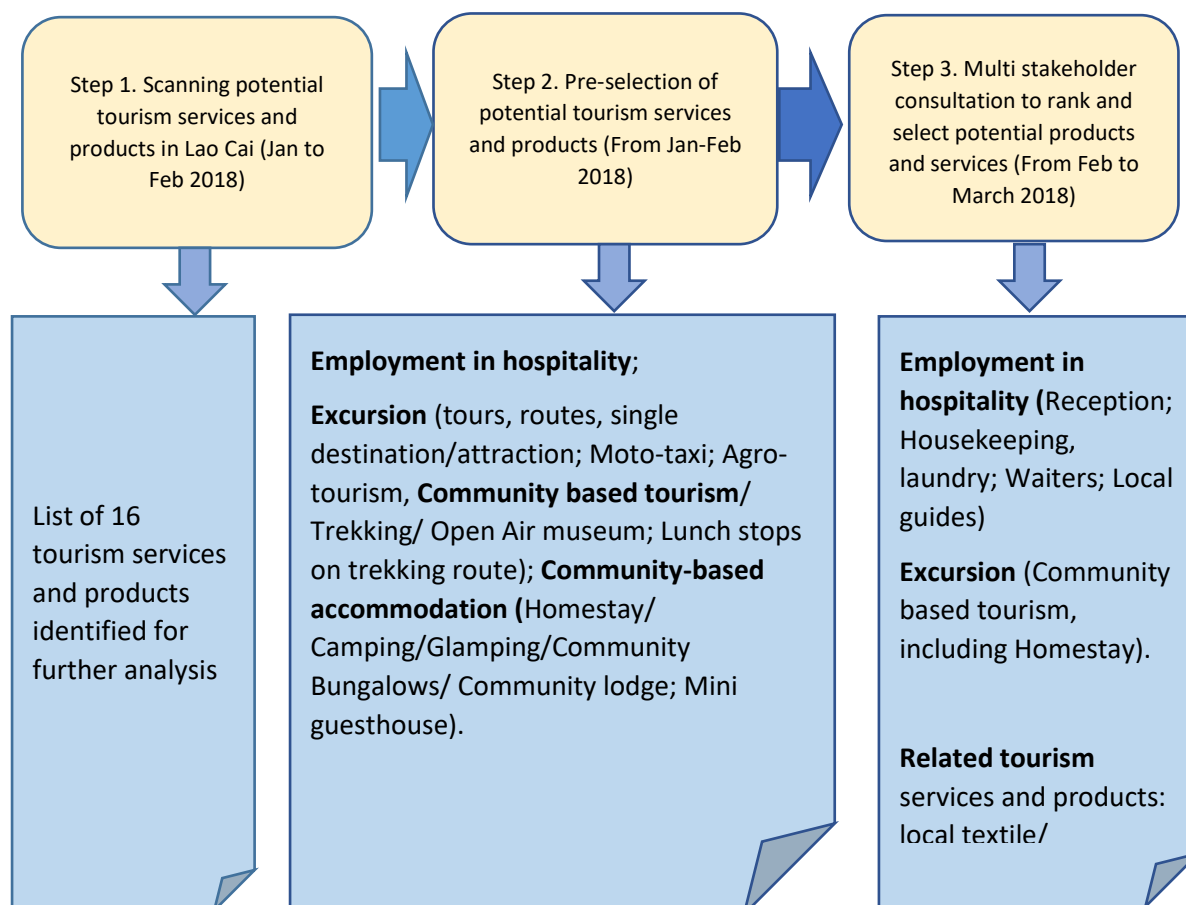


Table 4: Three tourism services selected in Lao Cai

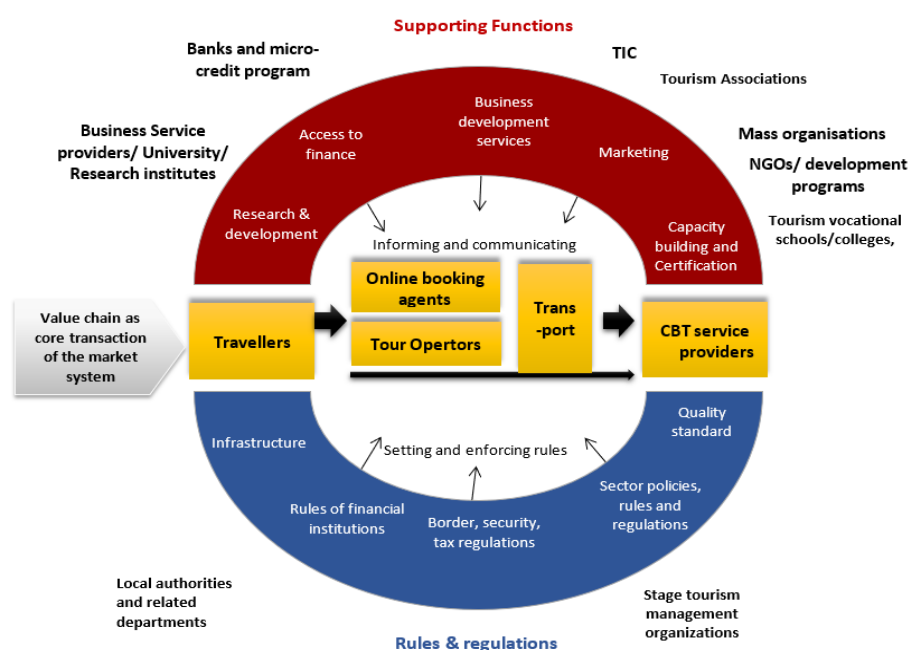
Products and services	Potential area	Expected beneficiary households	Ethnic group	Market potential	Private partners	Opportunities for women	GREAT's intervention potential
CBT	Sa Pa, Bat Xat, Bac Ha, Van Ban	400	Dao, Mông, Dáy, Hà Nhi, Tày, Nùng...	High	Few	High	Good
Employment in hospitality, tourism	Sa Pa, Bac Ha	1200	Dao, Mông, Dáy, Tày, Nùng...	High	Few	High	Good

Handicraft	Bat Xat, Sa Pa	300	Dao, Mông, Hà Nhi	Medium	Few	High	Medium
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3.3.3 Market Systems of the Selected Services

This section provides analysis on the market system of the three selected tourism services (sub-sectors), focusing on WEE opportunities, barriers, and obstacles. There are three pillars in the tourism market system, including the core market functions and actors, supporting functions, and rules and regulations (see Figure 5 below).

Figure 5: Market Systems of the Tourism Sector in Lao Cai



The baseline survey has identified key bottlenecks in the province's tourism market systems:

- i. Lack of access to finance, knowledge and skills to develop and deliver diverse and quality agri-tourism and CBT products.
- ii. Lack of business knowledge and skills to market CBT services and attract tourists directly, to market handicrafts and to adapt traditional handicrafts into high value products for tourists.
- iii. Weak links between local household-based CBT and tour operators; (v) shortage of skilled labour supply in the hospitality sub-sector.
- iv. Limited interest from tour operators in investing in CBT facilities. In addition, ethnic minority women face significant traditional social barriers to participate in the labour market in the hospitality sector (as discussed in Section 3.1).

3.3.3.1 Core market function and actors

Three selected tourism services are quite different in terms of core market functions. In particular:

- The CBT value chain consists of 3 stages: sourcing tourists, transportation to destinations, service provision at CBT. Tour operators play an important role in developing and promoting products and sourcing tourists but are less interested in

investing in developing or upgrading CBT facilities or providing technical capacity support to local households, due to lack of clear incentives such as return on their business investment. Local tour guides play an essential role in advising tourists on the CBT services. Local households operating CBT services rely heavily on tour operators and tour guides on the sourcing customers. There was an effort to establish public private partnership (PPP) for CBT development in Sa Pa with limited results due to inadequate partnership mechanisms to link investments to market systems.

- In the employment in the hospitality value chain, there are two stages: staff recruitment and delivering services. In this value chain, business owners are responsible for training new staff as there are limited options for hospitality skills training designed for local people, especially ethnic minority women. Some large (3-5 star) hotels organise in-house training courses for their new staff. Employers, particularly hotel owners have to compete to attract and retain experienced staff. Local people especially ethnic minority women have limited access to information on hospitality labour market opportunities, as well as limited experience, training and education to apply for these higher paid waged jobs.
- In the handicraft value chain, there are three stages: production, collection and distribution. Most women involved in production are also selling their products directly to tourists. They lack skills in business and production of modern and high end products for tourists. There have been some successful inclusive business models in which women producers are supported by handicraft companies in terms of product design, marketing and distribution.

3.3.3.2 Key supporting functions and stakeholders

Supporting functions

Some key supporting functions for selected tourism services have been identified below:

Marketing services

A number of online booking agents such as *chudu.com*, *vietnamhomestay*, *booking.com*, *Agoda* have provided significant support to local tourism market development. Tourism Information Centres in major destinations like Sapa and Bac Ha and tourism Apps also promote CBT and local destinations. However, local household-run CBT initiatives are not able to make use of these marketing services effectively due to their lack of business skills, as well as Vietnamese and English language.

Tourism Skill development

In Lao Cai, there are 2 public training colleges/schools including Lao Cai Community College and Lao Cai Vocational College providing short and long-term training courses to local students on tourist service management, and hospitality skills and tour guide skills. However, the quality of the training does not meet the expectation of businesses and employers. Students are not equipped with practical skills, consequently tourism businesses usually have to re-train their new employees, using experienced staff or sub-contact trainers from vocational training schools in Hanoi to deliver the trainings. The public vocational schools currently do not offer training on CBT operation, only NGOs and development programs currently offer short-term training courses on practical CBT for local villagers. There are two enterprises that offer tourism skills trainings in Lao Cai: one successful example is Sa Pa Ochau, a social enterprise that provides training in language (English) and soft skills

development for ethnic minority youth. Most trainees find jobs after finishing the course and the feedback from their employers is positive. Sa Pa Ochau would like to upscale this model to increase job access for local ethnic people.

Infrastructure

Poor accessibility to potential CBT areas is a major constraint. The roads to and at some potential tourism sites are in poor condition, particularly in Muong Khuong, Liem Phu (Van Ban), Bat Xat. Long travel time on poor roads is the obstacle for a number of communities, which could offer potential tourist attractions.

Access to finance

VBARD is major source of finance in Lao Cai, providing loans to households and companies. The loan size for household borrowers is up to 50 million VND. VBSP also offers loans for poor and near poor households to develop CBT. In Bac Ha and Bat Xat districts, through partnership between VBSP and Women's Union, members of VWU can access loans of 30 million for investment in homestay business (under the Women Start-up Fund) with a subsidised interest rate of 5% per year. However current loan size is not sufficient to invest in upgrading or building new homestay facilities. Many local households have limited access to loans from commercial banks or VBSP due to collateral requirements. The People's Credit Fund also provides loans for household investment in homestays, but the coverage is more limited than VBARD or VBSP.

Supporting stakeholders

- Lao Cai Tourism Association, Sa Pa Tourism Association: They represent the interests of local tourism businesses, to address common issues such as capacity building, product and service development, promotion and marketing, networking. The actual contributions of these associations in CBT development is limited by lack of financial resources.
- Mass organisations, in particular the VWU can provide support related to access to finance, links to enabling environment, gender transformation and WEE.
- NGOs: There are several NGOs working in the development of CBT and traditional handicraft skills, such as CSIP who, through funding from Bread for the World and in collaboration with the Provincial Women's Union, is providing support for women to develop skills in business and handicraft production in Sapa and Bac Ha districts. This organisation is also working with the Provincial Vocational Training School to develop training curriculum on CBT skill development for women.
- The Tourism Information Center: is a government agency that supports the promotion of the Lao Cai tourism sector. The Center organises short-term training courses on CBT, homestay operation skills, and on-site tour guide skills for local communities.
- Department of Labour Invalided and Social Affair organized training courses for women involved in tourism services.

3.3.3.3 Rules and Regulations

Several policies have been issued to promote tourism development, including CBT which has been identified as a high priority for poverty reduction and sustainable development. The Provincial authority has allocated financial resources to develop CBT and provides tax incentives for CBT service providers to encourage local participation in CBT development. Other policies to attract private sector investment in large scale tourism have also been developed and implemented.

Several villages located in the border areas have huge potential for community-based tourism development however the current requirement for international tourists to obtain travel permits to visit and stay overnight in these areas is a bottleneck to further development. Getting the permit is time consuming, costly, with uncertain outcomes. As a result, these areas receive few international visitors, and tour operators are not incentivised to invest in developing and promoting these sites.

The requirement for tour guides to be officially certified is an obstacle for current female ethnic minority “informal” tour guides. The Tourism Law 2018 simplifies conditions for licensing on-site tour guides enabling interested ethnic minority people particularly women to work as guides within a specific tourism site in one district. However, to guide visitors from one district to another within the province, they need to obtain a national tour guide license (for guiding Vietnamese tourists) and an international tour guide license (for guiding international tourists). Given the current low level of education, they are not able to attend of training programmes necessary to get the licenses.

