

# LINKAGE PROMOTION & INNOVATION OF IMPLEMENTATION MECHANISMS IN COMMODITY PRODUCTION OF AGRICULTURE VALUE CHAINS AND DEVELOPMENT OF TOURISM SERVICES IN ETHNIC MINORITY AREAS IN VIETNAM

## Lessons learned and policy recommendation from the GREAT Program

**Note: This policy brief was originally developed in Vietnamese for a Vietnamese audience. Not all terminology translates easily into English. This English version has been developed for interested English-speaking stakeholders to share the role of GREAT in briefing the Government of Vietnam, but does not take the place of the Vietnamese version as the policy brief.**



*Hanoi, 30 March 2022*

## Introduction

The Government of Vietnam has issued many policies to support linked production through the development of value chains, including:

- Decree No. 98/2018/ND-CP dated July 5, 2018 of the Government on policies to encourage the development of cooperation and association in the production and consumption of agricultural products;
- Decree No. 57/2018/ND-CP dated April 17, 2018 of the Government on mechanisms and policies to encourage enterprises to invest in agriculture and rural areas;
- Policy components that support export development along the value chain in the National Target Programs (NTP); Supportive policies of each locality according to the Resolution of the Provincial People's Council and the Decision of the Provincial People's Committee.

However, the implementation of these policies brings difficulties. There are very few projects in ethnic minority areas that are approved and implemented under Decree 98. Production development projects in the NTP's Sustainable Poverty Reduction Project 2016-2020 mostly supported training, seedlings and input distribution with little focus on promoting and forming links between actors in the production, processing and consumption of products. Value chain development projects are still modest in terms of linked production and sustainable market access.

The Aus4Equality|Gender-Responsive Equitable Agriculture and Tourism (GREAT) Program is funded by the Australian Government with a total budget of AUD 33.7 million (equivalent to approximately VND 600 billion). It promotes gender equality and enhanced economic empowerment for women in Lao Cai and Son La Provinces in Vietnam's north-west, home to many ethnic minority groups.

Between 2018 and 2022, GREAT supported 65 sub-projects in the agriculture and tourism sectors in Lao Cai and Son La Provinces. GREAT has pioneered an inclusive market system development and women's economic empowerment approach to promote gender equality among ethnic minority communities. To date, most of the sub-projects supported by GREAT have achieved success. GREAT has leveraged a total of USD 5.35 million (equivalent to about VND 120 billion) from the private sector to co-invest in sub-projects; more than 15,000 ethnic minority women have significantly increased their income; 82% of women beneficiaries reported increased confidence and voice in the family, and enthusiastically participated in the project's activities in the community.

This document presents lessons learned from the GREAT program, including from the planning and budget allocation stages to project formulation, choosing and working with implementing organisations, and monitoring and evaluation of value chain development projects. The GREAT team looks forward to sharing this document with policy makers, managers and professionals to inform the implementation of value chain development projects among the ethnic minority regions in Vietnam in particular and in the development of agriculture and tourism sectors in general.

Visit the GREAT program's website:  
<https://equality.aus4vietnam.org/vi/>



# 1 Planning and budgeting

## 1.1 Planning based on sector assessment

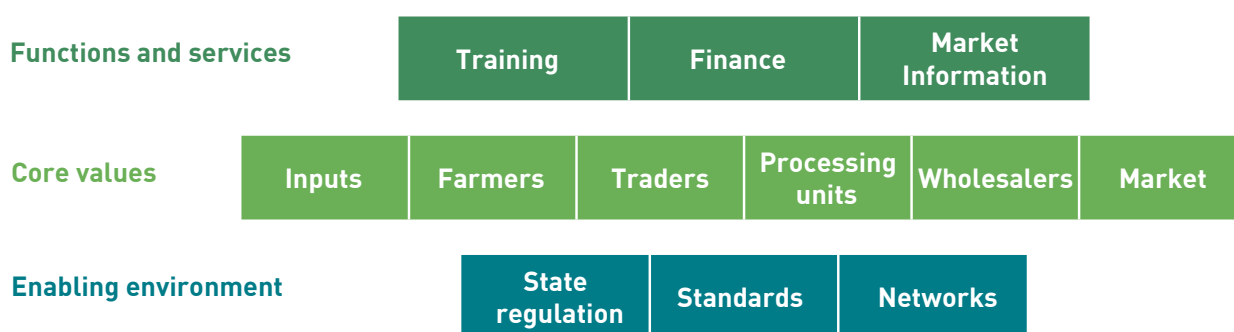
Currently, local government agencies provide a list of key and potential products and are focused on product development and calling for investment. Projects supporting value chain development are based on specific enterprise and cooperative proposals, lacking an overall market systems approach, and it is difficult for small projects or small businesses to solve the barriers that market actors often face in developing sustainable value chains.

