



**UNITED NATIONS and GOVERNMENT OF VIET NAM**

**Joint Programme on Green Production and Trade to Increase Income and Employment Opportunities for the Rural Poor**

*Country: VIET NAM*

**UNDAF Outcomes:**

Outcome 1: Social and economic development policies, plans and laws support equitable and inclusive growth and conform to the values and goals of the Millennium Declaration and other relevant international agreements and conventions.

**Joint Programme Outcomes:**

1. Improved understanding of the handicrafts and small furniture value chains in four provinces
2. An environmentally and economically sustainable increase in craft raw material growers'/collectors' incomes in four provinces
3. A sustainable increase of crafts related rural households' and enterprises' incomes in four provinces
4. Improved policies and regulatory frameworks at the provincial and national level that meet the needs of rural small enterprises, in particular raw materials and crafts producers, processors and traders

|                              |                                   |
|------------------------------|-----------------------------------|
| Programme Duration:          | <b>36 months</b>                  |
| Anticipated start/end dates: | <b>2010-2012</b>                  |
| Fund Management Option:      | <b>Pass-through</b>               |
| UN Coordinating Agent:       | <b>International Trade Center</b> |

|                                                                                   |                       |
|-----------------------------------------------------------------------------------|-----------------------|
| Total estimated budget*:                                                          | <b>US\$ 4,120,000</b> |
| Out of which:                                                                     |                       |
| 1. Funded Budget:                                                                 | <b>US\$ 4,120,000</b> |
| 2. Unfunded budget:                                                               | <b>US\$ 0</b>         |
| * Total estimated budget includes both programme costs and indirect support costs |                       |

|                                      |      |           |
|--------------------------------------|------|-----------|
| Budget breakdown by UN organization: |      |           |
| • FAO                                | US\$ | 607,867   |
| • ILO                                | US\$ | 683,730   |
| • ITC                                | US\$ | 1,515,888 |
| • UNCTAD                             | US\$ | 417,835   |
| • UNIDO                              | US\$ | 774,680   |


|                           |                |
|---------------------------|----------------|
| Sources of funded budget: |                |
| • VIETRADE (in-kind)      | US\$ 20,000    |
| • VIETCRAFT (in-kind)     | US\$ 100,000   |
| • MDG Fund                | US\$ 4,000,000 |




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## List of Acronyms

|         |                                                                        |
|---------|------------------------------------------------------------------------|
| AA      | Administrative Agent                                                   |
| BDS     | Business Development Services                                          |
| GCF     | Global Competitiveness Fund                                            |
| CEB     | Chief Executive Board                                                  |
| CSR     | Corporate Social Responsibility                                        |
| DARD    | Provincial Department of Agriculture and Rural Development             |
| DOIT    | Provincial Department of Industry and Trade                            |
| DOLISA  | Provincial Department of Labour, Invalids and Social Affairs           |
| FAO     | Food and Agriculture Organization                                      |
| GACA    | Government Aid Coordinating Agencies                                   |
| HQ      | Headquarter                                                            |
| HRPC    | Vietnam Handicraft Research and Promotion Center                       |
| ILO     | International Labour Organization                                      |
| INBAR   | International Network for Bamboo and Rattan                            |
| IPSARD  | Institute of Policy and Strategy for Agriculture and Rural Development |
| ITC     | International Trade Centre                                             |
| JICA    | Japan International Cooperation Agency                                 |
| JP      | Joint Programme                                                        |
| JPMF    | Joint Programme Monitoring Framework                                   |
| LDP     | Luong Bamboo Development Project                                       |
| M&E     | Monitoring and Evaluation                                              |
| MARD    | Ministry of Agricultural and Rural Development                         |
| MDG     | Millennium Development Goals                                           |
| MDTF    | Multi Donor Trust Fund                                                 |
| MOIT    | Ministry of Industry and Trade                                         |
| MOU     | Memorandum of Understanding                                            |
| NGO     | Non-Governmental Organization                                          |
| NOMAFSI | Northern Mountainous Agriculture and Forestry Science Institute        |
| NSC     | National Steering Committee                                            |
| OSH     | Occupational Safety and Health                                         |
| PCG     | Programme Coordination Group (UN Vietnam)                              |
| PMC     | Programme Management Committee                                         |
| PMU     | Programme Management Unit                                              |
| PPD     | Public-Private Dialogue                                                |
| PO      | Participating UN Organization                                          |
| PRA     | Participatory Rural Appraisal                                          |
| Q1-4    | Quarter 1-4                                                            |
| RC      | Resident Coordinator                                                   |
| RUDEC   | Rural Development Center                                               |
| SME     | Small and Medium Enterprises                                           |
| STA     | Senior Technical Advisor                                               |
| TEED    | Trade, Employment & Enterprise Development                             |
| TOT     | Training of Trainers                                                   |
| TPO     | Trade Promotion Organization                                           |
| UN      | United Nations                                                         |
| UNCT    | United Nations Country Team                                            |
| UNCTAD  | United Nations Conference on Trade and Development                     |
| UNDAF   | United Nations Development Assistance Framework                        |
| UNDG    | United Nations Development Group                                       |
| UNDP    | United Nations Development Programme                                   |
| UNIDO   | United Nations Industrial Development Organization                     |
| US\$    | US Dollar                                                              |
| VC      | Value Chain                                                            |
| VCA     | Viet Nam Cooperative Alliance                                          |
| VCCI    | Viet Nam Chamber of Commerce and Industry                              |
| VNCPC   | Viet Nam Cleaner Production Center                                     |
| VND     | Vietnamese Dong                                                        |
| WTO     | World Trade Organization                                               |

## 1. Executive Summary

The handicrafts and furniture sector in Viet Nam employs about 1.35 million people in more than 2,000 crafts villages. Being a major source of income for smallholder farmers/landless poor, the sector has high potential to alleviate poverty. Handicrafts have been made a development priority by the Vietnamese government in order to promote human resources development, sustainable production and entrepreneurship upgrading in rural areas.

The programme aims to increase income and employment opportunities for raw material growers/collectors and grassroots producers of handicrafts and small furniture, targeting 4,450 poor households in four northern provinces of Viet Nam, namely Thanh Hoa, Nghe An, Hoa Binh and Phu Tho. The approach is to develop better integrated, pro-poor, and environmentally sustainable "green" value chains, enabling poor growers, collectors and producers to improve their products and to link them to more profitable markets. The four provinces of Thanh Hoa, Nghe An, Hoa Binh and Phu Tho are home to 11 out of the 61 poorest districts in Viet Nam. 20% of the households in the 13 districts targeted by the programme live below the national poverty line of 200,000 VND/month (about 0.4 US\$ per day). Depending on the province and value chain, between 65-80 percent of the farmers/craft producers are women and ethnic minorities residing in remote areas, who are disproportionately affected by poverty.

The programme will result in a) an improved understanding of the handicrafts and small furniture value chains; b) sustainable income increases of poor crafts and small furniture raw materials growers/collectors; c) sustainable income increases of rural poor crafts and small furniture producing households and enterprises; and, d) improved policies and regulatory frameworks at the provincial and national levels for the pro-poor promotion of handicrafts and small furniture production. As such, the programme will contribute to the achievement of MDG 1, ending poverty and hunger, to MDG 3, promoting gender equality, and to MDG 7, ensuring environmental sustainability. The programme outcomes will contribute to the production of outputs mentioned in the National Sector Export Strategy for Handicrafts (VIETRADE/ITC 2007), Resolution 26 NQ/TW at the 7th Congress of the Central Executive Committee on Agriculture, Farmers and Rural Areas in 2008 and the National Target Programme on Climate Change, approved by the Prime Minister in December 2008. These documents identify those industries and trades that depend on the use of agricultural resources as development priorities in an environmentally sustainable manner, particularly due to their impact on poverty reduction.

Viet Nam is one of the eight One-UN pilot countries. The One UN Plan for Viet Nam, signed by 14 UN organizations in June 2008, is the single common programming framework for all 14 organizations and two non-resident UN agencies ITC and UNCTAD. The activities contained in this programme document fall squarely within this framework and contribute to achieving the One Plan Outcome 1. The UN CEB Interagency Cluster on Trade and Productive Capacity including UNIDO, ITC, FAO, UNCTAD with ILO will each bring in their core competence on market development, trade, SME promotion, cleaner production, empowering of grassroots producers and smallholder farmer development.

The national coordinating authority (Line Agency) is the Ministry of Industry and Trade (MOIT). The project owner (national implementing partner) on behalf of the MOIT is the national trade promotion organization VIETRADE. Under coordination of VIETRADE, the Vietnam Handicrafts Exporters Association VIETCRAFT will host and operate the Programme Management Unit (PMU). Viet Nam Chamber of Commerce and Industry (VCCI), Viet Nam Cooperative Alliance (VCA), the Viet Nam Cleaner Production Center (VNCPC), the Rural Development Center (RUDEC) and others will be co-implementing partners and will have specific responsibilities during programme execution. At provincial levels, the Provincial Departments of Agriculture and Rural Development (DARD) and the Provincial Departments of Industry and Trade (DOIT) will serve as focal coordinators.

The programme will be implemented over a period of 3 years and shall be financed by the Spanish MDG Achievement Fund and in-kind contributions from VIETRADE and VIETCRAFT.

## 2. Situation Analysis

In 2007, Viet Nam had exceeded almost all of its socio-economic targets. The economy grew by 8.48% and the total export turnover was 21.9% higher than in the previous year. The economy created 1.68 million new jobs and the proportion of poor households decreased nation-wide to 14.8%.

However, inequalities remain persistent and poverty remains widespread, particularly in rural areas where more than 90% of the poor reside. Ethnic minorities, which comprise 14% of the population, are disproportionately affected, accounting for almost 30% of the country's poor. Over 50 percent of the ethnic minorities subsist below the poverty line. In many areas, the income generated from farming is not sufficient for smallholder farmers to reach an income level above the national poverty line of 200,000 VND (about 0.4 US\$/day). The collection and processing of natural raw material from forest areas and the production of handicrafts, mostly undertaken at times when farm work slows down constitute the most important sources of additional income for farmers. In fact, it is mostly the additional income generated from handicraft production or the collection of raw material that decide whether or not the smallholder farmer can lead a life below or above the national poverty line.

Being mainly export-oriented, the Vietnamese handicrafts sector is internationally recognized as one of the most competitive emerging markets for bulk supply. In general, handicrafts are produced at household level, whereas raw material supply, product finishing and packaging are mostly undertaken by SMEs. Several hundred crafts exporters and some international corporations sourcing in Viet Nam work with large producer networks throughout the country and are providing employment for 1.35 million people in 2,000 crafts villages.