Quality standards

The Vietnam National Administration of Tourism Associations (VNAT) has developed quality standards for homestays based on ASEAN standards and in line with the Vietnam tourism context. It divides homestay in two categories, including traditional/simple homestay, and high-quality eco-friendly homestays. The quality standards for CBT have not been applied yet in Lao Cai.

3.4 Enabling Environment

3.4.1 Policies and Programs the Central Level

3.4.1.1 Two National Target Programs

Vietnam has had a number of strategies, programs, and policies with a focus on ethnic minority development. The most relevant central-level initiatives for the Program to support are the two National Target Programs (NTP) on Sustainable Poverty Reduction (SPR) and on New Rural Development (NRD) for 2016-2020. These are the on-going NTPs among a series of 16 NTPs in effect prior to 2015, which have since been mainstreamed into the mandate of the GoV agencies. As the designated national programs for poverty reduction and rural development, both NTPs are designed based on the principles of decentralisation, participation, and social inclusion for gender and ethnic minority groups. Operationalising these principles in practice has proven to be challenging. Our consultations confirm that while these principles are embraced by all stakeholders, there is a need for specific and practical mechanisms and guidelines in order to translate these principles into concrete outcomes. In the absence of non-negotiable rules to ensure gender equality and social inclusion for women and ethnic minority groups, there have not been many changes in the organisation and implementation of these two NTPs in this phase, compared to the previous phase.

There are opportunities for the Program to advocate for effective mechanisms to enhance participation of and benefits for ethnic minority women in the implementation of the NTPs in Lao Cai (and to replicate in other provinces). These opportunities were discussed in consultation with relevant GoV agencies at both national and provincial level, as well as with development partners (see 4.3 for more information).

Decision 1898/QĐ-TTg 2017 on Gender Equity in Ethnic Minority Areas

In addition to the two NTPs, the National Strategy on Gender Equity 2011-2020 lays out the objectives and strategy towards achieving gender equity in Vietnam by 2020. The Ministry of Labour, War Invalids, and Social Affairs (MoLISA) further promulgated the National Action Plan 2016-2020 to accelerate the implementation of this Strategy. Most recently (and most relevant to the Program), the Prime Minister enacted Decision 1898 on Gender Equity in the Ethnic Minority Areas for 2018-2025.

All of the targets of the Decision 1898 are highly relevant to Aus4Equality|GREAT, they include: 100% GoV staff responsible for ethnic minority affairs, and 50% of the GoV officials responsible for gender equity should be trained on different approaches for gender equality and women's empowerment; 100% boarding schools for ethnic minority groups should receive gender equality and empowerment awareness campaigns, and between 30-50% of the communes in Ethnic minority areas implement various types models for women's empowerment. The Central Committee for Ethnic Minorities (CEMA) and its provincial PCEMs are mandated by the Prime Minister to develop action plans for implementation of this Decision, and Aus4Equality|GREAT has a lot to contribute to the gender equality continuum in target areas through our interventions at all levels. The Program will seek opportunities to partner with CEMA and PCEM in Lao Cai.

Policy Initiatives to Promote Business Development and Start-ups for women

There have been several recent initiatives to support business development, including start-ups for women and ethnic minority groups. The term 'start-up' is now used in most of the policy dialogue on private sector development and future economic growth of Vietnam in the "4.0 era"⁵. The recent Decision 939/QĐ-TTg dated 30/06/2017 of the Prime Minister on the Start-up Plan for Women 2017-2025 includes key targets for starting-up and supporting women-led enterprises, including (i) support for 20 thousand start-ups by women; (ii) assisting 1,200 cooperatives managed by women; (iii) providing access to business development services for 100,000 women-led and newly established enterprises; (iv) 90% of the Vietnam Women Union (VWU) are trained and equipped with knowledge and approaches to support start-ups and women-led enterprises; 70% of the VWU members participate in awareness raising activities on start-ups. The CEMA Minister has established a Task Force on Start-ups in ethnic minority areas (under Decision 569/2016/QĐ-UBND), which is mandated to advise the CEMA Minister on the development of policies for promoting start-up in Ethnic minority areas and coordination with other stakeholders to advocate for start-ups in Ethnic minority groups.

The two decisions reflect the priority of the Government, especially of VWU for ethnic minority women start-ups, and of CEMA for start-ups in ethnic minority areas. This policy priority is highly relevant to the Program's objectives. Therefore, the Program will strengthen its cooperation with Lao Cai PCEM and WU to support the establishment and growth of ethnic minority women's start-ups.

3.4.2 Policies and Programs at Provincial Level

Just like other North-Western provinces, Lao Cai has relied on the centrally allocated budget to implement NTPs and the province's socio-economic development goals. Poverty reduction

⁵ 4.0 era refers to Vietnam's high tech, ICT application to economic growth.

in the province has also been supported by additional resources from development partners (see below). In addition, there are many agriculture and tourism initiatives approved by Provincial People's Council or Provincial People's Committee.

In agriculture, the province's agriculture restructuring project is perhaps one of the inclusive policies for the sector development. One core focus of the agriculture restructuring is to promote market-linked production and to engage farmers including the poor and ethnic minority groups in market systems (in addition to high tech agriculture, and climate change adaptation).

In tourism sector, Lao Cai has initiatives to support tourism sector development (notably for Sa Pa). With respect to CBT, there are provincial policies to support the development of homestays and other related services. While some support is available, management of overall CBT development is becoming a challenge as the most attractive locations for CBT in the two provinces show signs of overload and benefits are not evenly shared within the communities. In the villages where CBT is particularly "overloaded", CBT is less inclusive of the poor and ethnic minority women.

There is one important finding regarding provincial initiatives in the two sectors i.e. despite a large number of policies and plans available on agriculture and tourism development (as well as poverty reduction, socio-economic development in ethnic minority areas), the implementation is usually under-resourced and hence the actual coverage and impact is limited.

Another important feature of the provincial policy framework is the cooperation and proactive approach to private sector engagement. Consultation results with provincial stakeholders indicate strong interest from the provincial leaders and line departments in attracting private sector investment, especially from large corporations (e.g. Vin Group and Sun Group) and foreign direct investment (FDI). Regarding agriculture, Lao Cai has issued Resolution No. NQ85/2016 of the People's Council and the Decision QD143/2016 of the People's Committee on incentives for agricultural production, and agricultural and rural investment.

3.4.3 Projects Supported by Development Partners

Engagement of development partners (DPs) and NGOs in the province has been decreasing in recent years due to Vietnam becoming a middle-income country (MIC). At the time of writing this PES, the most significant project is the World Bank supported Northern Mountains Poverty Reduction Project Phase 2 (NMPRP2), which is now in the final year of the Additional Financing phase. Following a community-driven development (CDD) approach, NMPRP2 has supported women in its livelihood subcomponents and established a large number of common interest groups (CIGs). The Lao Cai Happiness Program funded by KOICA implemented in four districts of Lao Cai (three of which are GREAT's target areas: Muong Khuong, Bac Ha and Sa Pa) ended in February 2018.

Notably, there is the DFAT-supported WEAVE Project whose implementing partners are Oxfam, CARE and SNV in Lao Cai and Bac Kan. WEAVE applies similar approach to Aus4Equality|GREAT's approach, and to some extent, WEAVE is a pilot model for Aus4Equality|GREAT. Implemented since 2016, WEAVE is supporting selected agriculture value chains in Lao Cai, as well as gender transformative initiatives at the community level and promoting an enabling environment (policies, institutions). The GREAT Program will

cooperate with WEAVE in supporting the development of the province's agricultural sector as well as gender transformation processes.

In addition, there are ACIAR's small-scale technical assistance projects for cultivation of temperate fruits in Bac Ha and Sa Pa districts. These fruits are also among GREAT's group of selected agriculture products as presented in section 3.3 above. Hence, the Program could cooperate with ACIAR in order to make full use of ACIAR's experience and partnership relationship gained during its project implementation.

There are also a number of INGO projects that adopted Markets for the Poor (M4P) or Market Systems Development (MSD) approaches, such as SNV's Spice Value Chain Project (focusing on cardamom, cinnamon, anise star), SNV's Program on CBT development and sustainable tourism for the poor, Helvetas' value chain projects on tea and other products. Such projects ended in recent years, yet their lessons and experience in market development, engaging the poor and ethnic minority households in market opportunities are useful for this Program.

4 Aus4Equality|GREAT Intervention Strategies

4.1 Intervention Strategies in the Agriculture Sector

4.1.1 Key Indicators

Table 5: Key Indicators for Program interventions in the Lao Cai Agriculture Sector

<p>Key indicators: Over 4 years, Aus4Equality GREAT aims to impact the lives of 10 per cent of the total adult female population in Lao Cai. More specifically it will:</p> <ul style="list-style-type: none"> • Improve the incomes of 12,800 households (equal to 19,200⁶ working aged women) and small entrepreneurs across Lao Cai; increase women-led and co-managed enterprises by 15%. • Contribute to the creation of 300 full time equivalent positions for women in fulfilling and safe formal waged employment; and 200 part-time jobs. • Leverage over 2.8 Million AUD (matching 49%) in private sector investment for business opportunities that are profitable, sustainable and inclusive in agriculture and tourism.
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Table 6: Projected Number of Households Reached by the Program in Lao Cai the Agriculture Sector

Sub-sectors	# of HHs who will benefit by types of partnership			Opportunity for Women	Opportunity for interventions
	Total	IB business partners	Other partners		
Product group 1	10800	7600	3200		
Tea	5000	3000	2000	High	High
Cinnamon	3000	2000	1000	High	High
Vegetable	600	400	200	High	High
Specialty rice	600	600		Medium	High
Fruits	400	400		Medium	High
Chilly	500	500		Medium	High
Benzoin	500	500		Medium	High
Medicinal plants	200	200		Medium	Medium
Product group 2	1000		1000	Medium-high	Medium
Product group 3	1000		1000	Medium-high	Medium
Total HHs	12800⁷	7600	5200		

Source: estimated from statistics and other sources provided by relevant stakeholders.

⁶ Baseline survey shows that the average number of working age women per family is 1.5 in 5 surveyed communes, thus total women reached will be 12,800 x 1.5 = 19,200.

4.1.2 Opportunities and Constraints for the Selected Products

4.1.2.1 Tea Products

Opportunities

Market opportunities for upland tea in Lao Cai are:

- High value domestic market segment to serve increasing domestic demand for local speciality teas. The concept of tea marketing is to be expanded to cover not only selling tea as a product but also selling other values associated with local tea products, such as local ethnic minority culture and traditions, to Vietnamese buyers.
- High value market segment in Europe or other developed countries: production certified by accepted standards and networking with right partners can help to achieve sale premium.
- Improve productivity of commercial tea farmers to meet the increasing demand from specific buyers of local tea company.

Constraints for participation of women

There are no major constraints for ethnic minority women to engage in the market system for tea. Most activities at different stages of the tea value chain are already dominated by ethnic minority women, such as seedling, cultivation, harvesting, delivery of harvested tea leaves, and processing in factories. As with many other crops, the tradition of subsistence-based production requires a shift in skills and mind set to switch to commercial production methods, particularly in remote communities with limited access to roads and markets.

Focus for Aus4Equality|GREAT interventions

These market opportunities will engage more ethnic minority women in the tea sub-sector. The value added that Aus4Equality|GREAT will bring to the sub-sector:

- Improve productivity of tea in Muong Khuong toward VietGAP and FairTrade production practice for medium and high-quality tea export market such as Pakistan, Middle-East and EU countries. Current yield is about 7 tons/ha. Compared with the yield of more than 10 tons/ha in similar cultivation conditions, for example, in Lai Chau, the yield of Muong Khuong tea can be further enhanced. If three additional tons are produced, this will increase income by about VND 10 million per ha;
- There is substantial potential for improving productivity in Bac Ha, where the current yield is less than 1 ton/ha. Increasing plantation density and technical skills can raise the yield to 3 tons/ha, equivalent to increased income of nearly VND 10m per ha;
- Ethnic minority Women will be paid a 10-20% premium if they participate in the Ban Lien factory organic certified production⁸. The expansion of this supply base for the Ban Lien factory will increase ethnic minority women's participation in this organic value chain, for new producers in Ban Lien, added income will be VND 5-7 million/ha. The Ban Lien organic tea factory mainly sourcing tea from Ban Lien which currently has 500 ha of tea with organic certified tea while inorganic tea from Bat Xat and Muong Khuong is being supplied to Bat Xat and Muong Khuong tea factories.

It is estimated that over 5000 ethnic minority women will benefit from interventions in tea sub-sector in Muong Khuong and Bac Ha and possibly in Bat Xat (of which about 1,000 women produce organic tea in Bac Ha).

⁸ The Ban Lien has secured fairly good position in European market. Its current supply base from Ban Lien commune is not enough to meet with the orders from its customers.