A lesson from GREAT is that value chain development needs to begin with an in-depth analysis of the sector, as is applied in a market systems development approach. In-depth sector analysis, along with consultations with enterprises, advisory groups and/or sector steering committees in each locality will help identify bottlenecks or key opportunities, and systemic interventions to effectively connect farmers with the market can then be proposed. On that basis, local management agencies can determine a list of projects/activities on which to focus investment in order to promote the role of market actors in the sectors (Box 1). The list of projects should prioritise support to upgrade existing value chains and prioritise the development of products and services based on potential, strengths, local knowledge (including in seedlings, sustainable/traditional farming techniques, climate, landscape, soil and local culture).

### Box 1: Identification of priority intervention and actions based on sector analysis using the market systems development approach

Market actors are connected to final consumers through a series of exchanges referred to as value chains. These actors are influenced by the market system, which includes supporting functions and services (such as technical training, financial and information services) and the enabling environment (such as state regulations, standards and networks). Sector assessments are undertaken to identify difficulties, opportunities and priority interventions or activities with market system actors – such as enterprises, cooperatives, management agencies, public service units, research organisations, social organisations, sector associations, community groups and producers

Figure 1: An example of the Agricultural Market System



**Cinnamon example:** When GREAT began working in cinnamon in Lao Cai, cinnamon growers were mainly selling raw materials to traders as production was not meeting organic standards and the market and price were unstable. On the basis of an in-depth sector assessment, GREAT, together with local authorities, identified five solutions: (1) Build the capacity of groups to develop organic cinnamon production areas; (2) Promote sector coordination through the Vietnam Cinnamon Association, sharing documents on organic cinnamon cultivation for the whole sector; (3) Cooperate with Son Ha Spices Company and Vinasamex Company to invest in a project to build a factory, provide skills development for workers and develop the market; (4) Strengthen business and processing capacity for local cooperatives; (5) Provide technical support to the Agricultural Extension and Agricultural Service Center of Lao Cai Province to allow the Centre to provide capacity building services for collective groups and farmer groups, introduce organic cinnamon growing techniques and build a quality management system for raw materials.

As a result, cinnamon is being produced in line with Organic, Fairtrade and Rainforest Alliance standards



and promoted to high-end markets, including the **US, European Union** and **Japan**. The average price of cinnamon sold is now **VND 28,000/kg**, compared to VND 18-20,000/kg before the project.

**Bamboo shoots example:** Ten years ago, Son La Province supported the cultivation of Bat Do bamboo shoots and invested in processing facilities for cooperatives without purchasing contracts, leading to farmers not being able to sell their produce and a subsequent reduction in production areas. After an in-depth assessment of the bamboo shoots industry, GREAT developed a phased intervention strategy that involved: (1) Connecting the market and developing the bamboo shoots export chain; (2) Developing the Bat Do bamboo shoot growing area to create a sustainable organic production area; and (3) Expand reach into domestic and foreign markets, attract new investors and increase product value.


This resulted in:

**2.914** 


households

benefiting **5.928** 

people

recording a **25%** 

increase in average income

considerable labour savings **45** 

new jobs for farmers in collective groups

earning **VND 200-250,000** per day,

due to the introduction of technology to

package fresh bamboo shoots; division of

labour with households focusing on growing

and harvesting bamboo shoots and the

preliminary processing undertaken by collective groups;

**6**  business cooperation contracts with

cooperatives were signed by Yen Thanh

company;

**200 ha** of Bat Do bamboo shoots

were newly planted;

**500 ha** ha of bamboo shoots were harvested

sustainably with fresh bamboo shoots meeting

USDA organic standards for export and dried

bamboo shoots achieving OCOP certification

**Tourism example:** GREAT supports tourism

development under the market systems

approach at two levels – comprehensive

destination management and community-

based tourism development. The intervention

contents are built based on the analysis of the

market. They are designed to solve market

bottlenecks to develop community-based

tourism following market demand and with the

close participation of tourism businesses. This

includes improving homestay service quality,

coordination between actors in the sector (tour

operators, restaurants, hotels, transportation

units), and working with training and research

institutions, local communities and tourism

government agencies. The collective groups

governance model and the community-based

tourism cooperative in Ban Vat (Moc Chau),

along with the model of the community tourism

cooperative in Ta Phin (Sapa) demonstrate

the market systems development approach,

in which cooperatives act as a coordinator

between service groups, link to tour companies

and solve problems and obstacles at the

destination.