From 2003 to 2007, the export volume of the crafts industry increased from US\$ 533 million to US\$ 752 million (GSO statistics). For 2010 the Government target has been set at US\$ 1.5 billion, but this is unlikely to be achieved under the present circumstances. In 2008, a spell of high inflation, spurred by domestic imbalances and the global financial crisis resulted in lowering of growth and employment targets. Viet Nam has started to experience the effects of the global economic crisis, with demand in its traditional markets decreasing. It has been observed that the rural poor are severely affected by these recent negative economic developments.

Tourists visiting Viet Nam constitute another significant group of crafts buyers. In 2007, the tourism sector recorded an increase of 16% in comparison to 2006. But similarly, tourism growth estimates for 2008 have been reduced to 3.5%.

Other significant challenges face the sector. While Viet Nam has a good natural base of cheap and varied raw materials, particularly bamboo and rattan, the previously abundant natural resources are getting increasingly scarce (e.g. overexploitation of tropical forests has led to a shortage of valued woods). Vietnamese crafts producers have thus started to import raw materials (e.g. an estimated 50% of rattan is imported from Laos, Cambodia and Indonesia through both legal and illegal ways). Severe shortages of raw material are expected within 3-5 years, if no appropriate action is taken. Deficiencies in quality and in the way raw materials are treated in handicrafts production are already affecting the income that crafts producers can generate from their work. A similar situation exists for silk production (sericulture) and weaving, an important income-generating activity of the country's ethnic minorities. Due to difficulties in obtaining quality silk yarn in sufficient quantities, producers increasingly use cheap imported raw material, which decreases the quality of weavings.

Handicraft producers lack the know-how to use durable, environmentally-friendly dyeing techniques for bamboo/rattan, sea grass and silk products. They also lack business and empowering skills to be able to access and seize economic opportunities in domestic and international markets. Farmers must improve their skills and access to new varieties, e.g.

new sea grass varieties or knowledge to produce high quality silk cocoons. Grassroots producers and SMEs need to have access to tools and equipment that enable them to improve their productivity, such as bamboo processing equipment or modern reeling equipment to increase the quality and yield of silk yarn. Raw material preservation/storage facilities are missing, leading to reported losses of 30% of raw material. SMEs lack the knowledge to upgrade basic products to more sophisticated higher value products, e.g. sea grass mats with rubber backside or production of high quality lacquer ware.

In this respect, Viet Nam's competitor countries, being able to produce larger quantities of higher value products, hosting some of the most important international trade fairs and having access to better information systems, have positioned themselves more favorably on the international market. By contrast, Vietnamese crafts exporters report poor access to market-related information and have little knowledge of international market requirements, in particular Corporate Social Responsibility (CSR) standards and green procurement guidelines. International buyers increasingly demand compliance with human rights, labor and environmental standards. Viet Nam could significantly enhance its competitiveness if the industry was able to clean up the production system and work towards adherence to relevant labor standards.

An estimated 90% of Viet Nam's handicrafts are produced according to customer specification. Little product development and innovation is made on the industry's own initiative. Producers and exporters lack design competence and offer few services. Vietnamese suppliers are currently competing almost entirely on the basis of lowest price and are still being outbid by Chinese factories. To supply a higher end market, producers will need to upgrade their designs, quality and finishing techniques, and constantly stay on top of current design and consumer trends. There is greater long-term export potential for mid-sized companies that source responsibly from skilled rural producers and supply higher-end products with a fashionable design, produced through a Cleaner Production approach, to international importers.

In addition to constraints at the national level, the handicrafts sector in the four target provinces of Thanh Hoa, Nghe An, Hoa Binh and Phu Tho is characterized by a particularly poor structure. The four provinces mostly confine themselves to the production of cheap raw material, whereas processing, production and export take place in other provinces. This leaves the target provinces with significantly lower levels of value addition and thus lower income levels than the neighboring provinces. While basic production skills are widely available, they are inadequately applied, and production is hardly diversified. Despite being close to the export-related industries in Hanoi area, the four target provinces are less integrated in the handicraft supply chains than their neighboring provinces such as Ninh Binh.

In the four Northern provinces, entrepreneurial skills and know-how of wholesalers and exporters on marketing, financial planning, company organization, command of foreign languages etc. are weak. Business managers manage everything from product development, production, marketing and quality to finance, which leads to weak enterprises where business operations stop in the absence of the business owner-manager. To compound this problem, there is a lack of producer-driven or at least producer-benefiting business structures that could integrate the small and grassroots producers better into the value chains. If they were better integrated, producers could replace or deal more effectively with middlemen, learn to share information and understand market needs and co-ordinate quality improvements in their products. All four provinces report a shortage of direct handicraft exporters and aim at developing such direct export structures within their provinces. Currently, export-related SMEs export only occasionally, whereas most of the producers rely on companies in other provinces for market access.

All four provinces are located in large mountainous areas that are characterized by a high percentage of marginal land, low farming income and the presence of ethnic minorities. These areas have a vast array of unused land resources, such as land available for rattan

and bamboo plantation, mulberry tree or lacquer tree plantation, which, if exploited sustainably, could generate higher pro-poor income in the four provinces.



### 3. Strategies, including lessons learned and the proposed Joint Programme

#### 3.1. Background/context

Taking the above into account, the Joint Programme will focus specifically on rural poor, women, and ethnic minorities in the four provinces Thanh Hoa, Nghe An, Hoa Binh and Phu Tho. These provinces were selected due to a) the high incidence of poverty, especially among ethnic minorities; (b) the concentration of raw material and local production of crafts; and (c) the possibility to build synergies with past and ongoing development activities. In the four provinces, about 33,000 people are active in bamboo/rattan collection and processing, 36,000 in sericulture, 40,000 in sea grass, 4,000 in textile weaving, 3,500 in lacquer/lacquer ware and about 100 in handmade paper.

Due to the handicrafts sector's importance for poverty alleviation, the Vietnamese Government issued Decree 66/2006 in 2006 on the development of rural trades to promote and preserve agricultural, forest and aquatic products, arts and handicrafts, wood, rattan, bamboo, ceramic and textile products and tasked the Ministry of Agricultural and Rural Development (MARD) with the implementation of support policies and programmes. More recently, in Resolution 26 of the 7th Congress, the Central Executive Committee on Agriculture, Farmers and Rural Areas in 2008 has reinforced the Government's commitment to rural development objectives. A first step will be the 'programme on the new rural areas' (Tam Nong), which focuses on human resources and sustainable production practices in rural businesses and households. Most recently, the National Target Programme on Climate Change, approved by the Prime Minister in December 2008, underlined again the priority to promote small rural enterprises in a sustainable manner, particularly due to their impact on poverty reduction. Also in December 2008, the Government confirmed its highest commitment in poverty reduction by its Resolution 30A. The resolution calls for the mobilization of resources for exploiting effectively the potential, advantages of each locality especially in terms of agriculture, forestry and handicraft production for sustainable poverty reduction in the 61 poorest districts.

Supported by the International Trade Centre (ITC), the Government, through its Viet Nam Trade Promotion Agency (VIETRADE) under the Ministry of Industry and Trade (MOIT), endorsed an arts and crafts sector export strategy in February 2007. Building on a comprehensive assessment of the national value chains, export performance, critical success factors, related government policies and the sector's support network, the strategy set out a long-term vision and proposed actions that should be implemented within the next 1-5 years. In May 2007, VIETRADE supported the creation of the Vietnam Handicrafts Export Association (VIETCRAFT), which presently has about 350 members. VIETCRAFT's charter has a strong development mandate for its sector.

In all four provinces, the provincial master plans for economic development emphasize the predominant role of the handicraft sector for poverty alleviation. During the design phase of the programme, government entities at provincial levels have been involved extensively and contributed with ideas and expertise. This has ensured the relevant Government commitment and support, further enhancing prospects for engagement at the policy level and future sustainability. Meetings with government officials from the People's Committees, DARD, DOIT, DOLISA, provincial Cooperative Alliances, Women's Union, handicraft associations, agricultural research institutes and vocational training centers undertaken in all four provinces in March/April 2009 (see annex III: Lists of participants of programme planning meetings in the provinces) confirmed both the potential and the need for consolidated activities to promote the handicraft sector. This priority for rural development in the four provinces is strongly supported by the provincial governments and private sector representatives. The Joint Programme proposal was presented to a stakeholder consultation workshop on 24 April 2009 in Hanoi. The stakeholders endorsed the relevance, outcomes, outputs, value chains identified and the implementing and co-implementing partners.

The proposed Joint Programme will contribute to the production of Expected Result 1.12.7: "Improved policies, programmes and practices for pro-poor local economic development – including micro, small, artisanal and cooperative enterprises and entrepreneurship promotion – focusing on the particular needs of rural populations, women and other disadvantaged groups". This result of the One Plan 2006-2010 agreed between the Government of Viet Nam and the United Nations organizations aims to contribute to Outcome 1: "Social and economic development policies, plans and laws support equitable and inclusive growth and conform to the values and goals of the Millennium Declaration and other relevant international agreements and conventions".

### 3.2. Lessons learned

The Joint Programme will build on lessons learned by other organizations in Viet Nam and will link up with other programmes to coordinate efforts. It will particularly build on the national programme No. 135, from which raw material production for the handicraft sector has much benefited. The Joint Programme will liaise with the Viet Nam Rattan Network, which is in the process of being established and which will be operated by the Vietnam Handicraft Research and Promotion Center (HRPC) with the goal to develop sustainable pro-poor rattan production in Viet Nam. Cooperation with the EU-funded project for sustainable rattan development in Indochina will provide further reference models of cleaner production in the handicraft sector through the Viet Nam Cleaner Production Center, which is a partner.

A number of programmes have identified potential for handicraft development in the four provinces. The Global Competitiveness Fund (GCF), for instance, recommended supporting small households in Nghe An province in the bamboo production network, to develop diversified markets and to establish pre-processing centers to enhance productivity. Conclusions of OXFAM Hong Kong, which is currently preparing a study on the possibilities to promote rattan in Nghe An province, shall be drawn upon during the implementation. The Luong Bamboo Development Project (LDP) in Thanh Hoa has recently recommended initiating small scale processing workshops in the region and has identified varieties that are most suited for plantation and/or handicraft production.