4.1.2.2 Cassia Cinnamon

Opportunities

The market opportunities for cinnamon products are strongly related to export activities, as cinnamon production is concentrated only in a few countries and the consumption of cinnamon is spread out all over the world. Total global import of cinnamon in 2016 is nearly 160,000 tons. This demand is met by supply from cinnamon producing countries, including Vietnam who exported 30,000 tons in 2016 (or 20% of the international market). Vietnam's new cinnamon plantation coverage has been increasing recently. At least 20,000 ha of new plantation have been cultivated in Lao Cai and Yen Bai, and cinnamon supply is anticipated to grow to 60 thousand tons in the next 4-5 years. There is an opportunity for Aus4Equality|GREAT interventions to leverage this production expansion, by focusing on improving technical capacity to process and market products at higher value. The on-going WEAVE support cinnamon value chain project is focusing mainly in Nam Det communes of the Bac Ha district which has about 500 cinnamon producers. Its's intervention in cinnamon value chain cover (i) capacity building for women cinnamon production group on cinnamon production and gender transformation following GALs tools; (ii) Market development and (iii) Policies dialogue;

Constraints for participation of Women

Overall, women play an equal role to men in cinnamon production at farm level. However, there are some slight differences by products (leaves, bark, wood, and seed). Ethnic minority women tend to be more active in upstream activities – plantation, cultivation, and harvesting, and less visible in downstream activities which require more interaction with outsiders – processing, sales, and transportation. In the supply chain, women are more dominant in seed collection. Constraints for their engagement are in some downstream activities such as processing, and marketing. In the target districts, it seems that these constraints are linked to lack of Kinh language proficiency, limited access to market information, and lack of mobility relative to men.

Focus for Aus4Equality|GREAT interventions

Increasing women's involvement in cinnamon is based on the market opportunity for higher value products, which can introduce processing activities at farm level. Expansion of the supply base is not recommended. Instead, interventions should promote processing techniques for certified organic cinnamon. This will help producers earn 10-15% premium on farm-gate price. In addition, improvement in processing capacity would enhance competitiveness of the cinnamon products in internal markets.

Given these potential interventions, it is anticipated that the Program could reach approximately 3,000 beneficiaries in this sub-sector (especially the segment of organic cinnamon production).

4.1.2.3 'Safe' Vegetables

Opportunities

Consumption of vegetables in Vietnam had been continuously increasing for many years. The share of vegetable consumption is about 13% of the average household's income in urban areas. Average households in cities like Ha Noi or Ho Chi Minh City spend around VND 110 thousand per month on vegetables (equivalent to 12kg). The market opportunities for vegetables include:

- Sa Pa, with favourable weather conditions, can supply counter-seasonal vegetables from May to October to meet the demand from Hanoi, as well as from provinces in the Red River Delta (RRD) region for vegetables that are not locally available in the summer time.
- There is rising demand for vegetables that meet certified food safety standards. VietGap or organic vegetables are being sold at various outlets in Hanoi and elsewhere, but the supply cannot meet the demand. For instance, in Hanoi consumption of vegetables is estimated at about one million tons, but total supply from local safe vegetables cultivation area is only equivalent to 150,000 tons (source: Crop production department of MARD, 2016).

Constraints for participation of Women

Markets for 'safe' vegetables are mainly in supermarkets or outlets specialising in 'safe' foods. To supply these distribution channels, farmers must be organised in cooperatives or supplying through companies or agents that are linked to supermarkets or food outlet chains. Some existing initiatives such as those supported by ACIAR have established these links. However, examples of proven business cases where vegetables are supplied by women and distributed by cooperatives or companies to modern trade outlets are limited. Experience from two successful vegetable cooperatives, one in Son La and one Lao Cai, suggests that access to supermarket supply chains is challenging (it took 5 years for the cooperatives, which include 50 households producing between 3-5 tons per day, to enter the supply chains) but the Program can learn from this experience and fast track market access.

The most significant challenge for engaging women in the safe vegetables market is to a) organise them into producer groups, and b) promote partnerships between producer groups and companies in the supermarket supply chains. It is expected that such partnership would take time to build up and hence it would be not realistic to target more than around 600 producers over the next 4 years.

In addition, ability to meet technical requirements for producing safe vegetables (e.g. according to quality standards such as VietGAP or "organic") as well as to provide stable supply in terms of quality and volume could be a constraint for women to engage in this market. This requires technical skills, improvements in awareness of standards, and discipline to meet market requirements.

Focus for Aus4Equality|GREAT interventions

women should be integrated in interventions that support certified safe vegetable value chains, including counter-seasonal vegetables, such as cabbages, chayote, Mong mustard green, and broccoli. The economic added value for women will be generated through:

- There is a 10% price premium for certified safe products in supermarkets and convenience stores. For instance, Mong cabbage can be sold at VND 6,000/kg to supermarket chains but the prices to local collectors are 5,000 VND/kg. As a result, total premium at farm level can be between 20 – 30 million VND/ha.
- Additional income (50 – 70 million per hectare in a year) from vegetable sale for producers transitioning from subsistence to commercial production.
- Technical training for producers to increase productivity of vegetable production. Value added from productivity growth depends on increased technical capacity as well as productive investments.

It is estimated that the Program could reach up to 600 women in the safe vegetable sub-sector, 1000 from Sa Pa and 500 from Bac Ha. This could be achieved by expanding the supply base of the existing cooperatives, increasing productivity and quality, and promoting partnership between new producer groups and companies linked to the supermarket supply chain.

4.1.2.4 Temperate and Tropical Fruits

Opportunities

Average fruit consumption in Vietnam is estimated between 70 – 90 kg per capita per year, which is similar to neighbouring countries. Domestic demand is likely to be stable in the coming years. In Lao Cai, plum and pear are considered a local specialty and are in high demand in the domestic market. This is reflected by strong demand for both products from local and provincial traders, and by higher prices compared to other locations. But the supply remains limited relative to demand. Farmers in Bac Ha produce around 4,000 tons per year on 500ha, which does not meet the domestic market demand.

Constraints for participation of Women

Ethnic Women's engagement in fruit market starts at the production stages, and extends to trade and marketing, where men dominate. The biggest constraint for engaging more producers in the sub-sector is market price volatility. At times prices have dropped to levels that make the production no longer profitable. Imported (and usually low cost) fruits from China adds further pressure on prices. Plums imported from China are often marketed as local plums by traders; many buyers have mistaken China plums as ones from Sa Pa. The Plant Division of DARD estimates the volume of plums from China is nearly 10,000 tons. Therefore, engaging in this sub-sector would only be possible if there are private sector partners with links to distributions channels, including supermarket supply chains, who can differentiate their products from other fruits produced elsewhere including those imported from China.

Focus for Aus4Equality|GREAT interventions

The Program does not recommend expanding the plantation area as it might reduce the scarcity and specialty value. Instead, the focus should be on enhancing production techniques and practices to enrich quality and mitigate weather risk as well as increase yield. In addition, investment in branding and proof of origin is important to differentiate the products from those produced in elsewhere.

It is estimated that the Program will reach between 400 producers in this sub-sector as direct beneficiaries.

4.1.2.5 Specialty Rice and Chili

Opportunities

As with plum and pear, chili and Seng Cu rice from Lao Cai are seen as local specialties for many domestic consumers. These products are usually under-supplied though growing rapidly. For example, the Hoa Loi cooperative increased production of chili sauce from 100 tons of in 2015 to around 400 tons in 2017; while the Tien Phong rice cooperative doubled sales over the past two years. There are considerable opportunities to increase ethnic minority women's income. The price of Seng Cu rice is usually double compared to the average rice prices in the local market; and there is room for improvement in yield from the current level of 5 tons/year to 6 tons/year. This would result in incremental income from Seng Cu rice of VND 10 million/ha. It is estimated that the average chili yield could increase from current level of 7 tons/ha to around 10 tons/ha if some improved practices in plant maintenance are applied. This would translate to an incremental income of around VND 30 million/ha.

Constraints for participation of women

There are no specific constraints for women's engagement in these two crops.

Focus for Aus4Equality|GREAT interventions

For these two products, interventions should focus on (i) provision of technical training to farmers to improve quality and productivity; (ii) support to seed productions to ensure high quality seeds; (iii) promotion of partnership between producer groups and private sector partners; and (iv) support a branding strategy for these specialty products.

The Program could reach to approximately 1100 women, including 600 in Seng Cu rice and 500 in chili production.

4.1.2.6 Benzoin

Opportunities

Benzoin – produced from *Styrax Tonkinensis* trees – is a new product and thus market awareness about this product is still limited. The Duc Phu company is the pioneer market actor who established the link with Mane, an international cosmetic manufacturer, for this product. Supply capacity of benzoin is at an early stage but the potential for expansion is significant. One *Styrax Tonkinensis* tree can produce between 0.3 to 2kg of benzoin gum, depending on age of the tree (trees between 3-5 year produce the least of 0.3kg while trees with more than 8 years could produce up to 2kg. With the purchase price of grade 1 products is 350,000 VND / kg and grade 2 is 250,000 VND / kg, for each hectare of styrax farming, farmer can earn an income of 75 - 90 million / ha / year (beside income from selling wood) for the production cycle of 7-10 years. If the business cycle is 15 years or more, farmers can earn from 120 million to 130 million per year from resins combined with spices and medicinal planting under the canopy of styrax Forest (Source: Duc & Phu company) . In Lao Cai, on average, each household grows 1 to 1.5ha of styrax;

Constraints for participation of women

Women are already engaged in *Styrax tonkinensis* plantation. This is a new product in the market, and so far, there has been only one company in the market and there is limited awareness of potential opportunities of this product amongst producers and consumers. To become a sizable sub-sector for Van Ban district (and possibly other districts nearby), producers should be organised in groups and work with diverse private sector partners for processing and marketing. In addition, it is noted that not all *Styrax tonkinensis* trees can be used to extract benzoin gum, certain technical standards and techniques need to be applied by the producers. This is however a minor and temporary constraint and could be effectively addressed by technical training.

Focus for Aus4Equality|GREAT interventions

Van Ban district has 3,600 ha of *Styrax tonkinensis* plantations cultivated by around 500 ethnic minority households. This will be a major source for extracting benzoin in the coming years. At this stage, *Styrax tonkinensis* trees are harvested for wood; farmers are generally not aware of the considerable income potential from extracting benzoin gum. The Program interventions should focus on (i) provide technical training for farmers to extract gum from the *Styrax tonkinensis* trees; (ii) organise farmers into groups and link them to private sector partners for export.

4.1.2.7 Medicinal Plants

Opportunities

There is a large market in Vietnam for medicinal plant products. Vietnam consumes around 100,000 tons of medicinal plants per year and 70-80% were imported from China due to limited domestic supply capacity. With about 200 hectares of medical plants, the total supply from Lao Cai is estimated at between two to four thousand tons per year, which is a fraction of the total domestic market volume. Future development in this sub-sector depends on the capacity of supply side and links between producers and pharmaceutical companies.

Medical plants offer a sizable source of income for producers. Estimated profits from *Angelica sinensis*, *Platycodon grandiflorum*, *Salvia miltiorrhiza*, *Codonopsis pilosula*, and *Amomum villosum* are between 32 to 104 million per hectares (after taking into account the cost of household labour). This is considerably more profitable compared to many other crops, such as staple crops (maize or rice in Lao Cai usually generate a profit level of around 20-30m/ha).

Constraints for participation of Women

Women's engagement can be constrained by the two factors. First, medical plant cultivation requires technical skills. Medicinal plants are different from conventional agricultural products in terms of cultivation, harvesting, and post-harvest processing. In addition, the cultivation techniques need to be suitable to soil conditions to generate medicinal substances. This is a 'technical barrier' for many women to engage in this sub-sector. In addition, household producers need to engage in partnerships with pharmaceutical companies, to effectively process medical plants. At this stage, there are only a few pharmaceutical companies that are interested in this business in Lao Cai.

Focus for Aus4Equality|GREAT interventions

Medical plants require specific soil quality and climate conditions. It is estimated that in addition to the current 200 ha of medical plants, Lao Cai could utilise an additional 400-500 available hectares that are suitable for medical plants. Attracting and incentivising pharmaceutical companies to engage with households is another priority intervention. The Program could aim at facilitating cultivation of an additional 200 ha for medical plants and benefit around 200 ethnic minority women. Other potential activities could be market development via the organisation of buyer mission for buyers from high-end market to Vietnam or support companies in market linkage via international trade fair on pharmaceutical or natural ingredient. This will help companies to expand their export market and having more buyers.

4.1.3 Aus4Equality|GREAT Intervention Strategies

The grouping of products is of relative nature due to different characteristics of the material zones and the IB readiness of farmers or businesses. In Lao Cai, products in Group 1 such as tea, cinnamon, vegetable and fruits are the target of intervention strategies both at product level and company level. These products were classified and arranged into Group 1 given the potential to have the majority of households eligible to associate with businesses (more than 70%). The rest of the households can be reached via the strategy for value chain development for products with no IB readiness.

4.1.3.1 General Direction and Focus

The Program will partner with diverse private sector and market sector players: agribusinesses, SOEs, cooperatives, social enterprises and the broader private sector (e.g. banks, business services etc.) To ensure the success of the inclusive business partnership, some prerequisite conditions and criteria will be applied by Aus4Equality|GREAT to its potential partners while scoping partnership opportunities.