## 1.2 Project budget allocation

One limitation in the budget allocation of the NTP for Sustainable Poverty Reduction in the 2016-2020 period is that the funding was dispersed to each commune and village annually (each commune with special needs was allocated about VND 250-300 million per year), resulting in small projects with a term of one year – too short to develop production and a sustainable value chain.

GREAT's experience is that budget allocation in value chain development must align with project focus and objectives. GREAT commits to co-invest for at least three years for each sub-project, with investment phased across the years to achieve sustainable results. After a period, if evaluation reports demonstrates the intervention is effective, GREAT has an additional mechanism for co-investment to expand the model. For example, the bamboo shoot chain was initially piloted in 3 communes. After evaluating activities and finding the bamboo shoot value chain effective with good market prospects, GREAT supported the Van Ho District to develop the Bat Do Bamboo



**Farmers are planting Bat Do bamboo seedlings in Van Ho, Son La**

Shoot Area Development Plan, covering 1000 ha. GREAT also added funds to develop the bamboo shoot sector in 4 other districts of Son La province.

Another experience of GREAT is the importance of a reserve budget to support solving difficulties that arise when implementing sub-projects. For example, with work done on the ramie value chain, there was a reserve fund to improve ramie seed production at a lower cost. Within the cinnamon value chain, additional funding was provided to conduct pest control solutions within the organic cinnamon area.

## Policy Recommendation 1

# 1

**Local management agencies (People's Committees at provincial and district levels and other relevant agencies, sectors) allocate adequate budget to organise in-depth analyses of the commodity sectors (independent experts and/or third parties may be used) using a market systems development approach to identify bottlenecks, opportunities and systematically introduce appropriate interventions.**

# 2

**On the basis of the sector analysis, local management agencies will determine a list of strategic projects/ intervention activities in order to promote the role of market actors, prioritising the upgrading of existing value chains and the development of products and services based on local potential, strengths and knowledge.**

# 3

**Planning and budget allocation to support value chain development should be medium-term in focus according to the list of value chain projects (with a commitment to invest in each project for at least 2-3 years, with investment phased across the years). At the same time, provincial and district governments should set aside a contingency budget to promptly solve any emerging technical problems and be ready to support the expansion of the model upon a successful evaluation.**

# 2 Project planning

## 2.1 Prioritise support for pioneering individuals and organisations

In the NTP for Sustainable Poverty Reduction 2016 - 2020, the main beneficiaries are poor and near-poor households that have just escaped poverty, while non-poor households have to self-finance their involvement in production development cooperation projects. Many non-poor households often do not participate in the projects, despite their potential to play a pioneering role, leading other households to follow and change production methods and participate in value chain linkages.

GREAT's experience is that the majority of households in a new area are reluctant to invest and apply new production methods if they have not seen concrete results (even if the model has been successfully implemented in other areas within the same district). Therefore, it is useful to run small-scale pilots, in which priority is given to supporting a few pioneering households (not necessarily poor households). In ethnic communities, the experience has been that it is important to involve households or individuals considered local leaders to encourage others to follow. GREAT also attached importance to support cooperatives, collective groups and farmer groups which can play a role in encouraging uptake and involvement. Within these groups, active members (which may include non-poor households) are identified to work with.

In the bamboo shoot value chain, GREAT initially supported the pilot which focused on growing 100 ha of Bat Do bamboo shoots in 3 communes in Van Ho District, then expanded to 1000 ha across Son La Province. GREAT and its local partner selected the capable Xuan Nha Cooperative to provide bamboo shoots and guide implementation in the remaining communes.

In the cinnamon value chain, participants include active households with good income and poor households. GREAT focused on training and guiding women-managed groups in team management, production and business management.

In the vegetable value chain, GREAT ran a pilot through which participating farmers converted their single-crop maize and rice land to vegetables, to form a specialised vegetable growing area. They were linked with the Greenfarm company and three cooperatives with a production area of over 100 ha, and continue to expand to 5 other sub-projects in Son La and Lao Cai Provinces.