JICA is running a 3-year project in the Northwest, especially in Hoa Binh province, aiming at the development of the craft industry and forestry products processing. Experiences gained with regard to providing farmers with knowledge and techniques of processing have already been considered in the Joint Programme document. Experience of the Quy Chau Rural Development Programme in Nghe An suggests suitable models for training-on-the-job of textile producers from ethnic minorities to improve their competitiveness.

### 3.3. The proposed Joint Programme

The Joint Programme has been designed and will be overall implemented by VIETRADE, the national trade promotion agency of the Ministry of Industry and Trade (MOIT). Under VIETRADE, the Vietnam Handicrafts Exporters Association VIETCRAFT, which is located in the premises of VIETRADE, will be in charge of undertaking the majority of programme activities in collaboration with the UN organizations FAO, UNIDO, UNCTAD, ITC, and ILO. In particular, VIETCRAFT will host and operate the Project Management Unit on a day-to-day basis. Each of the five UN organizations will draw on their comparative advantages in terms of mandate and expertise and contribute their tools and instruments to stimulate entrepreneurship and economic growth. The partners of the UN organizations such as the Viet Nam Chamber of Commerce and Industry (VCCI), the Viet Nam Cooperative Alliance (VCA), the Provincial Departments of Labor, Invalids and Social Affairs (DOLISA), the Viet Nam Cleaner Production Center (VNCP), the Vietnam Handicraft Research and Promotion Center (HRPC), the Rural Development Center (RUDEC) and other relevant institutions will also play key roles in the implementation of the programme.

In Nghe An, Hoa Binh and Phu Tho, the Provincial Departments of Agriculture and Rural Development, linked to MARD, will play coordinating roles at provincial levels vis-à-vis

other implementing partners and district and commune authorities. In Thanh Hoa, this will be the Provincial Department of Industry and Trade, linked to MOIT. At district/commune level, District/Commune People's Committees and other stakeholders such as local business associations, Cooperative Alliance, Women, Youth and Farmer Unions will be engaged during the implementation of activities.

The programme strategy follows the value chain approach, focusing on five value chains at different levels from raw material supply to production of handicrafts and international trade or national consumption.

Table 1: Overview of value chain structures

|                | Raw material supply                      | Processing                          | Production                                             | Trading                      | Consumption                         |
|----------------|------------------------------------------|-------------------------------------|--------------------------------------------------------|------------------------------|-------------------------------------|
| Bamboo/Rattan  | Bamboo and rattan collectors and growers | Processors (cutters, splitters etc) | Bamboo and rattan weavers (basketry, home accessories) | International Importers      | Export markets<br><br>Local markets |
| Sericulture    | Mulberry tree/silk worm farmers          | Silk yarn producers                 | Silk yarn weavers                                      | National Exporters           |                                     |
| Sea grass      | Sea grass farmers                        | Sea grass twisters                  | Producers of final sea grass articles (mats, etc.)     | Provincial Wholesalers       |                                     |
| Lacquer ware   | Lacquer tree farmers                     | Lacquer processors                  | Lacquer ware producers                                 | Collectors on district level |                                     |
| Handmade Paper | Raw material growers/collectors          | Handmade paper producers            |                                                        |                              |                                     |

These five value chains are of particular importance to poor rural target groups. Whereas bamboo/rattan collection and basket weaving are of high relevance to landless poor, sericulture offers labor-intensive production opportunities for smallholder farmers. Sea grass is cultivated on marginal land and as such an important source of income for a large number of smallholder farmers in the provinces. Silk and textile weaving is a major business activity undertaken by ethnic minorities, which needs particular support. Higher quality lacquer ware production holds a lot of market potential. Handmade paper production is currently done by very few persons only in ethnic minorities' communities, but offers good opportunities for expansion and is based on old cultural traditions, which shall be revived.

The complex challenges faced by these five value chains, ranging from sustainable raw material production to entrepreneurial skills development, cleaner production, market linkages and trade information (see also table 2 on key technical issues identified during the programme planning phase), can best be addressed by a Joint Programme which combines the core competencies of the partner organizations with their experience in forestry and agriculture, SME development, cleaner production, Corporate Social Responsibility and trade promotion.

Table 2: Key technical issues identified at value chain level

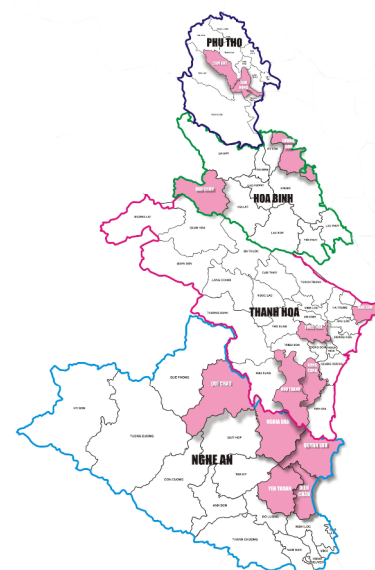
| Product group     | Key technical issues                                                                                   |
|-------------------|--------------------------------------------------------------------------------------------------------|
| Bamboo and Rattan | Lack of raw material for sustainable production (Luong bamboo in Nghe An, bamboo/rattan in general)    |
|                   | Lack of knowledge of environmentally-friendly durable dyeing techniques to diversify the product range |
|                   | Poor bamboo and rattan treatment technologies to meet the requirements of international markets        |

|                         |                                                                                                                                                                                               |
|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                         | Lack of equipment for better productivity/lack of knowledge for cleaner production and safe working practices                                                                                 |
|                         | Lack of product development/design capacity                                                                                                                                                   |
|                         | Limited basic business skills and inefficient business service providers                                                                                                                      |
| Sericulture and weaving | Lack of knowledge to improve the productivity of both mulberry trees (including introduction of new varieties and treatment of silkworm diseases) and the production of high quality cocoons. |
|                         | Lack of environmentally -friendly durable dyeing techniques to diversify the product range                                                                                                    |
|                         | Lack of revolving fund for buying raw material and for advance payments for producers/weavers                                                                                                 |
|                         | Lack of appropriate reeling equipment to increase recovery rate, productivity and quality of silk yarn                                                                                        |
|                         | Poor weaving skills of ethnic minorities                                                                                                                                                      |
|                         | Lack of product development and design capacity for both domestic and international market                                                                                                    |
|                         | Limited basic business skills and inefficient business service providers                                                                                                                      |
|                         | Limited life skills, lack of representative bodies that could engage local authorities on local development issues                                                                            |
| Sea grass               | Lack of knowledge on how to cultivate higher quality Japanese sea grass varieties                                                                                                             |
|                         | Poor irrigation systems leading to low yields. Shortage of qualified extension officers for proper cultivation, disease and pest treatment                                                    |
|                         | Lack of preservation/storing facilities and of comprehensive knowledge to preserve sea grass material                                                                                         |
|                         | Lack of knowledge of environmentally-friendly durable dyeing techniques                                                                                                                       |
|                         | Lack of knowledge to make use of investment possibilities for weaving of sea grass mats at industrial scale (with rubber backside etc.)                                                       |
|                         | Lack of product development and design capacity for both domestic and international market                                                                                                    |
|                         | Limited basic business skills and inefficient business service providers                                                                                                                      |
| Lacquer ware            | Low quality of local lacquer trees (red species)/lack of knowledge on how to improve                                                                                                          |
|                         | Lack of lacquer processing techniques to meet the requirements of high quality markets                                                                                                        |
|                         | Lack of techniques to produce high -quality lacquer ware                                                                                                                                      |
|                         | Lack of product development and design capacity                                                                                                                                               |
|                         | Lack of skillful labor                                                                                                                                                                        |
|                         | Limited basic business skills and inefficient business service providers                                                                                                                      |
| Paper                   | Lack of Duong material for sustainable production (can be planted at household level as additional income besides paper)                                                                      |
|                         | Lack of drying facilities to continue production in the rainy season                                                                                                                          |
|                         | Training of additional producers required due to high demand                                                                                                                                  |
|                         | Lack of design initiatives and market development, particularly with fair trade importers.                                                                                                    |
|                         | Poor working conditions                                                                                                                                                                       |

Pilot training, business linkages and extension activities will be undertaken in a total of 13 districts and about 22 communes. The districts have been chosen in close coordination with provincial authorities due to their high poverty rates, raw material supply potential and existing handicraft production, percentage of ethnic minorities in the provinces and geographic proximity allowing an efficient programme structure. While a number of intervention communes have been pre-selected, a final selection has to be made at the beginning of the project in coordination with the district authorities.

The designated intervention districts are:

- § Nghe An: Quynh Luu, Yen Thanh, Dien Chau, Quy Chau, Nghia Dan
- § Thanh Hoa: Nong Cong, Nhu Thanh, Nga Son, Thieu Hoa
- § Hoa Binh: Mai Chau, Luong Son



§ Phu Tho: Cam Khe and Tam Nong.

Interventions in the districts will reach out to a large number of direct beneficiaries in the five value chains and about 22 pilot communes. The results to be achieved in the pilot communes, the training capacities to be built and the infrastructure such as tree nurseries to be improved shall serve as success models that could be replicated in other communes and districts in the provinces. As such, the programme will indirectly benefit a much larger number of provincial beneficiaries. The programme will upscale the project results at provincial level through appropriate Public-Private Dialogue workshops, sharing lessons learned and influencing future provincial development plans.