While there are significant levels of women's engagement in the selected product value chains, there is a 'skills gap' in terms of technical skills required by private sector businesses at higher levels of the value chain. In some cases, there are also gaps in attitudes to work practices and technical specifications. For instance, private sector companies usually expect producers to strictly follow technical requirements and procedures applied at different stages of production to ensure quality, but some producers appear to take a relaxed approach to compliance with these requirements. Closing these gaps is essential to facilitate partnership between private sector partners and producer groups.

Lao Cai has experienced remarkable improvements in its provincial investment climate – which is reflected in their position in the Top 5 Provincial Competitiveness Index (PCI) in recent years. However, the number of private sector businesses in agriculture is limited. In addition, among the private sector actors interviewed, the level of understanding about the business case and social importance of inclusive business practices is variable and remain low in some instances. Therefore, promotion of inclusive agribusiness models and building private sector capacity for addressing ethnic minority women's economic empowerment is important for pro-poor growth in the agriculture sector as well as of the Program theory of change.

Within the market systems for the target products, the level of potential partners' capacity, readiness of business partners to engage with women, and the level ethnic minority women's readiness to move up the value chains vary considerably. This would require comprehensive intervention strategies at the sector level as well as at product and actor levels.

4.1.3.2 Interventions at the Sector Level

This strategy is strongly aligned with and supports the implementation of the national and provincial agriculture strategies, and prioritises interventions that will contribute to systemic changes in the sector, including:

- Building the technical and management capacity of women producer groups to engage in commercial production and market driven production planning; to achieve the required quality and scale of inputs, and to increase their value added and returns.
- Re-structuring the production model (shifting from individual subsistence production to collective larger scale commercial production);
- Supporting women (in cooperatives and producer groups) to access production and business support services (financial service, storage and processing technology, extension service and market information etc.);
- Enhance capacity and quality for service providers in the market system to provide better support to ethnic minority women as producers, processors and traders, in the value chains;
- Support the coordination of public and private investment on development of infrastructure for agriculture development in remote areas;
- Facilitate improvements in the enabling business environment in agriculture sector.

Potential partners of Aus4Equality|GREAT at the sector level are financial institutions, Women's Union, Commercial Banks, and NGOs with experiences in producer group organisation and capacity development, Department of Planning and Investment (DPI), Department of Agriculture and Rural Development (DARD), Department of Industry and Trade (DoIT), and District People Committees (DPCs).

4.1.3.3 Interventions at the Product Level

Weak capacity and presence of MSMEs in the agriculture sector represents a constraint for sector development, and the Program will promote and encourage take up of inclusive agribusiness models through the following interventions:

- Promotion of private sector engagement into product value chains with high presence of ethnic minority women and support for women led enterprises.
- Support for effective engagement of women in value chains.
- Support for upscaling successful women inclusive models.
- Promotion of women start-ups and new business ideas.
- Enhancing ethnic minority women's leadership role in value chains and enterprises and strengthen linkages between women's producer groups and market systems networks.

Potential partners for these interventions include DARD, DOIT, DPCs, sub-sector associations, Women's Union, NGOs, district and private sector extension agencies, etc.

4.1.3.4 Interventions at the Private Sector Level

The Program will facilitate interventions by providing technical assistance and matching or co-investments with private sector partners, to jointly support ethnic minority women's economic empowerment in the context of jointly agreed project business plans developed and approved specifically for the Program partnership agreements. Interventions will focus on:

- Supporting the development of Inclusive Business Partnership Models with women.
- Enhance women's skills and capacity for better matching the need of private sector agribusiness.
- Access to higher value internal and export markets.
- Promotion of product quality management via supply chain traceability systems and branding.

4.1.3.5 Interventions to Identify New Opportunities

The Lao Cai agriculture sector has experienced rapid structural changes in recent years and new opportunities are emerging. In addition to the products identified in 4.2, there is a list of 12 products that have future potential, however, the market opportunities or IB engagement potential are not clear yet. These include: 1. Sontra (*Docynia Indica*); 2. Arrow root; 3. Broom grass; 4. Sticky corn; 5. Job's tear; 6. Tung's seed (*Vernicia Montana Oi* or Tung oils); 7. Palm seed (Make palm oils); 8. Bamboo-shoot; 9. Cardamom; 10. Lingzhi mushroom; 11. Litsea cubeba oils. 11. Bee honey and bee-wax; 12. Other flowers.

The Program will contribute to promoting inclusive sector development in these products, by identifying new opportunities for women, in line with the adaptive management approach.

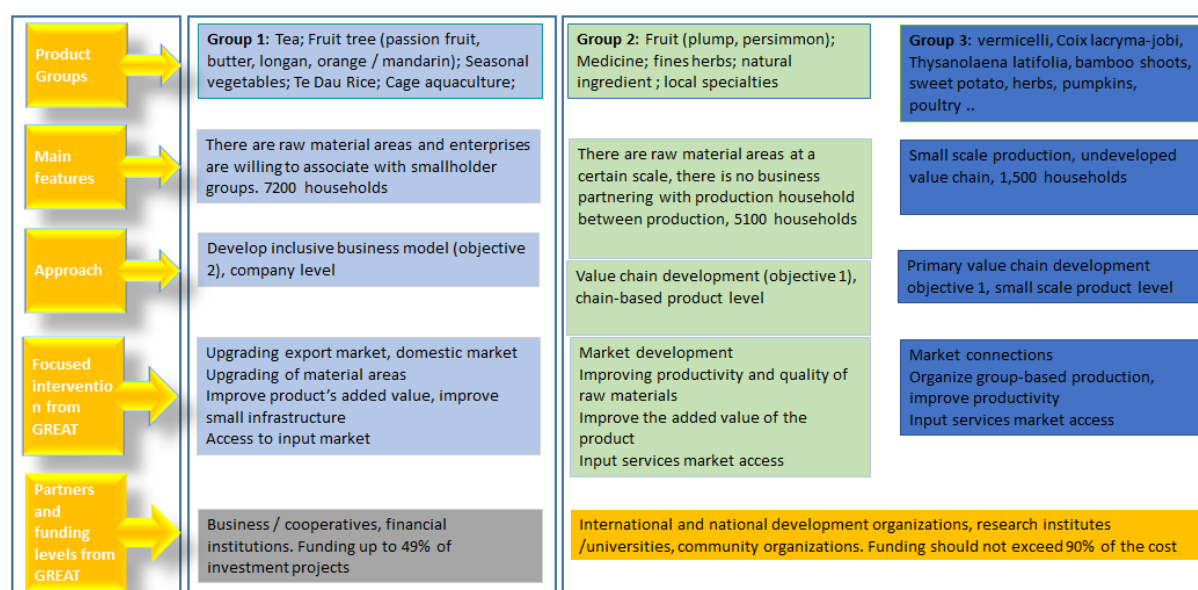
The Program will work with partners to:

- Further investigate consumer and private sector demand for these products, as well as opportunities and challenges (both in local, national and international markets).
 - Support piloting new business models to develop product supply chains with private sector (promotion of commercial production approach, certification, branding and marketing, market linkages etc.).
 - Leverage investment from private sector to up-scale the business model.
- Crowding-in more women into the business model to increase production and scale.

The Program will launch an Innovation Funding Scheme to support new business ideas and innovations by and for women and their businesses, see the annex on Innovation Strategy for more details). Potential innovation partners include: NOMAFSI; NGOs; agribusiness companies and cooperatives; Rural Development and Cooperative sub-department under DARD; Agriculture Extension Centre; Non-Timber Forest Product Research Institute; Women Union; and entrepreneurs.

Intervention strategies for each product Group at product and company levels are summarised in the Figure 6 below.

Figure 6: Summary map of intervention strategies for each product Group



4.2 Intervention Strategies in the Tourism Sector

4.2.1 Key Indicators

Table 7: Key Indicators for Program interventions in the Lao Cai Tourism Sector

<p>Key indicators: Over four years, the Program aims to impact the lives of 10 per cent of the total adult female populations in Lao Cai. More specifically in the tourism sector it will:</p> <ul style="list-style-type: none"> • Improve the incomes of 400 self-employed women who are service providers involved in CBT. • Improve the incomes of 300 women involved in handicraft and CBT. • Contribute to the creation of 1400 safe and fulfilling waged jobs for women. • Contribute to 15% increase in the number of women run and co-managed businesses. • Leverage over 3 Million USD in private sector investment for agriculture and tourism business opportunities that are profitable, sustainable and inclusive.
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Table 8: Projected Number of Households⁹ Impacted by the Program in the Lao Cai Tourism Sector

Sub-sectors	# of participating HHs	# of HHs in partnerships with IB ready businesses	# of HHs in partnerships with other partners
Employment in hospitality and tour guide	1400	1400	
CBT	400	50	350
Handicraft	300	200	100

⁹ Figures are estimated based on the market system study on potential tourism services in Lao Cai and Son La, February-April 2018.

Total HH with income increased	700¹⁰	250	450
Total jobs created	1400	1400	

Source: estimated from statistics and other sources provided by relevant stakeholders.

4.2.2 Sector strategies

Although there is significant participation of women and ethnic minority groups in the three selected services, their readiness for and the interest of private sector in inclusive business partnerships vary. To ensure inclusive sector growth and effective business partnership models between private sector and ethnic minority women, the Program and potential partners need to address the following key bottlenecks:

There is a mismatch (skills gap) between technical and service skills of ethnic minority women and requirements of employers and businesses. Employees and producers are expected to meet certain expectations and standards of hotels or high-value handicraft businesses to deliver quality services and products. To meet these requirements, the Program will invest in preparation for ethnic minority women to be “ready” for employment and business partnerships. Human resource development is a provincial government priority for tourism sector development. Linking training to jobs is key for improving employment opportunities.

Limited experience in working with women: many tourism businesses have limited experience, understanding and sensitivity towards ethnic minority women who work as service providers, and employees in their business value chains. Promotion of inclusive business models is necessary to support transformative changes within the private sector partners to integrate social inclusion in business practices.

4.2.3 Intervention Strategies

The Program will employ overall intervention strategies at sector level, sub-sector levels and company level. Specific intervention strategies for each selected sub-sector are presented in Sections 4.3, 4.4 and 4.5. These specific strategies will address the skills gap and building business capacity to work with women.

Strategies for inclusive sector growth: 2 strategies will be employed to promote inclusive sector growth. In addition, some of the proposed strategies at sub-sector level will contribute to sector development.

Strategy 1: Support partner initiatives related to human resource development and high capacity tourism labour market through:

- Promoting diversified supply of skilled labour by public and private service providers.
- Promoting work-based learning practices, collaboration between vocational training facilities and hotels and provincial DCST, Tourism Association, and using ICT-based learning solutions to reach larger number of women for skill development.

¹⁰ Each household includes 1.5 working aged women, thus total women reached will be 1120.

- Developing mechanism(s) to allow on-site ethnic minority tour guides to guide tourists in other tourist destinations in the district and province.
- Promoting sharing good skills development and inclusive employment practices.
- Promoting labour market information to improve the match between the supply of and demand for the labour force in tourism in major destinations.

Potential partners: Lead partners could be government, private sector, public and private training centres, linked with other partners such as NGOs, mass organisations, business associations.

Strategy 2: Strengthening provincial policies to promote inclusive investment in tourism for sustainable tourism activities:

- Assess potential tourism sites, tourism development needs and match with private investors.
- Promote dialogue between private sector and communities on the needs for investment and natural and culture assets management.
- Develop policies and mechanisms to attract private sector investment in sustainable community tourism, especially investment to benefit ethnic minority women in potential tourist destinations.

4.2.4 Employment for Women in the Hospitality Sub-Sector

4.2.4.1 Sub-sector Overview

There are 961 accommodation establishments in Lao Cai, from unclassified to 5 star-hotels/resorts. There are three 5-star hotels, six 4-star hotels, nine 3-star hotels, fifty 2-star hotels and 523 guest houses, 50% of which are concentrated in Sa Pa district. The tourism sector employs approximately 5,100 direct labourers and 4,400 indirect labourers, of which 2,317 are working in Sa Pa. In 2016, the revenue from the sub-sector was VND6,500 billion (Source: Lao Cai provincial DCST, 2017).

4.2.4.2 Constraints and Opportunities for Women's engagement in the Hospitality Sub-Sector

Opportunities

Demand for labour in this sub-sector is on the rise and will continue to grow in the coming years. This service sub-sector offers formal employment opportunities for large numbers of local people, of which 70-80% are women (with an estimated 30-40% ethnic minority women), mainly in Sa Pa and Bac Ha, two major tourist destinations in Lao Cai.

Opportunities exist in semi-skilled jobs such as gardeners, housekeeping and laundry staff, as well as more skilled jobs such as tour guides, receptionists, bar tenders, cooks and hotel middle management. It is estimated that the sector could generate 1,400 new jobs in these two major districts by 2021 and 400 replacement jobs per year. This has also partially translated to increasing wage rates to attract labourers, especially rates applied by bigger hotels.

The Program should focus on enhancing technical hospitality and employability skills and knowledge for more local women, youth and particularly ethnic minority women, so they can eventually be formally employed. Interventions could include providing skills development

for ethnic minority women; enhancing service providers' delivery capacity; facilitating transformative changes in the work environment, working towards equal opportunity work environments; and especially, to eliminate the stigma and biases against ethnic minority women working in hospitality.