In the ramie value chain, GREAT supported households and pioneer groups to convert to ramie growing, thereby improving the capacity of more than 1,000 households through two sub-projects (Vinafi and HTM Dragon). The households formed a concentrated ramie area of 800 ha in the Son La districts of Van Ho, Song Ma, Sop Cop, Phu Yen, Moc Chau and Mai Son. Evidence of economic, technical and environmental success has been established, helping Son La Province to have enough evidence to inform the replication of the growing area.

In the tourism sector, GREAT supported some households to pioneer the development and standardisation of homestay experiences to meet market needs, welcoming both international and domestic guests. Meanwhile, GREAT supported the establishment of service groups and community-based tourism cooperatives owned by women (Thai women in Vat Village, Moc Chau; Ha Nhi women in Choan Then, Bat Xat; Red Dao women in Ta Phin, Sapa). The number of homestays increased and encouraged more households to participate in agriculture production to supply the homestays. The model of community tourism cooperatives is being replicated, with a community tourism cooperative being established by service groups in Vat Village, Moc Chau and Phu Mau and Van Ho. In Sapa town, the Ta Phin community tourism cooperative model is being replicated in the 2022-2025 Plan.



## 2.2 Mechanism of co-investment with enterprises

In line with the Government's policies, inputs such as seedlings, materials and equipment are usually supported at a certain rate, with the maximum support value controlled. However, there is a lack of binding regulations on co-investment mechanisms to ensure that enterprises fulfill their commitments. There is no mechanism to ensure enterprises carry out activities as per the business plan of approved projects.

In GREAT's sub-projects, a 49/51 co-investment ratio is often applied. That is, GREAT supports up to 49% of the total implementation cost and the business partner invests at least 51%. The co-investment mechanism aims to promote the proactive role of enterprises, thereby selecting enterprises that are committed and have the potential to successfully implement the sub-project. The specific rate of co-investment is decided based on the business plan, the status of the industry and the development level of the business (i.e a start-up or an expanding business). The level of risk associated with the business plan is also considered. GREAT will refund the enterprise co-investment according to measured performance milestones annually and at the end of sub-project.

In the bamboo shoot value chain, GREAT co-invests in small facilities for cooperatives to reduce production costs, increase productivity and quality, and create momentum for change. For example, when a partner invests in a nursery or a solar drying house, GREAT co-invests 25% of the total cost. In the cinnamon value chain, GREAT co-invested 40% in 3 sub-projects, the rest was invested by enterprises to build processing facilities, raise working capital and support seed production by cooperatives. In the HTM ramie sub-project and the Greenfarm vegetable sub-project, GREAT's co-investment ratio was 24% and 42% respectively.

## 2.3 Conditional funding

One of the basic principles of value chain development is that it is necessary to follow market principles and to ensure any support does not negatively impact the competitive market factor, making the project unsustainable once support is withdrawn.

GREAT's experience has been to subsidise capacity building for production groups and enterprises, surveying, technical assistance or small-scale procurement of equipment that is used by and benefits many people.

Sometimes direct support to carry out novel activities (new seedlings, new techniques, good agricultural practices) is provided to households who then host demonstrations to encourage other households to participate. For example, with the bamboo shoots value chain in Son La Province, support was provided to farmers to purchase bamboo shoots to plant as part of the pilot, to establish a nursery to reduce the cost of seeds and build drying houses. With the vegetable value chain in Son La, support was provided for the construction of small-scale irrigation and drainage systems, vegetable varieties to be trialed, fertiliser, mulch cover and automatic irrigation systems (Greenfarm, Hoang Hai Tan Lap Cooperative and Dung Tien Cooperative in Moc Chau).

## Policy Recommendation 2

4

**Departments and sectors assume responsibility for advising the People's Committee with guidance on criteria for selecting beneficiaries according to each locality, and suitable for each NTP. Guidance should focus on supporting pioneering households (non-poor households) and supporting cooperatives and farmer groups to play a pivotal role in value chain development.**

5

**Apply the co-investment mechanism between the state budget and the enterprise, which is the chair of the association as per the approved project, according to the principle of a 49/51 ratio. The support capital from the budget must be smaller than the reciprocal contribution of the enterprise to ensure ownership and responsibility is retained by the business (the specific support from the budget depends on each sub-project, the reality is usually much smaller than 49%).**

6

**Investors and businesses in the process of developing and approving projects thoroughly apply conditional support, giving priority to support for technical activities, capacity improvement, procurement of equipment on a small scale and many people benefiting from a project. For individuals, only direct support to carry out new and demonstration activities to attract others to participate is provided.**

# 3 Project implementation

## 3.1 Process technical support

Investors often allocate less funds for technical support during implementation, focusing instead on supplying inputs (seedlings, materials) through the NTP. Technical support is usually limited to short training courses.