Table 3: Direct project beneficiaries by province and product group

|                      |                       | Nghe An | Thanh Hoa | Hoa Binh | Phu Tho | Total |
|----------------------|-----------------------|---------|-----------|----------|---------|-------|
| Export-oriented SMEs |                       | 10      | 10        | 5        | 5       | 30    |
| Bamboo/Rattan        | Raw material          | 450     | 400       | 300      | 300     | 1,450 |
|                      | Bamboo-/rattan ware   | 300     | 300       | 300      | 200     | 1,100 |
| Sea grass            | Raw material          |         | 400       |          |         | 400   |
|                      | Sea grass products    |         | 200       |          |         | 200   |
| Sericulture          | Cocoons/Silk          | 200     | 200       |          | 200     | 600   |
|                      | Textile products      | 100     |           | 100      |         | 200   |
| Lacquer ware         | Lacquer trees         |         |           |          | 200     | 200   |
|                      | Lacquer ware products |         |           |          | 100     | 100   |
| Handmade paper       | Raw material          |         |           | 100      |         | 100   |
|                      | Handmade paper        |         |           | 100      |         | 100   |
| Total:               |                       | 1,060   | 1,510     | 905      | 1,005   | 4,480 |

In the selected districts, communes and provinces, interventions will be made at three levels:

- § At smallholder farmer and producer group level, the FAO-led interventions will promote “green” sustainable rattan cultivation/bamboo collection, improved mulberry, sea grass and lacquer tree plantation and silk worm raising as possibilities to increase smallholder farmer income, whereas the ILO-led interventions will stimulate entrepreneurship and business skills, life empowering skills, group formation, improve working conditions towards productivity and competitiveness, access to micro-finance of the target groups. The UNIDO-led interventions will provide grassroots producers with better technical skills, such as on silk and basket weaving or handmade paper production, and will improve productivity of raw material processing and production of handicrafts through good housekeeping. Simple clean production methods will be introduced and supply of productivity enhancing tools and equipment initiated.
- § At SME level, the UNIDO-led interventions will focus on cleaner production (reduction of hazardous chemicals, waste and pollution) and introduction of improved technologies and sustainable design both for export-oriented and other processing SMEs (such as silk reeling centers etc.), whereas the ILO will work on introducing appropriate labor standards and ways to improve working conditions towards productivity and competitiveness. UNCTAD will strengthen the entrepreneurial skills of export-oriented crafts SMEs and ITC will work on improving supply and market linkages of these export-oriented SMEs and producer groups, which are seen as the main bottleneck for value chain growth and thus receive particular attention.
- § At policy level, public-private dialogue with provincial and district officials will contribute to a more enabling business environment. Emerging good practices at commune and province level will be recommended for relevant national policies (ITC, UNIDO, ILO).

As wholesale and export structures are weak in the four provinces, the programme will work with 20 handicraft exporters at national level in order to improve their export capacity in addition to working with provincial SMEs. The group of national handicraft exporters will be selected according to their interest and potential to integrate producer groups in Thanh Hoa, Nghe An, Hoa Binh and Phu Tho into their supplier networks, thus opening up additional market access possibilities for the target beneficiaries in the four provinces.

The total number of direct beneficiaries at provincial level and including national SMEs will be 4,500, but the programme is expected to reach out to a much larger number of indirect beneficiaries that are part of the supply networks of the crafts SMEs, employees and household members.

In order to build the capacity of local organizations and service providers in a sustainable way:

- § The FAO interventions will build on existing extension services of the provincial Departments of Agricultural and Rural Development (DARD), Rural Development Centers (RUDEC), Vietnam Handicraft Research and Promotion Center (HRPC) and the Northern Mountainous Agriculture and Forestry Science Institute (NOMAFSI). The Farmer Field Schools approach will be applied to train smallholder farmers on commune level.
- § The ILO will reinforce the trainer networks of their national partners VCCI - Viet Nam Chamber of Commerce and Industry, VCA - Viet Nam Cooperative Alliance and DOLISA - Department of Labour, Invalids and Social Affairs and will use the ILO tools on promoting business and life empowering skills and good workplace practices.
- § Technical trainings of UNIDO will be delivered as Embedded Services in cooperation with crafts SMEs (e.g. through training and deployment or crafts SME staff at household level) or in cooperation with provincial vocational schools, whose capacity and personnel shall be strengthened in cooperation with the Viet Nam Cleaner Production Center. The VNCPCC will also be the provider of technology and process innovation and sustainable design assistance at SME level. Beneficiaries that receive technical skills training will be able to act as "seeds" for the development of corresponding sectors in the provinces.
- § To provide management training to export-oriented SMEs, the capacity of staff and consultants working with VIETRADE and VIETCRAFT will be strengthened by UNCTAD and ITC, based on UNCTAD's EMPRETEC methodology and ITC's international promotion network. The ITC-led interventions will further focus on supporting trade promotion organizations at provincial and national level. VIETRADE will collaborate with its overseas trade offices to assess the market potential of handicrafts.

The programme will be rolled out in three phases:

- |                         |                                                                                                                                                                                                                            |
|-------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Phase 1: Start up       | Conducting baseline surveys, value chain promotion training, elaboration and dissemination of value chain studies                                                                                                          |
| Phase 2: Implementation | Improvement of raw material supply production, creation of business linkages, entrepreneurship training programmes, introduction of CSR, "greener" production, improvement of national and provincial framework conditions |
| Phase 3: Scaling up     | Dissemination of lessons learnt and results, stimulation of similar activities in other districts and provinces.                                                                                                           |

### 3.4. Sustainability of results

The sustainability of the programme will be ensured at three levels. Firstly, the design of the programme is based on the Government-endorsed sector strategy for the arts and crafts sector and the Government's Resolution No. 30A on a speedy and sustainable poverty reduction programme for the 61 poor districts in Viet Nam. In fact, the programme will directly assist the Government in the sector strategy implementation and sustainable realization of the country's poverty reduction programme. Secondly, relevant national and provincial agencies from public and private sector and civil society that have a stake in the development of the crafts sector will be fully engaged in the programme. This is expected to enhance commitment and ownership from the central Government level down to the village level. Thirdly, the programme will review and make recommendations to improve the policy and regulatory framework to meet the needs of rural small enterprises, based on

documented needs and endowments and good practices achieved during implementation. While the programme focuses on four provinces, there is enormous potential for impact and replication in other parts of Viet Nam.

While the programme rests on realistic sustainability considerations, there are also risks to be considered. The financial and economic crisis could bring risks to achieving the programme objectives, as a global slowdown in the world economy is likely to have a negative impact on the demand for handicrafts. In addition, financial institutions are becoming increasingly reluctant to extend credit to producers/exporters, which raises barriers for doing business. Inadequate time investment and political commitment by Government counterparts to the issues addressed by the programme could also pose a risk to the results.

These risks will be taken into account from the outset. The programme will explicitly assess alternative local market opportunities, e.g. tourists and urban consumer markets and will aim to link producer groups in the four provinces better to these markets. It will also address higher end, environmentally conscious consumers by improving the quality of the products. For improved access to credit, the programme will largely focus on micro-finance institutions, which are considered to be less affected by the global financial crisis. Close links and the existing long-term cooperation between the UN organizations and their national implementing and co-implementing partners shall help to reduce the risk of inadequate time investment and political commitment of local counterparts.

#### 4. Results Framework

The ultimate aim of the Joint Programme is to contribute to pro-poor-growth by providing better income generation opportunities for rural poor households in remote areas. This ultimate aim shall be reached by improving the overall competitiveness of the five selected value chains in the four provinces.

To improve the overall competitiveness in the VC's, both technical and entrepreneurial skills of collectors and producers at farm level, processors, traders and supporters will be upgraded. New, better and higher value products will be developed, productivity will be increased, new technologies, new market linkages will be established at national and international level. The Joint Programme will train smallholder farmers on improved, sustainable planting of raw material for the handicrafts sector, will stimulate enterprise development and introduce new technologies at household and SME level. It will develop direct export capacity of provincial wholesalers, link them to international markets and promote investment of national exporters at provincial level.

While pro-poor growth impact is expected to be achieved for the 4,450 direct beneficiaries, the capacity strengthening of traders and processors at SME level is the main vehicle to address the predominant market access constraint. Improved trading skills and capacity at wholesale and export level are needed to increase income and employment opportunities for the rural poor. Larger provincial traders mostly with supply networks comprising of several hundred household producers for each company, and provincial micro-enterprises, such as bamboo cutting/splitting units, are the main employers of landless rural poor.

All project outputs are directed towards changing the systemic competitiveness of the value chain and shall together lead to higher income of beneficiaries. Improved productivity in raw material collection, processing, production and trading will lead to increased sales volume and thus higher income and increased levels of environmental sustainability.

In addition, the Joint Programme has a strong focus on improving the enabling business environment of the handicraft sector at national level. Strengthening the capacity of key organizations such as VIETRADE and VIETCRAFT to provide better services and know-how to the Vietnamese handicraft sector shall improve long-term competitiveness and thereby overall sustainability.

**Table 4: Results Framework**

| <b>UNDAF/One Plan Outcome:</b>                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                  |                               |                                        |                                      |                                                                                                                                                                                                                                                                           |                                                |    |        |               |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|-------------------------------|----------------------------------------|--------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|----|--------|---------------|
| One Plan Outcome 1: Social and economic development policies, plans and laws support equitable and inclusive growth and conform to the values and goals of the Millennium Declaration and other relevant international agreements and conventions                                                                                                                                                                                                  |                                                                                                                                  |                               |                                        |                                      |                                                                                                                                                                                                                                                                           |                                                |    |        |               |
| One Plan Output 1.12: More coherent and conducive regulatory framework and policies for private sector development and practices that promote investment, trade, wealth and employment creation, especially among youth, at national and provincial levels                                                                                                                                                                                         |                                                                                                                                  |                               |                                        |                                      |                                                                                                                                                                                                                                                                           |                                                |    |        |               |
| One Plan Expected Result 1.12.7: Improved policies, programmes and practices for pro-poor local economic development – including micro, small, artisanal and cooperative enterprises and entrepreneurship promotion – focusing on the particular needs of rural populations, women and other disadvantaged groups                                                                                                                                  |                                                                                                                                  |                               |                                        |                                      |                                                                                                                                                                                                                                                                           |                                                |    |        |               |
| <b>Outcome 1: Improved understanding of the handicrafts and small furniture value chains in four provinces</b>                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                  |                               |                                        |                                      |                                                                                                                                                                                                                                                                           |                                                |    |        |               |
| Indicators to be monitored: Baseline data surveys available on farmer/collector, grassroots crafts producer and SME level; VC studies elaborated; problem areas at micro, meso and macro level identified.                                                                                                                                                                                                                                         |                                                                                                                                  |                               |                                        |                                      |                                                                                                                                                                                                                                                                           |                                                |    |        |               |
| JP Outputs                                                                                                                                                                                                                                                                                                                                                                                                                                         | Participating UN organization-specific Outputs                                                                                   | Participating UN organization | Participating UN organization priority | Co-implementing Partner <sup>1</sup> | Indicative activities for each Output                                                                                                                                                                                                                                     | Resource allocation and indicative time frame* |    |        | Total         |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                  |                               |                                        |                                      |                                                                                                                                                                                                                                                                           | Y1                                             | Y2 | Y3     |               |
| <p>1.1 Baseline and monitoring studies in four provinces, good practice cases on raw materials producers/collectors and their suppliers.</p> <p><b>Indicators:</b> Availability of baseline data survey on farmer/collector level and good practice cases for raw material production/collection.</p> <p><b>Baseline:</b> Existing poverty and economic data on provincial, district and commune level; good practice cases of other projects.</p> | Socio-economic data of target population on commune level available by mid 2010.<br>Report on PRA results available by mid 2010. | <b>FAO</b>                    | Making markets work for the poor       | <b>RUDEC</b>                         | 1.1.1 Collect socio-economic, incl. gender and income data, covering growers and collectors' and their suppliers.<br>1.1.2 Conduct Participatory Rural Appraisal (PRA) of methods, needs, advantages, constraints and potential of raw material producers and collectors. | 24,700                                         |    |        | <b>24,700</b> |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Report on raw material collection, production and trading systems available by mid 2010.                                         | <b>FAO</b>                    | Making markets work for the poor       | <b>RUDEC</b>                         | 1.1.3 Assess and map raw material availability for the crafts sector in four selected provinces, market links of raw material producers, collectors and co-operatives, provincial and local policies and service providers to individuals and enterprises in the sector.  | 28,000                                         |    |        | <b>28,000</b> |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Report on income and raw material production in programme communes by the end of year 3.                                         | <b>FAO</b>                    | Making markets work for the poor       | <b>RUDEC</b>                         | 1.1.4 Monitor and report on established indicators and good practices.                                                                                                                                                                                                    |                                                |    | 22,000 |               |