Key constraints

There is a shortage of skilled labour supply. The sub-sector in Lao Cai has experienced rapid growth in the form of new large-scale accommodation facilities in recent years. As a result, demand for skilled labour has been on the rise while local supply is mainly unskilled or semi-skilled labour, which leads to inconsistency in service quality. This represents an opportunity for local women as long as the skills gaps are addressed to meet the requirements of the sub-sector with increasing standards of service quality. Skills development itself represents a challenge given there are few service providers in hospitality, particularly in the target areas.

Capacity for hospitality and employability in skills and knowledge development services remain limited. The Lao Cai Provincial Community College and Lao Cai Vocational College provide long-term training courses on tour guiding for secondary school graduates and shorter hospitality skills training courses. In addition, these training facilities also provide short-term courses upon request. In addition, the Department of Culture, Sports and Tourism of Lao Cai, Bureau of Tourism, Tourism Association, Tourism Information Center have also developed programs and participated in organizing short training courses on tour guide and restaurants for the local workforce. Sa Pa O Chau, a women-owned social enterprise and an exceptional model of success, provides 100 ethnic minority youth with employability skills such as language skills, work-based learning and job counselling support to work as on-site tour guides or waiters and 90% of their students found employment following their participation in the Program. However, this social enterprise is not interested in including hospitality skills training due to significant requirements on the number and qualification of full-time trainers. Only larger hotels (i.e. 4-star plus) hire professional training service providers such as SmartCity to train their staff to meet sector standards. For MSMEs in the sub-sector, on-the-job training offered by experienced staff is the major channel for skills development. There are companies who are interested in investing in these skill development services.

Ethnic minority women encountered additional social and cultural barriers and capacity gaps in access to formal employment opportunities in the sub-sector as detailed below:

- There is a negative association with ethnic minority women working in hotels and restaurants, resulting in social stigma/lack of support from the household members and communities especially among the Hmong, Dao and Ha Nhi groups. Ethnic minority women need also to convince their spouses (and in many cases, parents in law) to overcome the social stigma and “allow” them to pursue this line of work. Ethnic minority women employed in the hospitality sub-sector have to make arrangements with other household members to fulfil their ‘traditional housework role’.
- Without proper training, ethnic minority employees from some groups such as Hmong and Dao found it difficult to remain in the job as they could not adapt to the disciplined working environment, especially in high standard hotels.
- Limited information about the job opportunities, typical features and job requirements and workplace environment presents an obstacle for exploring potential opportunities and decision making to engage in these opportunities. This is more pronounced for

ethnic minority women given their remote locations (from the town centres), limited physical mobility, and limited media access.

- There is generally a skill gap between ethnic minority women and Kinh employees in the sector. There has been significant improvement in access to education for ethnic minority groups in recent years, particularly in basic education (i.e. primary and secondary schools), however, access for ethnic minority women to higher education and vocational training is limited, which is a major disadvantage for them in accessing more advanced training for higher paid jobs in the labour market.
- Many employers in the sub-sector are not from ethnic minority backgrounds and therefore their understanding and sensitivity towards ethnic minority employees is limited.

4.2.4.3 Aus4Equality|GREAT Intervention Strategies

Expected outcomes of the intervention strategies in this sub-sector are:

- women's access to practical hospitality and employability skills and knowledge training is improved.
- Ethnic minority women receive support from their family members to apply for and undertake gainful employment in the hospitality sub-sector.
- Workplaces in the hospitality sub-sector (hotels, restaurants and travel agents) are more supportive of ethnic minority employees.
- Skilled labour supply services are developed to meet increasing demand for quality labour forces.

To achieve these outcomes the Program will apply two strategies that will facilitate systemic change and prepare women for the labour market, whilst responding to the high demand for skilled labour force.

Strategies 1: Promoting Skills Development Training and Job Creation in line with recruitment demand of tourism and services business.

This strategy seeks to promote effective investment in hospitality and employability skills training and job creation initiatives especially for ethnic minority women to overcome capacity gaps and cultural and social stigma to securing more gainful employment which is long-term and generates better income. Aus4Equality|GREAT will provide matching funds up to 49% of the investment cost as well as technical assistance for business partners to develop:

- Work-based hospitality and employability skills learning programs targeting ethnic minority women based on the labour needs of hotels and restaurants.
- Support for trainings and refresher trainings for ethnic minority women employed in hotels, restaurants and as on-site tour guides.
- Training of local trainers on employability skills to work with students effectively.
- Counselling activities for interested women and service minded youth, building their confidence on their choice of jobs and mobility.
- Awareness raising activities about the working environment in the hospitality industry and for ethnic minority women's families and communities, especially Hmong, Dao, Ha Nhi.
- Improving recruitment processes and workplace practices among hotels and recreation sites to attract and retain local staff.
- Activities to explore the successful model of tourism skills development for women and ethnic minority women associated with the demand for recruitment

Potential partners under this strategy are social enterprises and private companies who could partner with NGOs and public service providers.

Strategy 2: Developing the skilled labour supply services using female employees for tourism and services business

This strategy seeks to develop skilled labour supply services employing women to meet different labour needs of accommodation establishments, restaurants, travel agents and recreation sites. The Program will provide matching funds of up to 49% of the total investment and technical assistance for partners to:

- Assess the labour market and demand for services.
- Assess the different needs of hotels, restaurants, recreation sites and travel agents, and develop a training service menu.
- Develop skills training programs tailored for different groups of ethnic minorities.
- Support the recruitment of students through awareness raising and promotion activities.
- Develop client satisfaction survey to improve the labour supply services quality.

Potential partners in this strategy are vocational training institutions, capacity development organisations, social enterprises, private companies (in collaboration) with NGOs and mass organisations.

4.2.5 Sustainable and Equitable Community-Based Tourism

4.2.5.1 Community-based Tourism Sub-Sector Overview

Community-based tourism has evolved since 2000 from being small scale in a few areas in Sa Pa, to expand extensively within Sa Pa and to numerous villages in Bac Ha, Bat Xat, Muong Khuong, and Simacai.

Currently there are seven CBT destinations in Sa Pa recognised by the PPC and operating effectively. In Bac Ha, there are five villages offering CBT services. Y Ty in Bat Xat is a remote and mountainous commune with newly developed CBT. In 2017, CBT destinations in Sa Pa attracted around 250,000 visits. Y Ty, a new tourism destination, welcomed around 12,000 visits in 2017. CBT services including homestay, local food, tour guide, traditional art performance, life and production experience packages, are closely linked to economic activities of ethnic minority families, and mostly women.

4.2.5.2 Constraints and Opportunities for Women's Engagement in CBT

Opportunities

International tourists, main clients for homestays in Lao Cai, prefer “authentic” travel experiences and learning about local culture and lifestyle. Domestic visitors are a small proportion of the CBT market but the number has been growing rapidly in recent years. Over the next few years, the CBT market will continue to be dominated by international travellers and domestic family travel groups, who are willing to stay at homestays especially high-quality homestays and try local foods. There has been a growing segment of Vietnamese ‘Phuot’ backpackers who ‘enter’ the CBT market during their adventures. These are budget travellers who usually just need lodging between destinations.

Tour operators with head offices in a major city or in Lao Cai and Sa Pa are important actors in the CBT market. They design and promote tour programs which bring visitors to CBT sites. They often coordinate CBT services within local destinations as well. For well-established CBT tours, the tour agendas are pre-determined/ designed to ensure quality. However, these operators have had little interest in investing directly in CBT facilities. Homestay and other CBT-related facilities, in addition to support from NGOs, are mostly established and maintained through individual household-based investments.

Local tour guides also provide recommendations for travellers on places to visit, homestays to hire, and other related services. There are small groups of tourists, especially backpackers who travel on their own or sometimes as part of open tours for the community-based experience. These are the primary customers for local tour guides. It is estimated that there are around 200 local tour guides in Sa Pa, of which between 80-90% are from ethnic minority groups – mainly Hmong and Dao women.

The homestay is an essential CBT services operated by local families. In Lao Cai, the average homestay fee ranges from 50,000 up to 100,000 VND per person per night. Homestay owners also earn additional income from serving food and drinks to their guests. On average, the basic investment in facilities required to establish a homestay is around 60-80 million VND. This includes building a toilet, purchasing bedding and kitchen equipment etc. Upgraded homestays which offer additional comfort and facilities require an investment of around 120-500 million VND. It is estimated that there are 215 homestays in Lao Cai, of which 174 are in located in Sa Pa and almost all of which are operated by ethnic minority women.

Constraints

- Skills gaps in business management and hospitality limit the quality of the CBT services.
- Access to the market: due to limited knowledge and skills in marketing, homestay owners rely heavily on tour operators and tour guides to source customers. This is also affected by illiteracy and lack of computer skills, so they cannot organise homestay bookings of international tourists on their own, in advance, online.
- Limited ability to communicate in Vietnamese with domestic visitors (for Hmong, Ha Nhi, Dao homestays in remote areas) and foreign languages with foreign visitors (Ha Nhi, Tay, Nung ethnic groups).
- Limited access to financial services to build new or upgrade homestays and other CBT services.
- Strong competition between local and outside investors on CBT villages such as in Ta Van makes it harder for local households to attract tourists.

4.2.5.3 Aus4Equality|GREAT Intervention Strategies

In this context, there are 3 areas of the sub-sector where the Program can add value and which already engage and improve effectiveness of ethnic minority women in CBT:

- Expanding economic opportunities for women to engage more effectively in larger CBT value chains as CBT service providers and increasing incomes for informal workers in current and potential CBT sites.
- Supporting women-owned homestay businesses.
- Improving policy to incentivise private sector investment in CBT value chains.

Expected outcomes of these interventions are:

- Local households in CBT are able to deliver quality CBT services and generate higher income.
- Local households have better access to support services and are more competitive in the market.
- Sustainable CBT models are established and maintained.
- Stronger links between CBT providers and tour operators and tour guides are established and maintained.

Strategies 1: Promoting for Investment in Sustainable and Women-Inclusive CBT

This strategy aims to promote private sector investment in developing and improving quality CBT models that effectively engage with women and improve their income in new and existing CBT sites by providing matching funds of up to 49% of the investment cost, and technical assistance, in order to:

- Develop new or upgrade existing CBT products and services for domestic and international visitors (combined with agriculture and local life, culture and production experience tourism).
- Advise local households how to build or upgrade eco-friendly CBT facilities, preserve local cultural identity and protect environment.
- Strengthen business capacity for groups of local households including women in business planning, marketing, CBT operations, communication and other relevant skills for delivering quality services.
- Develop sustainable clean food and other product supply from local households.
- Support CBT promotion and marketing activities.
- Develop benefit sharing mechanisms between private investors and local communities.

Lead partners could be tour operators, travel agents and supporting institutions such as business associations, women-owned businesses and NGOs.

Strategies 2: Support to Women-Owned CBT Businesses

This intervention strategy focusses on support to NGOs and cooperative organisations to strengthen women-owned businesses involved in CBT value chains to be business partners of travel agencies by providing them with funding and network support to:

- Establish women-led business initiatives in the CBT services.
- Reserve women-managed traditional houses.
- Strengthen their business operations and management skills including business planning, marketing, operations, service management and fire safety.
- Support women in accessing and using available smart tourist information software/apps.
- Support women in product and service development and improvement (including food and drink provision).
- Connecting women-led businesses/CBT models with tour operators and travel agents.
- Engage women participants in management of CBT, tourism attractions at community level and tourism benefit sharing mechanisms.

Potential partners for this strategy are NGOs, BDS and relevant actors with experience in CBT, mass organisations in collaboration with tourism associations and local tourism authorities.

4.2.6 Promoting Traditional Handicraft for women producer Groups

4.2.6.1 Handicraft Sub-Sector Overview

There are 17 types of traditional handicrafts in the province, including cotton and hemp weaving, embroidery, bamboo weaving, batik work, silver carving, blacksmithing and wine making with 28 recognised ethnic minority traditional villages in Sa Pa, Bat Xat, Bac Ha, Van Ban, and Muong Khuong districts. Ethnic minority groups have developed distinctive handicraft production techniques. For example, cotton weaving by Tay, hemp weaving and embroidery by Dao, Phu La and Hmong, silver carving by Dao and Mong in Sa Pa and Bat Xat, wine making in Bac Ha, and Bat Xat. Most traditional handicraft producing villages are concentrated in Sa Pa with 11 traditional embroidery and weaving production villages involving over 1,000 households. Traditional handicrafts that involve large numbers of women are cotton and hemp weaving, embroidery and silver carving. These activities are mainly observed in Sa Pa, Bac Ha, Bat Xat districts and are closely linked to tourism. At present, detailed statistics on this sub-sector remain limited. There is no data on the revenue from handicraft sales in the province.