In GREAT's experience, adequate funding for technical support is particularly important for the success of the value chain. The GREAT budget for technical assistance usually accounts for 35-60% (depending on the specific needs of each sub-project, the development status of the sector and the capacity of the actors). For value chain development, two key technical support areas are: (1) Capacity building for leaders of enterprises, cooperatives, collective groups and production households in inter-related development, networking, product coordination and market promotion; (2) Develop and maintain certification standards (organic production, VietGAP) for domestic and export markets. During implementation, it is necessary to regularly evaluate and identify challenges in order to have appropriate and timely technical support plans (for example, research and find organic solutions to prevent pests and diseases during production).

Technical assistance can be provided through enterprises participating in the value chain or using third-party services – local public service providers (such as Agricultural Extension Centers/Agricultural Services, Center for Industry and Trade Promotion, Unions, etc.). These units require capacity building on providing consulting and advisory services and training at the request of market actors. A current limitation within the capacity building component of the NTPs is that there are only two recipients: managers at all levels and representatives of the community/people. Service providers are not involved.

GREAT has supported the agricultural service center of Bat Xat and Bac Ha Districts (Lao Cai Province) and the agricultural service center of Van Ho District (Son La Province) to change business models, improve capacity on marketing, provide agricultural extension services and develop farmer groups. GREAT has also guided good agricultural practices for the medicinal value chain in Lao Cai in association with the VietRAP company, and Van Ho vegetable value chain in association with Greenfarm company and a vegetable cooperative in Van Ho District in Son La Province.

*Members of vegetable collective groups of Greenfarm Company in Moc Chau, Son La*





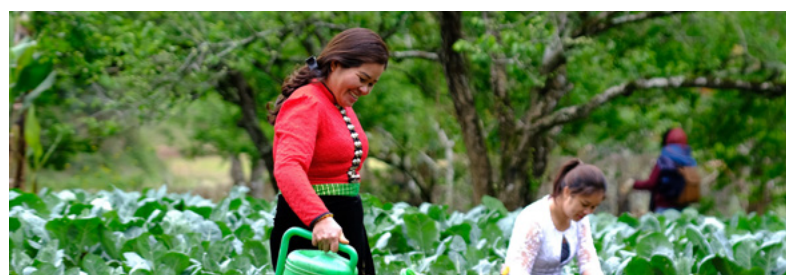
### 3.2 Developing groups based on obligations and benefits

**F**armer groups are a model promoted by many value chain projects. However, there are not many farmer groups that can maintain their own operations, ensure benefit sharing and coordinate with businesses. Building capacity for these groups remains a challenge.

GREAT's experience is that building and operating a farmer group should be based on sharing responsibility and technical and financial benefits between members; have a mechanism to motivate group leaders to take on their roles. The ability of the group to operate depends on the level of awareness and willingness to invest of the leading enterprises in the value chain. In the GREAT program, the groups that are producing in line with organic standards seem to work better as there is an internal monitoring mechanism. It is necessary to regularly evaluate group activities and encourage/support those groups with leaders that are capable of developing into collective groups and cooperatives and transform activities within a business model.

For example, in the cinnamon value chain, the group leader is paid more by the company than the member households; this covers the leader's consulting fees, internal quality monitoring and the cost of maintaining meetings and communication within the group. Organic cinnamon groups have strict regulations for cross-monitoring – any violation of one household will affect the remaining households and the raw material area.

When the community tourism development sub-project in Ban Vat, Moc Chau District started, only two households were offering homestays. It has since grown to 17 high-quality, eco-friendly homestays implemented by the group. The process of participating in discussion and self-determination when establishing a group is a key factor. The members determine the roles, responsibilities, participation and supervision processes. After taking on the coordinating role within the tourism business process, the Ban Vat Community-Based Tourism Group upgraded and standardised its business model through the establishment of a community-based tourism cooperative. The Cooperative was established to solve problems of cooperation with travel companies (signing contracts, receiving guests, coordinating marketing promotion, cooperation to stimulate demand, solving input and output bills etc.) and to link producers to business, building a brand, promoting and selling products, including local specialties, and connecting producers of local specialties to supermarkets. This is an approach similar to the model of the community tourism cooperative in Ta Phin, Sapa.