<sup>1</sup> VIETRADE is the "Project Owner" according to Viet Nam's ODA management regulations, which is almost synonymous with "Implementing Partner" as used in the Spanish MDG Achievement Fund standards. Each UN organization will enlist the services and inputs of "Co-implementing Partners" indicated in this column of the Results Framework, according to the workplan prepared by the Programme Management Unit (PMU) set up by VIETRADE (as per Viet Nam's ODA management regulations) and operated on a day-to-day basis by VIETCRAFT, under the direct supervision of the Programme Management Committee and the guidance of the National Steering Committee (Spanish MDG Achievement Fund standards). In cases, where VIETRADE and VIETCRAFT are indicated in this column, they will receive direct technical assistance from the relevant UN organization and be responsible to commission services of national service providers and to undertake the activities in collaboration with the indicated UN organization.



|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                            |              |                                                            |                   |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |        |        |        |        |                |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|------------------------------------------------------------|-------------------|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|--------|--------|--------|----------------|
| <b>1.1 Sub-Total</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                            |              |                                                            |                   |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |        |        | 86,000 | 22,000 | <b>108,000</b> |
| 1.2 Baseline and monitoring studies in four provinces; good practice cases on grassroots crafts and small furniture producers, collectors, traders, buyers and exporters.<br><b>Indicators:</b> Availability of baseline data survey on grassroots crafts producer and SME level; good practice cases for crafts and small furniture production and trade production/collection.<br><b>Baseline:</b> Existing poverty and economic data available on provincial, district and commune level; occupational data; SME registration | Analytical framework and survey design available in 2010.                                                                                                                                                                                                                                                  | <b>UNIDO</b> | Poverty reduction through productive activities            | <b>VIET-CRAFT</b> |  | 1.2.1 Design analytical framework & survey tools for collection of baseline data (at inception) and endline data (in Year 3) from grassroots crafts & furniture producers and SMEs.<br>1.2.2 Conduct baseline survey (inception period) of grassroots crafts and small furniture producers and SMEs, covering socio-economic characteristics, income/turn-over data, production practices and technologies, resource use, waste generated, hazardous chemicals used, markets, etc. | 27,000 |        |        |        | <b>27,000</b>  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Socio-economic data of grassroots crafts and small furniture producers available on commune level by mid 2010.                                                                                                                                                                                             | <b>UNIDO</b> | Poverty reduction through productive activities            | <b>VIET-CRAFT</b> |  | 1.2.3 Conduct baseline and monitoring studies of poor grassroots crafts & small furniture producers on good workplace practices, occupational safety and health, compliance with labor standards.                                                                                                                                                                                                                                                                                  | 25,000 |        |        |        | <b>25,000</b>  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Report on good workplace practices, occupational safety, health and labor standards available by mid 2010.                                                                                                                                                                                                 | <b>ILO</b>   | Current situation identified for responsive inter-ventions | <b>VIET-CRAFT</b> |  | 1.2.4 Conduct endline survey (year 3) of grassroots crafts and small furniture producers and SMEs – same survey design as in 1.2.1.                                                                                                                                                                                                                                                                                                                                                | 14,000 |        |        |        | <b>14,000</b>  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Report on income and crafts production in programme communes by the end of year 3.                                                                                                                                                                                                                         | <b>UNIDO</b> | Poverty reduction through productive activities            | <b>VIET-CRAFT</b> |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |        | 25,000 |        |        | <b>25,000</b>  |
| <b>1.2 Sub-Total</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                            |              |                                                            |                   |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |        | 66,000 | 25,000 |        | <b>91,000</b>  |
| 1.3 Integrated value chain baseline and monitoring studies & dissemination.<br><b>Indicators:</b> No. of VC studies published; integrated JP monitoring data framework available; No. of dissemination workshops held; No. of participants in dissemination workshops.<br><b>Baseline:</b> Baseline data collected and assessed by FAO, UNIDO, ILO; existing value chain assessments in the 4 provinces in surveys (see outputs 1.1 and 1.2).                                                                                    | 20 project partners trained on VC development in 2010; 4 inception meetings held in first quarter of 2010.<br>Integrated JP monitoring data framework available in 2010; 5 integrated VC studies prepared in 2010.<br>5 training and dissemination workshops held in 2010; 5 VC studies published in 2010. | <b>ITC</b>   | Strengthen international competitiveness of enterprises    | <b>VIETRA-DE</b>  |  | 1.3.1 Conduct inception meetings at provincial level and value chain promotion training workshop.<br>1.3.2 Prepare value chain studies building on baseline data and assessment of market opportunities.<br>1.3.3 Conduct dissemination workshops on value chain studies results on provincial and national level.                                                                                                                                                                 | 15,600 |        |        |        | <b>15,600</b>  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                            | <b>ITC</b>   | Strengthen international competitiveness of enterprises    | <b>VIETRA-DE</b>  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 50,440 |        |        |        | <b>50,440</b>  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                            | <b>ITC</b>   | Strengthen international competitiveness of enterprises    | <b>VIETRA-DE</b>  |  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 9,880  |        |        |        | <b>9,880</b>   |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                       |            |                                                               |                  |                                                                                                                                                                     |        |         |                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|---------------------------------------------------------------|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|---------|----------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Consolidated final assessment report available in 2012.                                                                                                                                                                                               | <b>ITC</b> | Strengthen international competitiveness of enterprises       | <b>VIETRA-DE</b> | 1.3.4 Prepare consolidated final impact assessment report on selected indicators for growers, collectors, grassroots crafts and small furniture producers and SMEs. | 5,200  | 5,200   | <b>5,200</b>   |
| <b>1.3 Subtotal</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                       |            |                                                               |                  |                                                                                                                                                                     | 75,920 | 5,200   | <b>81,120</b>  |
| <b>OUTCOME 2: An environmentally and economically sustainable increase in craft raw material growers' / collectors' incomes in four provinces</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                       |            |                                                               |                  |                                                                                                                                                                     |        |         |                |
| Indicators to be monitored: Reduction of the number of households living below the national poverty line in communes targeted by the programme by 50%; 30 % income increase of raw material growers/collectors (absolute, relative) in programme communes with info on ethnic minorities, gender, youth, and people with disabilities; increase in cultivation area of rattan and bamboo (ha planted); increase of mulberry tree plantations (ha planted); increase of lacquer ware plantations (ha planted); increase in sales volumes of raw materials (quantity, price); changes applied to sustainable bamboo collection. |                                                                                                                                                                                                                                                       |            |                                                               |                  |                                                                                                                                                                     |        |         |                |
| 2.1 Improved production capacity of farmers (quantity and quality).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Good practice extension material for rattan plantation, bamboo collection, mulberry tree plantation and silk worm raising, sea grass cultivation, lacquer tree plantation and raw material collection for handmade paper compiled by the end of 2010. | <b>FAO</b> | Sustainable natural resource management and poverty reduction | <b>NOMAFSI</b>   | 2.1.1 Develop good raw material production practices and produce and disseminate extension materials.                                                               | 37,000 | 21,900  | <b>58,900</b>  |
| <b>Indicators:</b> New plantation areas; improved existing plantation areas; improved quality of seedlings and raw material; % increase in production.                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                       |            |                                                               |                  |                                                                                                                                                                     |        |         |                |
| <b>Baseline:</b> To be provided by the baseline survey (see output 1.1).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 120 trainers for 4 provinces trained in 2011.                                                                                                                                                                                                         | <b>FAO</b> | Sustainable natural resource management and poverty reduction | <b>NOMAFSI</b>   | 2.1.2 Train trainers in variety/provenance selection, nursery management, production, harvesting and marketing.                                                     | 18,200 | 18,100  | <b>36,300</b>  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 22 farmer field schools established in 2011; 1,500 farmers participated in farmer field schools in 2011/2012.                                                                                                                                         | <b>FAO</b> | Sustainable natural resource management and poverty reduction | <b>DARD</b>      | 2.1.3 Establish farmer field schools for dissemination and training, linked to communes and production cooperatives.                                                | 15,700 | 40,000  | <b>73,900</b>  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 1,500 farmers have improved access to seedlings in 2012.                                                                                                                                                                                              | <b>FAO</b> | Sustainable natural resource management and poverty reduction | <b>NOMAFSI</b>   | 2.1.4 Support plant/tree nurseries in the four provinces and increase availability of seedlings.                                                                    | 3,200  | 80,800  | <b>144,000</b> |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 12 demonstration sites for 4 provinces established in 2011.                                                                                                                                                                                           | <b>FAO</b> | Sustainable natural resource management and poverty reduction | <b>DARD</b>      | 2.1.5 Establish demonstration sites at each location associated with nurseries.                                                                                     |        | 46,000  | <b>46,000</b>  |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 2 media-based extension campaigns run by 2012.                                                                                                                                                                                                        | <b>FAO</b> | Sustainable natural resource management and poverty reduction | <b>DARD</b>      | 2.1.6 Support extension services and conduct a media based extension campaign.                                                                                      |        | 13,000  | <b>26,000</b>  |
| <b>2.1 Sub-Total</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                       |            |                                                               |                  |                                                                                                                                                                     | 74,100 | 219,800 | <b>385,100</b> |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                      |                                                                                                                                                                                                                                                              |                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |        |                  |                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|------------------|------------------|
| 2.2 Improved farmer sales capacity.<br><b>Indicators:</b> Price information system accessible for farmers.<br><b>Baseline:</b> No price information for crafts raw material in place.<br><b>2.2 Sub-Total</b>                                                                                                                                                                                                                                                                  | Raw material price information system established by 2012.                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>FAO</b>                                           | Availability of information at national level                                                                                                                                                                                                                | <b>ICARD</b>                                                                          | 2.2.1 Develop demand/supply and price information for crafts raw materials producers.                                                                                                                                                                                                                                                                                                                                                                                                                       | 20,000 | 15,000           | 35,000           |
| 2.3 International and national links established (e.g. through INBAR).<br><b>Indicators:</b> No. of new partnerships.<br><b>Baseline:</b> No. of partnerships at the beginning<br><b>2.3 Sub-Total</b>                                                                                                                                                                                                                                                                         | 4 reports on partnerships established and knowledge gained during study tours are available until the end of 2012.                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>FAO</b>                                           | Availability of information at national level                                                                                                                                                                                                                | <b>HRPC</b>                                                                           | 2.3.1 Conduct four study tours to leading regional or international growing areas of selected materials.                                                                                                                                                                                                                                                                                                                                                                                                    | 10,000 | 15,000<br>10,000 | 35,000<br>40,000 |
| <b>OUTCOME 3: A sustainable increase of crafts related rural households' and enterprises' incomes in four provinces</b>                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                      |                                                                                                                                                                                                                                                              |                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |        |                  |                  |
| Indicators to be monitored: Reduction of the number of households living below the national poverty line in communes targeted by the programme by 50%; 30 % income increase of craft producers (absolute, relative) in programme communes with info on ethnic minorities, gender, youth, and people with disabilities.                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                      |                                                                                                                                                                                                                                                              |                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |        |                  |                  |
| 3.1 Improved offer of market intelligence, market linkages and design services to rural crafts buyers and crafts producing communities /SMEs.<br><b>Indicators:</b> No. and quality of improved services offered; availability of feasibility study for design center; organization of trade fair participations and buyer delegations; training workshops.<br><b>Baseline:</b> Limited market information, design and trade fair services provided by VIETCRAFT and VIETRADE. | Enhanced capacity of VIETCRAFT on craft enterprises market readiness by 2010. Online exporter information system established by the end of 2011. 3 study tours organized by 2012 to develop international partner network.<br>4 provincial trade promotion organizations offer improved services by 2012.<br>3 TOTs for service providers and 3 workshops for craft SMEs, and producer groups conducted by 2011.<br>10 SMEs benefit from VIETCRAFT design advice by 2011. Feasibility study for a design center is available by 2010. | <b>ITC</b><br><b>ITC</b><br><b>ILO</b><br><b>ITC</b> | Increase capacity of trade support institutions<br><br>Increase capacity of trade support institutions<br>Increase capacity of service pro-viders to support sus-tainable en-terprise development<br>Strengthen international competitiveness of enterprises | <b>VIET-CRAFT</b><br><br><b>VIETRA-DE</b><br><br><b>VCCI</b><br><br><b>VIET-CRAFT</b> | 3.1.1 Develop the capacity of VIETCRAFT to provide export market intelligence and market linkage services.<br><br>3.1.2 Support for trade promotion networking at provincial level.<br><br>3.1.3 Develop capacity of local service providers to train, consult/coach and conduct training to craft SMEs and poor craft producing communities with the aim to increase productivity & competitiveness.<br>3.1.4 Support VIETCRAFT's efforts to provide local design inputs to national handicraft exporters. | 20,800 | 62,400<br>13,000 | 96,200           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                      |                                                                                                                                                                                                                                                              |                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 39,000 |                  | 39,000           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                      |                                                                                                                                                                                                                                                              |                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 40,500 | 40,500           | 81,000           |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                      |                                                                                                                                                                                                                                                              |                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 18,720 | 47,840           | 66,560           |