More than ten ethnic minority women producer groups of Hmong Hoa, Black Hmong, Red Dao, Nung and Phu La have become part of high-value domestic and international supply chains, working with companies such as Craft Link, Lan Rung Cooperative, and the Hmong woman-run Indigo Cat which markets its products online using social media. Sa Pa-based Lan Rung cooperative is currently working with around 200 embroidery, weaving, and silver handicraft ethnic minority women producers in five communes. 50% of the products are sold to tourists and big hotels in Vietnam. Average income of its members ranges from 2-3 million VND per month. Craft Link, who is working with 70 handicraft groups of ethnic minority women nationwide including six groups from Sa Pa and Bat Xat districts of Lao Cai province. In addition, handicraft producers also supply their products to the local tourist market.

4.2.6.2 Constraints and Opportunities for Engagement of Women in Traditional Handicrafts

Opportunities

Consultations with stakeholders in the sub-sector indicate a promising outlook for handicrafts given the current growth trend in tourism and this market segment. Opportunities for interventions include (i) to improve access to high end markets for new groups of handicraft producers, these are the segments that handicraft companies like Craft Link, Lan Rung Cooperative or Indigo Cat are interested in expanding into; and (ii) to improve access to the local tourism market for producers.

The production of traditional textiles, batik and embroidery is a highly valued and time consuming cultural skill that ethnic minority girls learn from their mothers from a very young age. Thus, the majority of ethnic minority women are adept in the production of such sophisticated handicrafts.

Constraints

Constraints for more meaningful engagement of ethnic minority women in these activities are:

- Limited skills to make high-end handicraft products for tourists.
- Limited access to markets and limited marketing skills to sell products locally.
- Increased competition from low quality and cheap alternative products imported from China.
- Ethnic minority women engaged in these activities are mainly middle aged or elderly and such activities are no longer of interest to many younger ethnic minority women who have other aspirations.
- Limited ability to coordinate with other producers in groups and companies.

4.2.6.3 Aus4Equality|GREAT Intervention Strategies

Expected outcomes of the intervention strategies are as follows:

- Producer groups can deliver consistently high-quality products for companies, generating higher income.
- Companies have enough supply of high quality products from producers.
- Producer groups can participate effectively in the tourism market and get higher income from handicraft sales.
- Number of women-led businesses in the sub-sector increased.

To achieve these outcomes two intervention strategies will target different producer groups for different market segments.

Strategy 1: Engaging More Women in Market Systems for High Value Handicrafts

This strategy seeks to promote private sector support for new groups of ethnic minority women to take part in the high value handicraft market. This would be made through a matching investment of up to 49% of the total investment that aims to:

- Identify and support the formation or strengthening of existing producer groups.
- Support training on production, product development and marketing skills.
- Develop market linkages for producer groups.
- Strengthen producers' appreciation of their cultural asset and ability to seek higher prices for products.
- Develop cotton plantation areas to increase supply of material for traditional textiles and handicrafts.
- Improve access to finance and BDS for female producers.

Potential Program partners include handicraft businesses (companies, social enterprises, commercial cooperatives). Partnership with mass organisations, such as cooperatives will also be encouraged in order to increase reach.

Strategy 2: Strengthening Women Handicraft Groups Links to Tourism market

While Strategy 1 seeks to promote participation of ethnic minority women handicraft groups in high value market segments, Strategy 2 focuses on preparing and supporting linkages

between ethnic minority women handicraft groups and the local tourist markets. This intervention will focus on:

- Identifying potential women’s groups and interested tourism actors to support access.
- Building capacity of producer groups on production skills, product design, marketing.
- Developing production experience packages for tourists to understand the actual value of handicrafts by demonstrating the production process in Sa Pa and Bac Ha.
- Linking producer groups with interested tourism activities in the nearby areas for increased sales opportunities.

Potential Program partners are NGOs, mass organisations, business associations, and social enterprises.

4.2.7 Other intervention opportunities

Employment in hotels, restaurants, travel services, CBT and handicrafts represent priority intervention areas of the Program. However in order to ensure the achievement of Program’s goals as well as to contribute to the development of the province’s tourism sector, other opportunities such as agriculture tourism, adventure tourism, eco-tourism, development of food supply for restaurants and specialties for tourists, or other tourism development initiatives will also be put into consideration for support by the Program given their feasibility and impacts on job and income generation for women including ethnic minority women.

4.3 Intervention Strategies for Enabling Environment

4.3.1 Overview of Intervention Strategies for Enabling Environment

4.3.1.1 Key Indicators Measuring Interventions for Enabling Environment

Table 9: Key Indicators for Program interventions for Enabling Environment

Key indicators:

- Ensure 80 percent of stakeholders (such as provincial Department of Agriculture and Rural Development, DCST, Tourism Association, businesses and organisations joining the Program, direct beneficiaries) in agriculture and tourism sectors confirm that sector plans and strategies adequately address issues that are critical for inclusive sector growth.
- Contribute to significant progress in five or more provincial policies which are finalised and implemented related to NTPs, WEE policies, policies on gender equality in agriculture and tourism at provincial and national level (if appropriate and needed).
- Organise at least eight policy dialogues on agriculture and tourism engaging relevant stakeholders to resolve obstacles in the implementation of WEE and inclusive business projects, and policies promoting concentrated and market-oriented production, and attracting investment and implementation of IB models in the two sectors.
- Prepare and apply at least six policy briefs.
- Contribute to DFAT PAF indicators in Vietnam:
 - DFAT PAF Indicator 10: Evidence that the interests of women and girls have influenced decisions at the local level

- DFAT PAF Indicator 12: Number of instances where DFAT support contributed to the interests of women being incorporated into GoV's policies, programs and services
- Improve position and role of women in policy making, strategic decision making and resource allocation in the two sectors of agriculture and tourism.

4.3.1.2 Relationship between these intervention strategies and interventions in agriculture and tourism sector

The engagement strategies for the agriculture sector presented in Section 4.1 and the tourism sector in Section 4.2 focus on improvements of different stages of value chain and development of the market system for specific products and services via partnership. The intervention strategies presented in this Section 4.3 serve the Objective 3 of the Program, to promote an enabling environment for the implementation of intervention strategies in agriculture and tourism sectors by following principles:

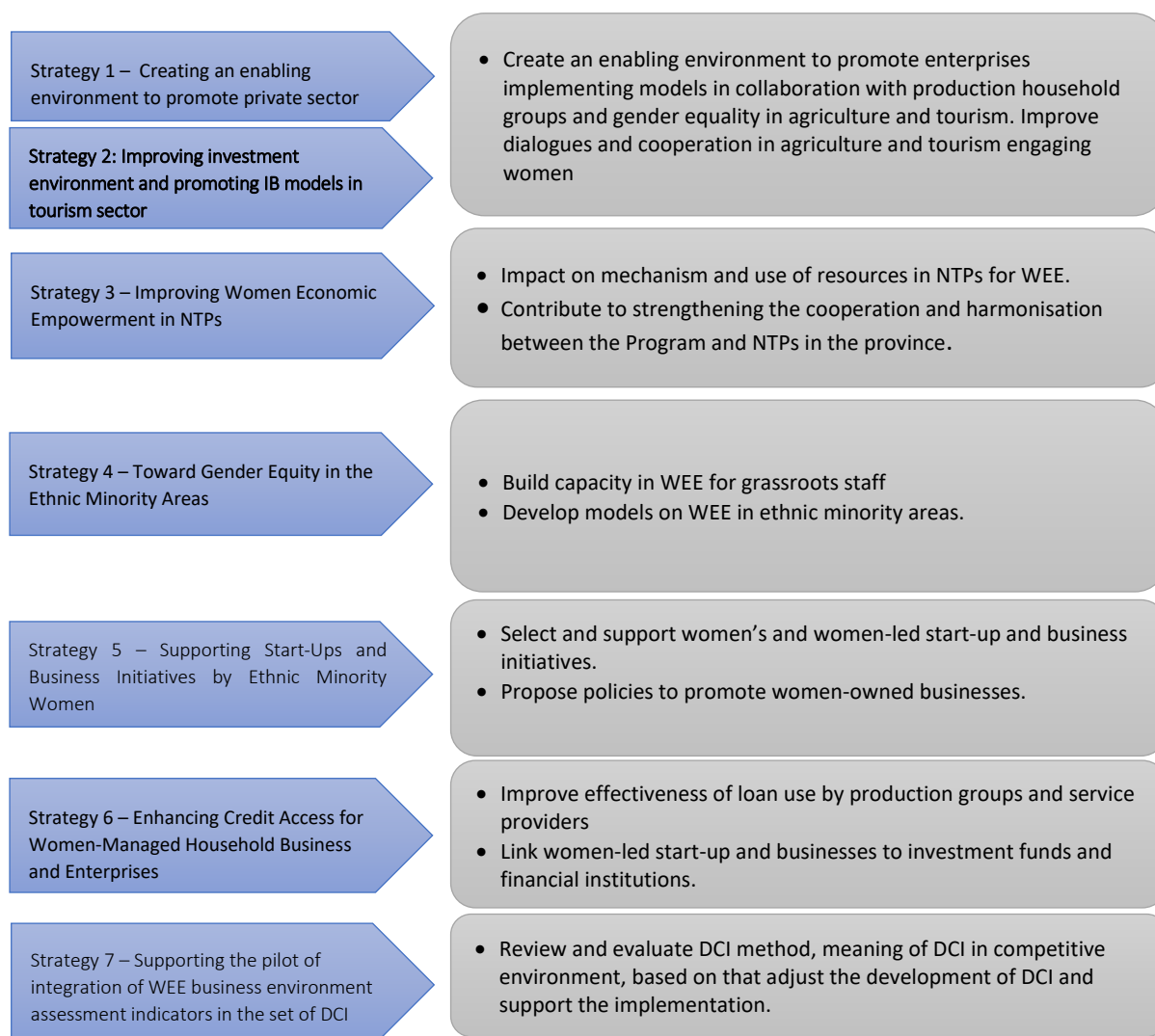
- Support in implementing policies in agriculture and tourism sectors impacting directly or indirectly market systems including value chains of the selected products with more effective engagement of women.
- Promote the integration and harmonisation of national and provincial programs and policies and the programs of other donors and Aus4Equality|GREAT to promote information exchange, implementation collaboration, and most importantly, to improve the efficient use of resources in economic empowerment for women in general and for ethnic minority women in particular.

The below Section 5.1 shall provide more detailed information about partners implementing the intervention strategies supported by the Program.

4.3.2 AUS4EQUALITY|GREAT Intervention Strategies

Aus4Equality|GREAT has identified intervention strategies to promote an enabling environment for market system development and WEE, described briefly in Figure 7 (detailed content of each strategy comes after the Figure).

Figure 7: Intervention Strategies for Objective 3 of the Program



4.3.2.1 Intervention Strategy 1 – Creating an enabling environment to promote private sector investment in IB models in agriculture.

Entry Point

Lao Cai People’s Council and PPC have issued various major policies in agriculture, notably the Resolution No. 85/2016/NQ-HĐND dated 15/12/2016 of Lao Cai People’s Council on incentive policies in agriculture, forestry and fishery in the province. The Decision No. 143/2016/QĐ-UBND was issued on 20/12/2016 by the People’s Committee detailing the mechanism, cost norms and procedures for the implementation of the Resolution 85. Consultation with stakeholders revealed the sector’s three priorities: i) increased value of 1 ha of cultivation, ii) promotion of concentrated production, processing and sale of products to attract investment and association; and iii) quality control. There are challenges in the implementation of these priorities for women and ethnic minority women and Program beneficiary groups to engage more effectively in the market systems of agricultural products, i.e. businesses’ lack of information or inadequate access to information about market and policies. Lack of information also prevents optimal coordination and collaboration among different agencies, thus prevents better results.

Expected results:

- i. improved collaboration among different agents in agriculture sector;
- ii. businesses' better-informed investment decisions through better access to market information and policy;
- iii. more businesses joining IB models.

Interventions for Aus4Equality|GREAT

This strategy focuses on following contents:

- Develop a database on products and production areas of potential products that can attract corporate investment and apply IB model.
- Conduct market surveys strengthen market information systems of selected products and share information with interested businesses.
- Conduct research on concentrated household production models and IB models, based on that make policy recommendations to promote the replication of such models.
- Organise periodical public-private dialogues between businesses and representatives of production groups to discuss and address obstacles and difficulties in the implementation and identification of new opportunities, necessary policy improvements as well as improvements in sectoral coordination.
- Draft proposals for improvements in policies and investment environment to promote WEE in the sector.

Potential partners in this strategy could be a technical assistance organisation and Lao Cai DARD (as a lead implementing partner), with the involvement of other provincial departments and sectors if needed, Program districts/communes, and other stakeholders.

4.3.2.2 Intervention Strategy 2 – Improving investment environment and promoting IB models in tourism sector

Entry Point

Analysis on the tourism sector in Section 3.3 indicates that the following core policy considerations must be addressed to promote CBT and improve job opportunities for women in tourism:

- Develop a mechanism for sustainable CBT management to avoid 'CBT overload', preserve ethnic minority cultural identity, natural landscapes; maintain a healthy business environment given local capacity; and promote a community benefit sharing mechanism, so that communities can benefit equitably and sustainably from CBT services.
- Develop appropriate policies to promote labour market in tourism, to facilitate access for women and ethnic minority women to job opportunities as well as to diversify providers of vocation training services in tourism.
- Support the Tourism Association in tourism promotion, marketing activities which engage women, and in developing the province's labour market.