*Combining agriculture and tourism in Vat Village, Moc Chau, Son La*

### 3.3 Improving access to bank credit along the value chain

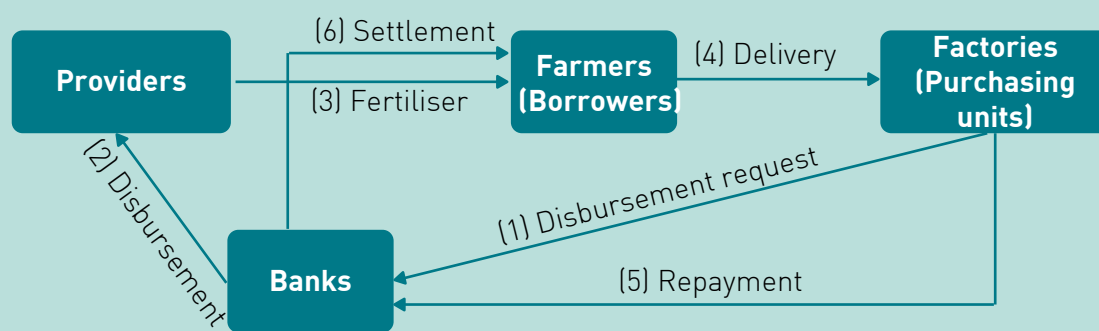
**G**overnment policies for value chain development all consider access to credit. However, there are currently no lending mechanisms that support value chain projects, with banks only offering credit to individual households with collateral required as security for the loan.

GREAT has piloted a 'value-chain lending' model (inclusive of farmers, banks, suppliers, enterprises, public service agencies and local authorities) to improve access to financial services along the value chain. Initial successes were recorded with this model in partnership with the Bank for Social Policies (VBSP) and LienViet Post Bank (LVPB). The most important lessons were that value chain lending requires trust funds at the bank, and credit operations based on cash flow and a verifiable flow of goods and transactions between parties to reduce financial risks for those wanting to participate in the value chain or surrounding system (Refer Box 2).

## Box 2: Connecting producers to bank credit through multi-party linkages

The sub-project 'Pilot lending to production households along the value chain' in cooperation with LVPB aimed to increase financial access for small-scale farmers participating in a value chain. The leading company makes a commitment to purchasing from the farmers and the loan is provided by the bank without collateral. In the Song Ma ramie chain in Son La Province, the company and the cooperative provided loan guarantees for farmers and the company supported the farmers to buy seed, fertiliser and threshing machines. LVPB disbursed loans to some farmers participating in the value chain. By the end of November 2021, there were 49 loans approved and disbursed, with a total outstanding balance of VND 1.06 billion.

The Moc Chau District Competitiveness Index (DCI) sub-project, in association with Moc Chau Social Policy Bank, piloted the model of raising capital through trust management of the Community Tourism Development Investment Support Fund in Ta So village, Muong Sang Commune. The DCI sub-project contributes 50% (VND 300 million) and VBSP contributes 50% (VND 300 million from the loan source for job creation), providing credit to six Mong households offering homestay services. The six households have since welcomed tourists, generated income and made interest and principal loan repayments on time. This money will continue to be used for the next loan to develop community tourism in Ta So and other villages in the district.



**Step (0):** Farmers, factories and LVPB sign a chain loan agreement.

**Step (1):** The factory and the farmers ask the bank to disburse according to the agreement.

**Step (2):** The bank approves input orders (fertilizers) and disburses directly to suppliers.

**Step (3):** Suppliers deliver fertilizers directly to farmers, or to factory.

**Step (4):** Farmers deliver products to the factory.

**Step (5):** The factory repays the bank according to the money collected from the farmers.

**Step (6):** The bank deducts principal and interest, then settles the loan account of (group) farmers.

## 3.4 Adaptive management to respond to risks

**M**arkets can be volatile, and many risk factors affect the implementation of value chain development projects. The COVID-19 pandemic that broke out in the past two years adversely affected all actors, disrupting supply and consumption along value chains.

GREAT adopts an adaptive management approach – a continuous cycle of monitoring, analysis and learning. Promoting innovation and creativity in value chain development does not necessarily require 100% success. If ineffective, it is necessary to evaluate and use the findings to make the decisions (e.g. stop when it doesn't work, or downsize, or change the approach) to maximize long-term results with available time and budget. Following work undertaken by GREAT, the Project Management Unit (PMU) and partners work together on quarterly implementation progress reviews, field monitoring and performance evaluations. After two years, GREAT classified the sub-projects into four groups – a management decision designed to increase investment efficiency:



- Group 1: Sub-projects that performed poorly compared to the plan, and the ability to create positive change was limited. These would be ended ahead of time.