|                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                              |               |                                                                                 |                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                |                |               |                |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|---------------------------------------------------------------------------------|-------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|---------------|----------------|
|                                                                                                                                                                                                                                                                                                                                                              | 4 provincial trade fair participations are organized by 2011; international advertising is intensified and 3 buyers delegations for visiting the trade fair are organized by the end of 2011.                                | <b>ITC</b>    | Increase capacity of trade support institutions                                 | <b>VIET-CRAFT</b> | 3.1.5 Assist VIETCRAFT to organize an international home furnishing/gifts fair (in 2010/2011), exhibiting green and socially responsible products from the target provinces, demonstrating good practices and disseminating policy recommendations.                                                                                                                                                                                                                        | 67,600         |                |               | <b>67,600</b>  |
| <b>3.1 Sub-Total</b>                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                              |               |                                                                                 |                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>147,620</b> | <b>189,740</b> | <b>13,000</b> | <b>350,360</b> |
| 3.2. Improved market knowledge and market links of key crafts enterprises for the four provinces.<br><b>Indicators:</b> Increased export turnover; increased no. of household suppliers and factory workers of SMEs.<br><b>Baseline:</b> Limited (occasional) export experience only; turnover and employment figures to be provided by the baseline survey. | 20 SMEs in the provinces and Hanoi receive marketing and product development support and increased their sales at least by 30% by 2012.                                                                                      | <b>ITC</b>    | Strengthen international competitiveness of enterprises                         | <b>VIET-CRAFT</b> | 3.2.1 Support key companies in the 4 provinces and Hanoi to become 'driving forces' in the sub-sector's development. Support in e.g. target market selection and marketing, product line development in view of target markets, green procurement and grassroots supplier development.<br>3.2.2 Link ethnic minority enterprises with fair-trade importers (handmade paper, silk) and enhance domestic market access, including support through fair trade retail outlets. | 17,680         | 95,880         | 73,480        | <b>187,040</b> |
|                                                                                                                                                                                                                                                                                                                                                              | 4 partnerships with Fair Trade Organizations developed by 2012.                                                                                                                                                              | <b>ITC</b>    | Strengthen international competitiveness of enterprises                         | <b>VIET-CRAFT</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                | 21,320         |               | <b>21,320</b>  |
|                                                                                                                                                                                                                                                                                                                                                              | 200 copies of updated export marketing guidelines available by 2010.                                                                                                                                                         | <b>ITC</b>    | Increase capacity of trade support institutions                                 | <b>VIETRA-DE</b>  | 3.2.3 Produce and disseminate export marketing guidelines.                                                                                                                                                                                                                                                                                                                                                                                                                 | 11,960         |                |               | <b>11,960</b>  |
| <b>3.2 Sub-Total</b>                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                              |               |                                                                                 |                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>29,640</b>  | <b>117,200</b> | <b>73,480</b> | <b>220,320</b> |
| 3.3 Improved business management and business plan implementation capacity of SME crafts & small furniture producers.<br><b>Indicators:</b> No. of SMEs and producer groups trained; No. of business plans developed and implemented; turnover development                                                                                                   | Training material based on core EMPRETEC methodology developed by 2010 for training SMEs to produce and implement business strategies to meet the requirements of foreign markets in the 4 crafts sector in the 4 provinces. | <b>UNCTAD</b> | Development friendly integration of developing countries into the world economy | <b>VIETRA-DE</b>  | 3.3.1. Identify business skills needed for SME crafts & small furniture producers and design training curricula aimed at implementing business strategies. Translate and adapt material to local context.                                                                                                                                                                                                                                                                  | 52,500         |                |               | <b>52,500</b>  |

|                                                                                                                                                                                                                                                           |                                                                                                                                                                                   |                |                                                                                     |                  |                                                                                                                                                                                                                             |         |         |        |                |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-------------------------------------------------------------------------------------|------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|--------|----------------|
| of trained SMEs and producer groups; No. of household producers in the provinces supplying the SMEs; No. of additional jobs created at SME and producer group level; improved labor conditions.                                                           | 4 local trainers trained and certified to deliver core competency courses of entrepreneurship and business plan preparation for SMEs in the craft and furniture sector (by 2011). | <b>UNC-TAD</b> | Develop-ment friend-ly integra-tion of de-veloping countries into the world economy | <b>VIETRA-DE</b> | 3.3.2 Select, train and certify four national trainers on the EMPRETEC entrepreneurship development methodology.                                                                                                            | 28,500  | 41,000  | 7,500  | <b>77,000</b>  |
| <b>Baseline:</b> SMEs have rudimentary business skills and occasional export experience only; limited compliance to labor standards; turnover, supply network and employment figures of SMEs and producer groups to be collected from participating SMEs. | 30 SMEs and 20 exporters in the craft and furniture sector participated in training workshops and improved their business management capacity by 2011.                            | <b>UNC-TAD</b> | Develop-ment friend-ly integra-tion of de-veloping countries into the world economy | <b>VIETRA-DE</b> | 3.3.3 Organize outreach campaigns, training and follow up workshops on the EMPRETEC methodology for SME exporters of handicrafts and small furniture in the four provinces and Hanoi. Monitor business plan implementation. | 106,000 | 74,000  | 28,500 | <b>208,500</b> |
|                                                                                                                                                                                                                                                           | 20 producer groups in the four provinces improved their management capacity by 2012.                                                                                              | <b>UNC-TAD</b> | Develop-ment friend-ly integra-tion of de-veloping countries into the world economy | <b>VIETRA-DE</b> | 3.3.4 Upgrade producer groups in the four provinces to meet the requirements of international corporations sourcing handicraft products from Viet Nam.                                                                      |         | 25,000  | 27,500 | <b>52,500</b>  |
|                                                                                                                                                                                                                                                           | 2 TOTs and 2 SME workshops incl. follow-up support conducted By 2012. Strengthened capacity of service providers and SMEs on labor standards compliance.                          | <b>ILO</b>     | Improve-ment of working conditions for sustain-able enter-prise deve-lopment        | <b>VCCI</b>      | 3.3.5 Provide training and advisory follow-up on compliance with national and international labor standards to enhance competitiveness.                                                                                     |         | 29,500  | 29,500 | <b>59,000</b>  |
| <b>3.3 Sub-Total</b>                                                                                                                                                                                                                                      |                                                                                                                                                                                   |                |                                                                                     |                  |                                                                                                                                                                                                                             | 187,000 | 169,500 | 93,000 | <b>449,500</b> |
| 3.4 Improved production and clean design capacity of SME crafts & furniture producers and SME raw material processors.                                                                                                                                    | 50 quick assessments in cleaner production conducted to define production and process gaps; On the job advice on shopfloor remedies delivered.                                    | <b>UNIDO</b>   | Poverty reduction through productive activities                                     | <b>VNCPC</b>     | 3.4.1 Assist crafts SMEs to remedy own production and process deficiencies according to cleaner production principles and practices.                                                                                        | 30,000  | 15,000  |        | <b>45,000</b>  |
| <b>Indicators:</b> Volume of crafts sold; average turnover by product group & by province; solid waste generated; hazardous chemicals used.                                                                                                               | 50 trainers of SMEs and vocational schools trained in sustainable design principles and implementation.                                                                           | <b>UNIDO</b>   | Poverty reduction through productive activities                                     | <b>VNCPC</b>     | 3.4.2 Train trainers from vocational training schools and SMEs on sustainable clean design principles and implementation.                                                                                                   | 31,000  | 26,000  |        | <b>57,000</b>  |
| <b>Baseline:</b> No information available; to be established in the baseline survey under output 1.2.                                                                                                                                                     | On the job training in sustainable design and packaging delivered in up to 5 product groups.                                                                                      | <b>UNIDO</b>   | Poverty reduction through productive activities                                     | <b>VNCPC</b>     | 3.4.3 Conduct pilot sustainable (clean) design and packaging initiatives for selected crafts SMEs.                                                                                                                          |         | 27,500  |        | <b>27,500</b>  |