Expected results:

- i. Policies on the sustainable CBT management and development, and labour market in hospitality are developed and implemented.

- ii. The cooperation among tourism sector stakeholders in implementing tourism sector development policies which shift to a more inclusive market systems development perspective.
- iii. Shortcomings in tourism policies are handled with consideration paid to feedbacks and comments of local communities, women and ethnic minority women.

Interventions for Aus4Equality/GREAT

The Program shall focus on following points:

- Develop regulations on sustainable CBT management.
- Conduct market research for selected services and share results with interested businesses, develop policy recommendations for sustainable and inclusive investment promotion which will benefit women and ethnic minority women.
- Research, develop and replicate effective IB models for tourism service provision and IB models.
- Organise public-private dialogues between businesses and communities to discuss and address obstacles and difficulties related to tourism investment, management and development, employment and income generation for local communities, women and ethnic minority women. Promote policy dialogues and support policies on the development of the Sa Pa National Tourism Site.
- Build capacity in providing tourism vocational training services to prepare youth, especially ethnic minority women, with technical and soft skills required to effectively provide tourism services.
- Build capacity of the Tourism Association to participate in policy dialogues and contribute to tourism management, especially sustainable CBT management. Build capacity of the Information Centre to promote the province's tourism development.
- Propose improvements in the policy and investment environment, and recommendations to promote WEE, with regards to tourism products and services, e.g. CBT, in order to create jobs for women in the sector.

Partners for this strategy could include some technical assistance organisations, Lao Cai DCST (as a lead implementing partner), with the involvement of other provincial departments and sectors as needed, and relevant districts/communes.

4.3.2.3 Intervention Strategy 3 – Improving Women Economic Empowerment in NTPs

Entry Point

There is a cross-cutting principle in the two NTPs 2016-2020 to prioritise women and ethnic minority groups (as per Decision No. 1722 and Decision No. 1600 approving NTP-SPR and NTP-NRD). However, the actual application of this principle is challenging. The baseline found that the implementation of these two NTPs is weak and more “business as usual”, there were no specific NTP guidelines and implementation mechanisms to ensure gender equality and social inclusion.

In mid-2018, the two NTPs will conduct mid-term reviews (MTR) to identify obstacles to gender equality in the implementation of the NTPs and make recommendations on mechanisms, policies and measures to promote WEE and gender equality during the rest of NTPs implementation. The review results will be applicable not only to Lao Cai but also other NTP provinces. The two NTPs are the two major sources of Government spending on poverty reduction and rural development. Therefore, the promotion of WEE in particular and

gender equality in general in the implementation of these two NTPs will be an important contribution to this Program.

The National Coordination Offices of NTPs are collaborating with DPs including the World Bank, DFAT and International Fund for Agriculture Development, UNDP, FAO, Irish Aid and INGOs (e.g. CARE, Oxfam, SNV, etc.) in conducting the MTR. Provincial departments and sectors leading NTPs in Lao Cai have step-by-step collected data to prepare for the MTR.

Interventions for Aus4Equality|GREAT

The Program shall focus on following interventions:

- Provide TA to support a thematic assessment on gender and social inclusion for the 2 MTRs. Advocate for and provide TA support for including incorporate gender and social inclusion policies in the revised NTP implementation guidelines.
- Disseminate lessons learned and assessment results on gender and social inclusion, call for partners to implement adjusted mechanisms and guidelines on gender integration and social inclusion in the implementation of the NTPs in Lao Cai. With support from DPs and government agencies (provincial DPI, DARD, NTP-NRD Coordination Office, DOLISA, DEMA, WU, etc.) implement new mechanisms on gender and social inclusion in the NTPs.
- Advocate for improved WEE (based on Program's evidence) in the design of the next phase NTP 2021-2025 (poverty reduction policy framework).

Potential partners for this strategy include DPs and NGOs (leading role in technical support and stakeholder coordination), two NTPs' Coordination Offices at national level, provincial DOLISA as the implementing agency of NTP-SPR in Lao Cai, and provincial NTP-NRD Coordination Office.

4.3.2.4 Intervention Strategy 4 – Toward Gender Equity in the Ethnic Minority Areas

Entry Point

Decision 1898/2017 of the Prime Minister mandates principles and objectives to strengthen gender equality in ethnic minority areas as well as ethnic minority group policies. As requested by the Prime Minister, PCEM must prepare and submit to PPCs an Action Plan to implement Decision 1898/2017. As mentioned in Section 3.4, the objectives of the Decision 1819 are in line with Aus4Equality|GREAT priorities. Lao Cai PCEM is now preparing a draft Action Plan for Decision 1898 to submit to PPC as requested. Aus4Equality|GREAT can support the development and implementation of the Action Plan for Decision 1898 together with PCEM and other provincial departments in order to promote gender equality in ethnic minority areas and align resources and efforts from the Program, Decision 1898, as well as other resources.

Expected results:

- i. Action Plan to implement Decision 1898 in Lao Cai.
- ii. Coordination mechanisms (both in resources, activities and implementation) among the Program and PCEM and other stakeholders to promote gender equality in ethnic minority areas of Lao Cai.
- iii. Lessons learned, and experience inform evidence for policy advocacy efforts to improve WEE in Lao Cai and at central level.

Interventions for Aus4Equality|GREAT

With this strategy, interventions shall focus on:

- Identifying related issues and factors affecting the changes in women's economic empowerment based on studies, and monitoring of the effectiveness of GESI implementation through interventions in agriculture and tourism.
- TA support for the PCEM of Lao Cai to develop their Action Plan based on the Decision 1898 and consult with various stakeholders (possibly including beneficiaries) on the draft plan before submitting to the PPC for approval.
- Partnership to implement the Action Plan of Lao Cai for implementing the Decision 1898/2017, approved by Lao Cai PPC.
- Advocacy and TA to integrate gender in the evaluation of the implementation of the Action Plan for Decision 1898 of Lao Cai, this evidence will feed into the design of the new phase of NTPs, and poverty reduction framework after 2020.

Potential partners for this strategy include DPs (leading role in technical support and stakeholder coordination), PCEM (as lead implementing agency) and other provincial departments and relevant districts/communes as needed.

4.3.2.5 Intervention Strategy 5 – Supporting Start-Ups and Business Initiatives by Ethnic Minority Women

Entry Point

Decision 939/2017 of the Prime Minister provides principles for supporting women-led start-up enterprises, this is one of the latest policy developments related to women's economic empowerment and will be led by VWU. The CEMA Minister has issued Decision 569/2016/QD-UBND on start-ups in ethnic minority areas and established a Ministerial Task Force 569 to support this. The promotion of women-led (and ethnic minority women) business and start-up will be challenging, and the Program can provide support, thus contributing directly to WEE in agriculture and tourism. Coordinating support from WB, CARE and other partners has been discussed; some conferences and workshops were organised.

Expected results:

- i. PCEM develops and implements plans (including resource coordination), and coordination mechanism between PCEM, the Program and relevant partners in promoting gender equality in ethnic minority areas of Lao Cai;
- ii. Generate evidence and lessons learnt on gender equality in ethnic minority areas, contributing to the discussions and policy advocacy for WEE in Lao Cai and at central level.

Interventions for Aus4Equality|GREAT

The Program shall focus on following interventions:

- Identify innovative ideas, start-up initiatives, incubate and fund women-led start-up enterprises.
- Assess the challenges and opportunities for ethnic minority women start-ups, and make recommendations on strategies, mechanisms, and measures to put ethnic minority women business and start-up initiatives into practice in Lao Cai.

- Conduct external evaluation for lessons learnt and contribute to policy dialogues at provincial and national level to promote women’s business and start-up initiatives, especially those of ethnic minority women.

Partners in this strategy include an organisation capable of supporting women’s business and start-up initiatives (provide TA for stakeholders during the selection of initiatives, development and implementation of business plan on), PCEM of Lao Cai, Women Union, and if needed, NGOs and other stakeholders during the implementation.

4.3.2.6 Intervention Strategy 6 – Enhancing Credit Access for Women-Managed Household Business and Enterprises

Entry Point

The background studies revealed that two Program’s target groups need capital to invest in production and business:

- Production households/service providers: according to the background studies, this group usually expects to borrow VND 10-34 million, only one household borrowed VND55 million. Only 6% of the survey households could access to commercial banks’ loans. The reason that most of the households are unable to borrow for production, particularly from commercial banks, is the banks’ requirement for a mortgage of land use right certificate (So Do), despite of the fact that the Decree 55/2015/ND-CP on credit policies serving agriculture and rural development applied in the province allows for unsecured loans. 64% of surveyed households borrowed from VBSP, the major credit source for production, via preferential credit programs for the poor and near poor households. With both sources, these loans are made through ‘trust credit’ administered by mass organisations, who manage the loan portfolios, collect interest and loan repayment. Members of these loan groups do not need to agree on individual loan use, therefore their payback capacity is low, as many households do not use the loans for production purposes but rather to payback other loans or for personal consumption.
- Start-up enterprises and other businesses including women-owned cooperatives: this group requires long-term loans to invest in production and business expansion.

Expected results:

(i) Increase credit access for women-owned production or business groups/collaborations; as well as enterprises.

Interventions for Aus4Equality|GREAT

The Program shall focus on following interventions:

With the production household group: the strategy targets at improving effective use of loans for production and trade, services.

- Pilot and strengthen women run production groups or credit groups by building their capacity in group management, business planning.
- Promote linkages between groups and enterprises to improve market access.
- Promote linkages between groups and commercial banks.
- Evaluate and document pilot models. Share experience with partners and banks to replicate models in other locations.

With women-led start-up and businesses:

- Link potential start-ups and businesses with investment funds and financial institutions.

Potential partners include TA organisation in collaboration with mass organisations or VBSP, VBARD (and other interested commercial banks).

4.3.2.7 Intervention Strategy 7 – Supporting the pilot of integration of WEE business environment assessment indicators in the set of district competitiveness indicators

Entry Point

Lao Cai is one of the two provinces in Vietnam to administer the annual district competitiveness index (DCI), based on the formula for the provincial competitiveness index (PCI). The DCI provides an objective and independent view of the district's investment environment. The Program can pilot integrating some key additional indicators in the DCI related to inclusive business.

Interventions for Aus4Equality|GREAT

The Program will focus on the following:

- Pilot the integration of indicators related to the promotion of WEE, innovation and women's participation in business into the DCI in the Program's five target districts.
- Analyse and share DCI results with other districts.
- Support districts in Policy dialogue and action to improve the inclusive business environment to achieve Program objectives.

Potential partners for this strategy include DPs, DPI (lead the implementation), and district PCs.

Pilot Intervention Strategies

The Aus4Equality|GREAT design document and the inception workplan refer to pilot communes and projects to create momentum for the Program's partnership approach and more importantly to pilot activities to test the newly developed program systems and procedures. Based on the findings of the background studies in 9 pilot communes in Son La and Lao Cai the following recommendations are suggested:

- A shift from area-based targeting, as outlined in the design document, to an inclusive market system development approach which covers the entire province, and not just selected Districts and Communes.
- Pilot new approaches/models to prepare ethnic minority women, who participate in undeveloped product value chains without active engagement of the private sector, to be ready for private sector investment.

Pilot partnership activities will be implemented in order:

- To test the Partnership Agreement approach established during inception and engage early identified partners.

- To test new approaches to inclusive market system development in selected products and services in local contexts, including new partnership modalities.
- To grasp visible opportunities for immediate intervention for quick gains.
- To build models in an early stage that can be replicated and scaled up to produce broader impacts.

The first purpose is aligned with the Program's principle of learning and adaptive management. Given the complexity in women's economic empowerment, especially when the Program works with ethnic minority women in remote areas, the design emphasises the necessity of testing and identifying early on new interventions and approaches, then learn and adapt. At the same time, risks need to be clearly understood, managed and minimised.

5 Implementation Arrangements

5.1 AUS4EQUALITY|GREAT Partnerships

The program aims to promote inclusive markets systems development with a focus on selected product and service value chains to improve gender equity and economic inclusion. This requires engagement and action from partners along the value chain and in the supporting business environment. Program partners can either be implementation partners or strategic partners.

5.1.1 Implementation Partners

Implementation partners need to have relevant and recognised technical and management capacity to support the achievement of their specific project outcomes related to strengthening inclusive market systems. They should be a legal entity registered with Government of Vietnam in order to sign Partnership Agreements and receive funding (contribution or co-financing) from the Program. The profile of implementation partners per project objective is as follows:

Implementation Partners for Objective 1

Partners could be local or international NGOs, mass organisations, commune-based organisations (CBO), research institutions/universities who are familiar with approaches to GALS, GESI, WEE/M4P. The Program will work with them as a sole partner or a lead partner who can work with other market actors (such as cooperatives, service providers, universities, interest groups, private sector, government agencies) to:

- Increase understanding and appreciation for and promote gender equality at the household and community level, increase women's economic decision-making power at household and enterprise level.
- Develop innovative technologies and methods to enhance producer group organisation, production/services skills, business skills, market access for community groups (interest groups, collective groups) involved in under-developed value chains.
- Promote women owned or co-managed businesses (informal and formal).
- Develop access to skills training and link to job creation for women in tourism and agriculture.
- Improve economic management and leadership skills for women.
- Develop local support network for labour and productive markets for women.