- Group 2: Sub-projects that have not been implemented effectively. If adjusted focus and approach can improve the results achieved, changes should be made to implementation and/or focus, and the size of the investment reduced.



- Group 3: Sub-projects have met the requirements. These continue with implementation.



- Group 4: Sub-projects have been implemented effectively and have potential for expansion. Additional funding for replication (using funds due to cancelling or adjusting activities, or transferring from other ineffective sub-projects).

For example, within the bamboo shoot value chain, after 18 months of implementation an evaluation found good results and an appropriate and creative approach to implementation. GREAT and the PMU decided to supplement funds to expand sub-projects in the same district for the first time. Over the next six months, good market opportunities were identified, the co-investment led to an expansion into a further four districts. GREAT and the PMU decided to supplement funding to expand the sub-projects for a second time.

GREAT worked with local authorities to assess the impact and plan for the COVID-19 scenario. GREAT offered a program to support businesses, agricultural households and tourism to respond to COVID-19. Digital solutions were an important part of the response. Digital business knowledge and tools, along with in-depth training sessions for individual businesses, were provided to micro and small businesses managed by ethnic minorities. This was designed to help solve business challenges, apply tools to promote and sell products on social and e-commerce platforms, improve digital business models and increase average revenue by 3-5 times what was recorded through traditional business models.

In the bamboo shoots value chain, ramie, vegetables and medicinal herbs and management software was applied to better manage the production area in line with quality standards and to reduce business operating costs. GREAT supported training, digital transformation and technology transfer consulting services and market research so that the cooperative could process bamboo shoots for export, increasing revenue during the COVID-19 pandemic. Nam Det Cinnamon Cooperative (Bac Ha) previously largely supplied wholesalers (60%), and sold the rest to acquaintances through traditional channels. The cooperative did not use Facebook or sell online sales. After participating in the digital transformation training program, additional personnel were hired to support purchasing and sales consultations through online channels and customer management. The cooperative shifted from wholesale to retail, and now records a revenue of VND 2,367 billion from online channels, exceeding initial expectations.

In the tourism chain, groups and cooperatives participated in online marketing training, including using social networks such as Facebook, Zalo, Instagram and Trip Advisor to attract solo travellers, and to open up for online bookings via sites such as Agoda and Airbnb. This created opportunities to recover from the pandemic and increase revenue once social distancing and other restrictions were removed.

## Policy recommendation 3

**7** Investors and leading enterprises need to spend a significant proportion of their budgets in value chain projects on technical assistance. This technical assistance should focus on: capacity building for leaders of businesses, cooperatives, farmer groups and production households; developing networks, product coordination and market promotion; and support to build and maintain production and processing areas according to good agricultural production practice standards (such as organic certifications and VietGAP). There is a need for capacity building and technical support among public service units and local social organisations so that they can assist with developing value chains.

**8** Solutions for building and operating farmer groups must be based on the responsibilities and technical and financial interests of the members. There also needs to be a financial motive for group leaders. The investor should regularly evaluate group activities and encourage and support groups with the potential to develop into a collective group and cooperative. This should involve transformed business models in line with the commitment to lead other enterprises in the value chain.

**9** Local governments implement preferential lending policies along the value chain without requiring collateral by connecting with official bank credit through a multi-party cooperation model. The two solutions needed to support this and reduce risks are: to fund a trust fund at the bank; and, to apply credit operations based on cash flow, i.e. a verifiable flow of goods transactions between parties.

**10** Investors adopt an adaptive management approach – a continuous cycle of monitoring, analysis and learning. Regular monitoring and periodical performance evaluations to classify projects are used to inform timely management decisions to increase investment efficiency within available time and budget. In addition, all value chain development projects must develop scenarios and risk response/management solutions in the context of COVID-19. These scenarios should focus on consulting solutions, in-depth training on value chain management and market development based on the use of digital applications (social media and e-commerce platforms).



## 4 Disbursement, monitoring and evaluation based on results

To implement the mechanism of co-investment, and refund enterprises their initial investment costs based on agreed milestones and co-investment ratios, it is important that the monitoring and evaluation mechanisms be based on results. This requires investors (provincial and district authorities) to develop an effective monitoring and evaluation system.