|                                                                                                                                                                                                       | 10 case studies on good practices in cleaner production and sustainable design and packaging published. | UNIDO | Poverty reduction through productive activities                       | VNCPC | 3.4.4 Document good practices and publish.                                                                                                                                                                                                                                                                                                    |         |         | 14,500  | 14,500  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|-------|-----------------------------------------------------------------------|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------|---------|---------|
| <b>3.4 Sub-Total</b>                                                                                                                                                                                  | 4 ToT training courses and follow-up activities realized by 2011.                                       | ILO   | Strengthening service capacity for sustainable enterprise development | VCA   | 3.5.1 Develop capacity of local service providers to train, consult/coach on business development skills for different levels of target groups, life empowering skills, work improvement for neighborhood development.                                                                                                                        | 61,000  | 68,500  | 14,500  | 144,000 |
| <b>Indicators:</b> No. of poor grassroots producers trained; application of improved business skills.<br><b>Baseline:</b> Poor grassroots producers have limited business and empowering/life skills. | 6 Capacity building activities undertaken for business groups/associations by 2012.                     | ILO   | Strengthening representation and dialogue                             | VCA   | 3.5.2 Undertake capacity building for business groups/associations among poor grassroots crafts producers.                                                                                                                                                                                                                                    | 10,333  | 10,334  | 10,333  | 31,000  |
|                                                                                                                                                                                                       | 1,500 poor grassroots producers got improved business and empowering skills by 2012.                    | ILO   | More productive and decent employment                                 | VCA   | 3.5.3 Assist business development service providers to implement training courses for poor grassroots craft producers on business skills for existing household business & cooperatives level and on basic business skills for individual craft producers, life skills and fundamental rights, work improvement for neighborhood development. | 52,600  | 109,200 | 105,200 | 267,000 |
|                                                                                                                                                                                                       | Improved micro-finance links established at grassroots producer level by 2012.                          | ILO   | Better access to finance                                              | VCA   | 3.5.4 Support to link poor grassroots crafts producers to micro-finance and micro insurance institutions and for training micro-finance and micro insurance institutions to diversify their service to grassroots crafts producers.                                                                                                           |         | 27,333  | 13,667  | 41,000  |
| <b>3.5 Sub-Total</b>                                                                                                                                                                                  | Good practice documents on the promotion of business and empowering skills published by 2012.           | ILO   | Improved knowledge sharing                                            | VCCI  | 3.5.5 Document good practices and deliver for publication.                                                                                                                                                                                                                                                                                    |         |         | 14,000  | 14,000  |
|                                                                                                                                                                                                       |                                                                                                         |       |                                                                       |       |                                                                                                                                                                                                                                                                                                                                               | 110,266 | 170,534 | 143,200 | 424,000 |

|                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                        |                     |                                                         |                         |                                                                                                                                                                                                                                                                                                                                                                                                                   |               |                |               |                       |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------------------------------------------------------|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|----------------|---------------|-----------------------|
| <p>3.6 Improved green production capacities of grassroots crafts &amp; furniture producers.</p> <p><b>Indicators:</b> Volume of crafts sold; average income per household by product group &amp; by province; solid waste generated; hazardous chemicals used.</p> <p><b>Baseline:</b> No information available; to be established in the baseline survey under output 1.2.</p> | <p>1,500 grassroots crafts producers in 5 value chains received on the job training in technical craft skills by 2012.</p>                             | <p><b>UNIDO</b></p> | <p>Promote resource efficient industrial production</p> | <p><b>VNCPC</b></p>     | <p>3.6.1 Train grassroots producers in technical craft production skills, using trained local trainers, to implement good housekeeping, cleaner production processes/techniques, skills for implementing clean/sustainable designs &amp; packaging, including with demonstrations and shop floor activities and disseminate resource kits on CP, clean design and technologies for 5 selected product groups.</p> | <p>50,000</p> | <p>114,000</p> | <p>47,500</p> | <p><b>211,500</b></p> |
|                                                                                                                                                                                                                                                                                                                                                                                 | <p>Tools, equipment and technologies to improve productivity and decrease resource use introduced in 5 value chains at commune level by 2011/2012.</p> | <p><b>UNIDO</b></p> | <p>Promote resource efficient industrial production</p> | <p><b>VNCPC</b></p>     | <p>3.6.2 Identify equipment needs, particularly those that can be used jointly and would save resources (materials, energy and water—e.g. fumigation, drying/heating, drying kiln, etc.) and set up joint utility shops/arrangements for selected product groups.</p>                                                                                                                                             | <p>25,000</p> | <p>82,500</p>  |               | <p><b>107,500</b></p> |
|                                                                                                                                                                                                                                                                                                                                                                                 | <p>Improved lacquer processing and silk dyeing techniques introduced in 4 communes; 2 study tour reports.</p>                                          | <p><b>UNIDO</b></p> | <p>Promote resource efficient industrial production</p> | <p><b>VNCPC</b></p>     | <p>3.6.3 Collaborate with relevant universities or research institutes in other countries to improve lacquer processing and silk dyeing techniques, including through study tours to countries such as Japan and China.</p>                                                                                                                                                                                       | <p>15,000</p> | <p>60,000</p>  | <p>20,000</p> | <p><b>95,000</b></p>  |
|                                                                                                                                                                                                                                                                                                                                                                                 | <p>2 brand development initiatives conducted with emphasis on sustainability.</p>                                                                      | <p><b>UNIDO</b></p> | <p>Promote resource efficient industrial production</p> | <p><b>VIETRA-DE</b></p> | <p>3.6.4 Assist production groups, in collaboration with VIETRADE/local TPOs, to develop brands.</p>                                                                                                                                                                                                                                                                                                              |               | <p>9,000</p>   | <p>9,000</p>  | <p><b>18,000</b></p>  |
|                                                                                                                                                                                                                                                                                                                                                                                 | <p>15 good practice cases developed and published; 4 inter-provincial good practice workshops conducted.</p>                                           | <p><b>UNIDO</b></p> | <p>Promote resource efficient industrial production</p> | <p><b>VNCPC</b></p>     | <p>3.6.5 Share experiences and validate recommendations for design for sustainability and cleaner production practices in handicrafts and furniture sectors through interprovincial workshops.</p>                                                                                                                                                                                                                | <p>3,000</p>  | <p>15,000</p>  | <p>18,000</p> | <p><b>36,000</b></p>  |
| <p><b>3.6 Sub-Total</b></p>                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                        |                     |                                                         |                         |                                                                                                                                                                                                                                                                                                                                                                                                                   | <p>93,000</p> | <p>280,500</p> | <p>94,500</p> | <p><b>468,000</b></p> |

| <b>OUTCOME 4: Improved policies and regulatory frameworks at the provincial and national level that meet the needs of rural small enterprises, in particular raw materials and crafts producers, processors and traders</b>                                                                                                        |                                                                                                                                                                   |              |                                                                                          |                   |                                                                                                                                                                                                                                                                                                                                                                                 |         |                |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|------------------------------------------------------------------------------------------|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|----------------|
| Indicators: Provincial crafts development action plans in four provinces available; VIETRADE (MOIT) provided with policy recommendations for the national level                                                                                                                                                                    |                                                                                                                                                                   |              |                                                                                          |                   |                                                                                                                                                                                                                                                                                                                                                                                 |         |                |
| 4.1 Provincial action plans for crafts and small furniture sectors in each province developed and backed by the public and private sector.<br><b>Indicators:</b> No. of commune officials trained; No. of PPD-workshops organized; No. of provincial action plans developed.<br><b>Baseline:</b> Existing provincial master plans. | Selected commune officials capacity on LED and CB-TREE built by 2010                                                                                              | <b>ILO</b>   | Strengthening planning capacity for local economic development and training              | <b>DOLISA</b>     | 4.1.1 Train communes officials and relevant local development players' on Local Economic Development (LED)/ Community – based Training for Economic Empowerment (CB-TREE) through Public – Private Dialogue.                                                                                                                                                                    | 61,000  | <b>61,000</b>  |
| 4 provincial PPD workshops held by 2012.<br>4 provincial action plans for crafts and small furniture sector developed by 2012.                                                                                                                                                                                                     |                                                                                                                                                                   | <b>ITC</b>   | Strengthen integration into the global economy through enhanced support to policy makers | <b>VIETRA-DE</b>  | 4.1.2 Facilitate a participatory impact analysis of national and provincial policies, programmes, implementation practices and capacities through structured public-private dialogue in the four provinces and through a national symposium, and facilitate consensus building on provincial and district level action plans and policy recommendations for the national level. | 38,480  | <b>38,480</b>  |
| <b>4.1 Sub-Total</b>                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                   |              |                                                                                          |                   |                                                                                                                                                                                                                                                                                                                                                                                 | 61,000  | <b>99,480</b>  |
| 4.2 Policy recommendations for the national and international level for the sustainable development of income generation for the poor.<br><b>Indicators:</b> Availability of policy recommendations for sustainable crafts production.<br><b>Baseline:</b> None.                                                                   | Report on impact of national & provincial policies on sustainable crafts production available; End-of-project workshop on sustainable crafts production conducted | <b>UNIDO</b> | Promote resource efficient industrial production                                         | <b>VIETRA-DE</b>  | 4.2.1 Organize an end-of-project workshop for policymakers and regulators to share lessons learnt and ensure sustainable business environment for craft production.                                                                                                                                                                                                             | 15,000  | <b>15,000</b>  |
|                                                                                                                                                                                                                                                                                                                                    | Report on the impact of WTO accession, tariff and non-tariff barriers for Vietnamese crafts in major export markets available by 2012.                            | <b>ITC</b>   | Strengthen integration into the global economy through enhanced support to policy makers | <b>VIETRA-DE</b>  | 4.2.2 Analyze the impact of WTO accession, tariff and non-tariff barriers (e.g. technical, environmental and labor standards) for Vietnamese crafts in major export markets and provide VIETRADE with the results and recommendations for action.                                                                                                                               | 20,280  | <b>20,280</b>  |
| <b>4.2 Sub-Total</b>                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                   |              |                                                                                          |                   |                                                                                                                                                                                                                                                                                                                                                                                 | 35,280  | <b>35,280</b>  |
| <b>5 Joint Programme Formulation, Management, Coordination, Monitoring and Evaluation</b>                                                                                                                                                                                                                                          |                                                                                                                                                                   |              |                                                                                          |                   |                                                                                                                                                                                                                                                                                                                                                                                 |         |                |
| 5.1 Effective coordination and monitoring of the delivery of all                                                                                                                                                                                                                                                                   | Continuous monitoring and coordination of                                                                                                                         | <b>ITC</b>   |                                                                                          | <b>VIET-CRAFT</b> | Senior Technical Advisor                                                                                                                                                                                                                                                                                                                                                        | 137,842 | <b>413,525</b> |
|                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                   |              |                                                                                          |                   |                                                                                                                                                                                                                                                                                                                                                                                 | 137,842 | 137,841        |