Implementation Partners for Objective 2

Partners could be private companies, commercial cooperatives, social enterprises, state-owned enterprises, international businesses who have proven relevant business experience, networks and promising business models to financially invest in the value chains involving women for more profitable businesses and sustainable income for women. The Program will work with business partners as sole or lead partners who can work with other market players (service providers, business association, interest groups etc.) to:

In the agriculture selected products:

- Enhance ethnic minority women's capacity to ensure higher level crop quality, environmental sustainability, and productivity.
- Link ethnic minority women's groups and cooperatives to affordable finance services or input supply providers.
- Introduce environmentally friendly production practices and application of technology.
- Introduce small infrastructure solutions (such as irrigation, harvesting, storage, processing, transportation) for ethnic minority women's producer groups.

In tourism selected services:

- Introduce a package of work-based hospitality skill training and employment options for ethnic minority women and girls to enter and move up in the labour market in the hospitality and tourism industry.
- Develop skilled ethnic minority and women labour supply services for MSMEs operating in the hospitality industry in the provinces.
- Expand economic activities for women involved in CBT provision, developing and delivering diverse quality CBT products and services.
- Introduce sustainable and innovative CBT models in existing and new CBT areas and link local CBT service providers with domestic and international markets.
- Enhance traditional handicraft production, quality, market access for female producers.

Implementation Partners for Objective 3

Partners could be government departments and sectors (at provincial, district, communal and central levels), mass organisations, research institutes and universities, NGOs with experience in coordination and policy making for the competitiveness and inclusive growth of the agriculture and tourism sector in order to:

- Develop policy actions, adapt regulations that promote quality and affordable business development services for household enterprises and businesses.
- Strengthen policy implementation for developing an inclusive business environment for private sector investment in the two sectors.
- Collect and analyse evidence on the effectiveness of policies promoting IB of enterprises and effective IB models.

Partnership agreements are encouraged to cover more than one of the three objectives, and to ensure consistency and linkages with all 3 objectives.

5.1.2 Strategic Partners

Among the implementation partners, there will be smaller number of strategic partners with the interest and capacity to contribute their own resources and inputs for the implementation of the Program strategy, and coordination for the purposes of learning to ensure that the Program makes full use of all available synergies as well as leverages other resources. Aus4Equality|GREAT strategic partners will work together to steer/direct, cooperate, sharing knowledge, and developing coalitions for advocacy.

5.1.3 Roles of Aus4Equality|GREAT

Aus4Equality|GREAT plays several roles in the partnership process:

- Funding management: It will provide financial contributions (short or multi-year) to implementation partners for testing, implementing initiatives and scaling up proven solutions;
- Coordination and facilitation: The Program will coordinate and facilitate horizontal and vertical links between government partners at sub-national and national levels, with development partners (World Bank, UNDP, ACIAR) and NGOs, private sector and market actors for collective and evidence-based policy advocacy and service provision for inclusive social and economic development in the two sectors.
- Advisory and technical assistance: The Program will provide advice and expertise to partners, and to develop partners' networks. The technical assistance will address strategic issues and be responsive to inclusive market system development requirements;
- Convening: bring partners together regularly for joint activities such as Partner Forums, joint monitoring missions, policy dialogues, etc., to identify strategic issues, key systemic constraints, learn and adapt.

The Program shall sign partnership agreements with approved partners (detailed in SOP). The partnership agreements are not purely contractual relationships. Each agreement reflects a partnership between Aus4Equality|GREAT and partners that are already committed to engaging with, and serving, local communities. The partnership agreements therefore contribute directly to the sustainability of the Program's outcomes by building the capacity and relevance of long term partners. Thus, in many cases, partnership with Aus4Equality|GREAT will allow partners to expand/enhance their existing engagements:

- In the case of Government, this may be through the development of improved processes and capacity for innovative policy implementation; stakeholder consultation and policy dialogue with private sector, civil society, producer and interest groups.
- For the private sector, it may be through co-funding that reduces the investment risk and builds up the business case for inclusive market systems development, in situations characterised by inexperienced or under-resourced suppliers, or by other market failures.
- For civil society and NGOs, it may be through improvements to their reach and engagement within the target communities to promote gender equality and women's empowerment through gender awareness raising with men and women, capacity building for women's producer and common interest groups, and increasing women's leadership and decision-making opportunities.

The partner forum will consist of all Strategic and Implementing Partners and will serve as a platform for networking and forming new partnerships between partners, sharing experience and lessons, introducing new approaches, reflection, innovation, and reshaping initiatives. It will convene as a plenary at least once a year, and smaller sub-groups can be convened as needed based on interest and demand. The Program will support these meetings financially and logistically and will also propose issues to discuss, resource persons, and capacity development opportunities.

5.2 Investment strategies

Contribution funding is one of the instruments to be applied by Aus4Equality|GREAT to support selected implementation partners to deliver their project outcomes. Several factors have been considered for defining possible funding schemes for different implementation partners and objectives.

- Types of partners and their ability to contribute own financial resources.
- Common practices on matching fund requirements from similar Business Challenge Funds to incentivise private sector investment with women as producers or service providers.
- Innovations to test new technologies or ideas to navigate complex issues and diverse local market context.
- Cost effectiveness for Aus4Equality|GREAT to administer funding schemes given its overall role as facilitator for delivering and steering approaches.

Three funding schemes with total amount of 9,323,970 AUD are established targeting different types of partners with different financing requirements (detailed in Appendix 1) for Lao Cai province. The funding sizes range from small to medium and large to encourage various partners of different implementation and financial capacity and ambition to undertake their solutions that respond to specific local issues within the program's strategic framework.

5.2.1 Women's Economic Empowerment and Policy Funding Scheme (Scheme 1)

This funding scheme targets partners who intend to implement solutions for achieving the Objective 1 on Women's Economic Empowerment and Gender Equality and the Objective 3 on Improved sector governance and policy. This scheme will also include seed funding for women's start-up enterprises.

Funding characters	Description
Total funding	6.12 million AUD
Funding amounts	Small investments: the funding is up to 80,000 AUD Medium investments: the funding is between 80,000-500,000 AUD Large investments: the funding is between 500,000-1,000,000 AUD
Types of solutions will be supported	Initiatives to promote Gender equality and women's empowerment at local levels (4,400,000 AUD, 72% of the total funding) Initiatives to improve sectors coordination, business investment environment (1,720,000 AUD 28% of the total funding)
Own contribution	10% minimum
Duration	12-36 months (possibility for no cost extension until June 2021)

Aus4Equality|GREAT will work with about 18 delivering partners for Objective 1 and 10 partners for Objective 3. The Program will select partners who are best placed to collectively deliver on the strategic outcome under Objective 1, as well as work with some small partners test local solutions. The grant funding size will depend on the outreach (how many beneficiaries will be impacted) and contribute to achieving overall program outcome targets.

Given the local context and the nature of agriculture and tourism, the following minimum outreach is suggested for different funding size by sector:

Funding size	Minimum number of households in Agriculture	Minimum number of households in Tourism
Small	At least 100 households	At least 30 households
Medium	At least 500 households	At least 100 households
Large	At least 1000 households	At least 300 households

5.2.2 Inclusive Business Funding Scheme (Scheme 2)

This funding scheme targets business partners to deliver the Program Objective 2 on innovative inclusive business models to promote inclusive market systems that will facilitate greater and more meaningful engagement with ethnic minority women in the selected products and service value chains to become increasingly inclusive, gender sensitive, profitable and sustainable.

Funding characters	Description
Total funding amount	2,7 million AUD
Funding size	Small: <50,000 – 80,000 AUD Medium <80,000 – 200,000 AUD Large <200,000 – 400,000 AUD
Activities will be covered by Aus4Equality GREAT funding	Business initiatives to improve market access and income for women in specific services, product supply chains and employment opportunities Capacity and institutional development for development for local market systems actors to ensure sustainable inclusive market systems
Private sector funding contribution	At least 51%
Duration	24-36 months

Aus4Equality|GREAT will work with approximately 12-14 business partners for Objective 2. The findings from background studies on sizes of businesses interested in investing in the IB initiatives with women and the local context of specific selected products/services in the agriculture and tourism has informed the minimum outreach suggested for different grant sizes for by sector.

Funding size	Minimum number of households in agriculture	Minimum number of households in tourism
Small grant	At least 200 households	50 households
Medium grant	At least 500 households	100 households
Large grant	At least 1000 households	>300 households

5.2.3 Innovation Funding Scheme (Scheme 3)

Innovation is a cross cutting theme which involves controlled and managed risk taking. Innovation is welcome at any time during the project implementation, although it will be

encouraged in the first two years in order to learn from and share results and scale up successful models. This funding scheme is open on a competitive basis for partners to develop and test innovation prototypes that can contribute to sustainable changes in the market systems the Program is working in under all 3 Program objectives.

Funding characters	Description
Total funding amount	503,930 AUD
Funding size	Up to 30,000 AUD
Types of solutions will be supported	Innovation to improve productivity, product quality, policy, gender equity, skill training for women
Own funding	Minimum 10%
Duration	< 12 months

5.3 Principle of partners selection and Calls for Proposals

Basic principles will be applied in the call for proposals and selection of projects: fairness, transparency, competitiveness, and value for money. The Program will issue two public calls for proposals in year 1 and year 2. First call will be launched in July and second in October/November 2018, via mass and social media as well as information sessions for interested partners. The second call for proposals aims at seeking solutions responding to emerging opportunities for WEE, inclusive business partnership and sector governance improvement. It also focuses on solutions contributing to achievement of those project outcomes which have not yet been sufficiently addressed by selected proposals from the first call. Depending on the quality and quantity of the response from applicants in the first year, the number and timing of calls will be decided for the second year.

Different processes will be applied for selecting partners for funding scheme 1 and funding scheme 2 to reflect the different objectives, as well as operational mechanism and risk associated with different types of partners. The final selection of Scheme 1 implementation partners will be confirmed after the concept note review, presentation and due diligence; while for Scheme 2 the selection will be confirmed after the submission of the inclusive business plan proposals and business due diligence. The selection process and criteria are specified in the Standard Operation Procedures.

5.4 Risk Management

The Program will protect our investments by identifying, assessing, monitoring and taking mitigation actions against risks that could affect program performance. During the inception phase the following investment specific risks have been identified and reviewed. The risk matrix below presents key risks linked to program objectives, mitigation and rating. A full Risk Management Plan and Risk Register for the entire Program management is provided in a separate document, Annexed to the Annual Work Plan.

Objectives	Risks	Risk mitigation	Rating after mitigation
Attract private investment	Insufficient interest from private sector in financing IB	Proactive identification of interested partners, information sessions to keep	Medium

in product chains with women's participation	initiatives with ethnic minority women in selected products	interested partners informed about the benefits of participating in the Program	
	Shift in investment priorities of private sector partners in the course of implementation due to changes in ownership	Obtain companies' written commitment in their financial investment during the company due diligence. Closely monitor the progress	Low
Number of women with increased income and new jobs	Market risks: reduced demand for selected products (for domestic and export markets)	Ensure demand for selected products in various markets (local, national and international) Include market demand indicator in the IB companies monitoring. Ensure that involved producers' groups received sufficient support from the company to produce new products when required	Medium
	Government policy changes affect the private sector investment	Ensure the products are aligned with local government priority through regular dialogue between program, business partners and local government	Low
	Slow implementation due to government approval for funding to Vietnamese NGOs, private sector	SOP indicates that partners will receive aid certificate to be arranged by PMU to avoid double approval	Low
	Delay in program implementation and progress due to extensive consultation process with partners, PMU	Maintain a close consultation with PMU through skype, video conference.	Low
	Program focus on contractual and output based relationship and fails to achieve dynamic partnership that drive learning and planning	Pay attention to identification of strategic partners. Allocate sufficient resources for partnership agreement facilitation (including partnership broker) to keep strategic partner focus on identifying innovative approaches, strategic steering	Low
	Program works with too many small partners, not insufficiently strategic in its selection of partners.	Establish partnerships with those groups best placed to deliver strategic outcomes. Monitor the Program carefully	Low

	<p>Insufficient capacity of local-based partners to deliver needed support mainly at community level</p>	<p>and ensure sufficient resources are in place to address work plan. Use umbrella partners to manage smaller partners (ie under Objective 1, Innovation, Start up, etc)</p> <p>Develop capacity for local partners based on the needs to be identified as part of partner assessment and regular partner performance review.</p>	
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ANNEX 1: BUDGET ALLOCATION FOR FUNDING SCHEMES

Type	Objective 1	Objective 2	Objective 3	Total
<i>Initial funding allocation</i>	4,661,990	1,864,796	2,797,194	9,323,980
Women Economic Empowerment and Policy Funding Scheme (Scheme 1)	4,400,000	1,720,000		6,120,000
Inclusive Business Funding Scheme (Scheme 2)			2,700,000	2,700,000
Innovation Funding Scheme (Scheme 3)	261,990	144,796	97,194	503,980