The monitoring and evaluation system used by the GREAT program includes the development of measurable results, indicators, targets and timelines, which are clearly outlined in the enterprise's business plan and in the investment decision of the relevant authority. Activity reports are made via the mobile app within 24 hours of the activity being completed as a basis for settlement. Sub-project progress reports are made quarterly through the online information management system. Progress monitoring information is used to categorise sub-projects, and to make decisions, such as stopping prematurely, continuing and keeping targets, or expanding and scaling up the sub-project.

The monitoring and evaluation of results can be performed by the investor themselves through participatory, coordinated monitoring of all parties and/or a third-party service can be used for independent mid-line and final assessments. The results of sub-project implementation must be confirmed by individuals, farmer groups and villages and communes under the community monitoring mechanism, for example by recording changes in images in the community (e.g. the PhotoVoice approach).

### Policy recommendation 4

- 11 Local authorities at all levels (investors) need to build a monitoring and evaluation system based on results. This then serves as the basis for disbursement/refunds to the leading enterprise/cooperative according to each achieved milestone as identified in the approved business plan. It also informs the application of an adaptive management approach. The results of project implementation must be confirmed by individuals, farmer groups and villages and communes under the community monitoring mechanism.**



# 5

## Economic empowerment for women

**M**ainstreaming gender equality and women's economic empowerment is a requirement stated in the NTP and the State's value chain development policies; and is also a requirement throughout GREAT's sub-projects.

All GREAT sub-projects supporting the effective participation of women in the agricultural and tourism market sectors strive to achieve this objective. GREAT has programs to improve business management and leadership skills for women, particularly ethnic minority women. GREAT has developed a framework for women's economic empowerment, known as 'Reach, Benefit and Empower'. The framework focuses on ways to achieve optimal outcomes at the reach, benefit and empower levels, and ways to measure achievement. Training and mentoring partners, including businesses, on the framework helped partners understand the benefits and motivated them to participate.

GREAT's experience is that having specific targets on the percentage and number of women participating in sub-projects (at least 50%), and collecting gender disaggregated data in all activities supports planning and implementation. When selecting priority investment sectors, there are two basic criteria related to women. These are: (1) Number/percentage of ethnic minority women who are engaged in providing services, products or worked in the sector, and the ability to increase their income; (2) Potential to attract more ethnic minority women to participate in providing services, products and jobs in the industry to generate income for new entrants. GREAT attaches importance to supporting sustainable activities of cooperatives, collective groups and teams, with a large number of women participating or in leadership roles.

A very meaningful activity undertaken by GREAT is in-depth research undertaken every year with the same group of beneficiaries in seven ethnic minorities. This is done to measure the change reported by the women, and any influencing factors in their economic empowerment. The results of this study then guide the design of interventions.

For example, baseline studies at the beginning of the GREAT program showed that: over 73% of adult Mong women cannot read and write the Kinh language, which affected their ability to acquire new knowledge. GREAT subsequently introduced smart phone applications to households growing medicinal herbs, vegetables, ramie and bamboo shoots to support production with simple technical instructions (including in local languages). Ethnic minority women can face difficulty when calculating profits and managing family finances, so providing basic skills for women and groups to confidently participate in the commodity market became a focus for GREAT. Women of different ethnicities can also face different socio-cultural obstacles when participating in agricultural production and tourism business activities, so there is a need for behaviour change communication tailored to each individual, locations and target groups, as well as interventions to address these constraints.

The Red Dao Community Cooperative has applied software on smartphones so that Mong and Dao households in Ngu Chi Son and Ta Phin communes can grow medicinal plants according to GACP standards. As a result, the Cooperative has expanded the raw material area from 20 ha to 88 ha, meeting GACP standards with 239 participating households and producing enough materials to develop products such as medicinal water for baths. Every day the Cooperative collects 10 tonnes of raw materials. The Cooperative has installed an additional oil distillation line on site, which helps to reduce transportation costs, and signed a purchasing contract.



## Policy recommendation 5

**12** Investors, leading businesses and stakeholders apply the approach of increasing economic empowerment for women in projects at three levels – participation, benefit and empowerment. It is necessary to specify the principles of gender mainstreaming, prioritising the participation of women with specific targets on the percentage and number of women participating in sub-projects, and collecting gender disaggregated data in all activities. The government and local departments and agencies should mobilise budgets to conduct in-depth research and monitoring on gender issues among the project’s ethnic minority groups. They should also measure the change in women and the influencing factors in economic empowerment, thereby designing gender-sensitive interventions suitable for each specific ethnic group (for example, integrating with the ‘thematic assessment of gender equality’ in Project 8 of the NTP for Socio-Economic Development in ethnic minority and mountainous areas, period 2021-2030).