|                                                                                                    |                                                                                                                                                                                                                                             |              |  |  |                                   |         |         |         |        |                  |
|----------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|--|--|-----------------------------------|---------|---------|---------|--------|------------------|
| programme components at the provincial level.                                                      | activities at the provincial level; rolling one-year work plans to be updated every six months; high-quality communication products on JP; annual and final narrative JP progress reports; yearly reporting to National Steering Committee. | ITC          |  |  | National staff                    | 56,160  | 56,160  | 56,160  | 56,160 | 168,480          |
| <b>Indicators:</b> JP implemented in accordance with agreed-upon work plan; on-time and on-budget. |                                                                                                                                                                                                                                             | ITC          |  |  | Programme office running costs    | 65,070  | 23,469  | 23,469  | 23,469 | 112,008          |
| <b>Baseline:</b> N/A                                                                               |                                                                                                                                                                                                                                             | ITC          |  |  | ITC HQ travel costs               | 5,200   | 5,200   | 5,200   | 5,200  | 15,600           |
|                                                                                                    |                                                                                                                                                                                                                                             | ITC          |  |  | Provincial coordinators DARD/DOIT | 17,334  | 17,333  | 17,333  | 17,333 | 52,000           |
|                                                                                                    |                                                                                                                                                                                                                                             | ITC          |  |  | Mid-term evaluation               |         | 25,545  |         |        | 25,545           |
| <b>5 Sub-Total</b>                                                                                 |                                                                                                                                                                                                                                             |              |  |  |                                   | 281,606 | 265,549 | 240,003 |        | <b>787,158</b>   |
| <b>6 Formulation advance</b>                                                                       |                                                                                                                                                                                                                                             | <b>UNIDO</b> |  |  |                                   |         |         |         |        | <b>20,000</b>    |
| FAO                                                                                                | Programme Cost                                                                                                                                                                                                                              |              |  |  |                                   |         |         |         |        | 568,100          |
|                                                                                                    | Indirect Support Cost                                                                                                                                                                                                                       |              |  |  |                                   |         |         |         |        | 39,767           |
| ITC                                                                                                | Programme Cost                                                                                                                                                                                                                              |              |  |  |                                   |         |         |         |        | 1,416,718        |
|                                                                                                    | Indirect Support Cost                                                                                                                                                                                                                       |              |  |  |                                   |         |         |         |        | 99,170           |
| ILO                                                                                                | Programme Cost                                                                                                                                                                                                                              |              |  |  |                                   |         |         |         |        | 639,000          |
|                                                                                                    | Indirect Support Cost                                                                                                                                                                                                                       |              |  |  |                                   |         |         |         |        | 44,730           |
| UNIDO                                                                                              | Programme Cost                                                                                                                                                                                                                              |              |  |  |                                   |         |         |         |        | 724,000          |
|                                                                                                    | Indirect Support Cost                                                                                                                                                                                                                       |              |  |  |                                   |         |         |         |        | 50,680           |
| UNCTAD                                                                                             | Programme Cost                                                                                                                                                                                                                              |              |  |  |                                   |         |         |         |        | 390,500          |
|                                                                                                    | Indirect Support Cost                                                                                                                                                                                                                       |              |  |  |                                   |         |         |         |        | 27,335           |
| <b>Total</b>                                                                                       | <b>Programme Cost</b>                                                                                                                                                                                                                       |              |  |  |                                   |         |         |         |        | <b>3,738,318</b> |
|                                                                                                    | <b>Indirect Support Cost</b>                                                                                                                                                                                                                |              |  |  |                                   |         |         |         |        | <b>261,682</b>   |
|                                                                                                    |                                                                                                                                                                                                                                             |              |  |  |                                   |         |         |         |        | -----            |
|                                                                                                    | <b>Total<sup>2</sup></b>                                                                                                                                                                                                                    |              |  |  |                                   |         |         |         |        | <b>4,000,000</b> |

<sup>2</sup> Excluding the in-kind contributions of VIETRADE (US\$20,000) and VIETCRAFT (US\$100,000).

Table 5: Budget description by participating UN organization

|                                                     | FAO            | ILO            | ITC              | UNCTAD         | UNIDO          | Total            |
|-----------------------------------------------------|----------------|----------------|------------------|----------------|----------------|------------------|
| Supplies, commodities, equipment and transport      | 104,000        |                | 118,701          | 5,000          | 100,000        | 327,701          |
| Personnel (staff, consultants, travel and training) | 201,100        | 281,500        | 1,009,182        | 305,000        | 341,000        | 2,137,782        |
| Training of counterparts                            | 155,000        | 87,500         | 100,346          | 22,000         | 154,500        | 519,346          |
| Contracts                                           | 108,000        | 236,000        | 134,000          | 56,000         | 104,500        | 638,500          |
| Other direct costs                                  |                | 34,000         | 54,489           | 2,500          | 4,000          | 94,989           |
| Formulation Advance                                 |                |                |                  |                | 20,000         | 20,000           |
| <b>Total programme costs</b>                        | <b>568,100</b> | <b>639,000</b> | <b>1,416,718</b> | <b>390,500</b> | <b>724,000</b> | <b>3,738,318</b> |
| <b>Indirect support costs</b>                       | <b>39,767</b>  | <b>44,730</b>  | <b>99,170</b>    | <b>27,335</b>  | <b>50,680</b>  | <b>261,682</b>   |
| <b>Grand Total</b>                                  | <b>607,867</b> | <b>683,730</b> | <b>1,515,888</b> | <b>417,835</b> | <b>774,680</b> | <b>4,000,000</b> |

## 5. Management and Coordination Arrangements

### National Steering Committee

A National Steering Committee (NSC) for MDG-F will be established to provide oversight and strategic guidance to this MDG-F Joint Programmes in Viet Nam. The NSC consists of the representative of the Ministry of Industry and Trade, the representative of the Ministry of Planning and Investment as Government Aid Coordinating Agency (GACA, co-chair) on behalf of the Government, the Resident Coordinator (co-chair) and the representative of the Spanish Embassy in Hanoi. The NSC is responsible for providing oversight and strategic guidance to this Joint Programme in Viet Nam, particularly by ensuring synergies are exploited, programme work is on track and emerging challenges are diagnosed and addressed. Decisions of the Steering Committee are made through consensus. In addition, NSC will review progress reports, approve annual work plans and budgets and make necessary adjustments. The NSC meets semi-annually.

Specific responsibilities of the NSC include:

- § Reviewing and adopting the Terms of Reference and Rules of Procedures of the PMC and/or modify them, as necessary
- § Approving the Joint Programme Document, in principle, before submission to the Spanish MDG Achievement Fund Secretariat
- § Approving the strategic direction for the implementation of the Joint Programme with the approval by the Spanish MDG Achievement Fund Secretariat
- § Approving the annual work plans and budgets as well as making necessary adjustments to attain the anticipated outcomes
- § Reviewing the Consolidated Joint Programme Report and provide strategic comments and decisions and communicate this to the Participating UN Organizations
- § Suggesting corrective action to emerging strategic and implementation challenges
- § Creating synergies and seeking agreement on similar programmes and projects by other donors
- § Approving the communication and public information plans prepared by the PMC.

The Fund will rely on UN Resident Coordinators (RC) to facilitate collaboration between participating UN Organizations to ensure that the programme is on track and that promised results are being delivered.

The Resident Coordinator's oversight role, as part of the NSC, is supported by the Programme Coordination Group on Trade, Employment & Enterprise Development (PCG-TEED). Under the One UN Plan, 11 Programme Coordination Groups (PCGs) have been established in Viet Nam in order to coordinate and guide the UN's work in different results

areas presented in the One UN Plan. The PCG relevant to the work described in this proposal is the one on Trade, Employment & Enterprise Development (PCG-TEED). Monthly PCG-TEED coordination meetings gather all UN organizations active in this field, with additional ad-hoc meetings organized to align ongoing and planned work. The PCG is co-convened by ILO and UNIDO, while FAO, ITC and UNCTAD (through PCG mailing list) participate in the PCG. As such, PCG-TEED is similar to an UNDAF Inter-agency Theme Group, but aims to go beyond by facilitating participating UN agencies to work, advocate, monitor and learn together on a sustained basis and as a matter of day-to-day work.

The PCG will ensure the necessary oversight of the programme on behalf of the UNCT and the Resident Coordinator by monitoring progress at its regular meetings.

### Programme Management Committee

Under guidance of the NSC, a Programme Management Committee (PMC) consisting of the representatives of the Government of Viet Nam and the participating UN organizations, FAO, ITC, UNCTAD, UNIDO, and ILO will be set up. The Government will be represented through a National Programme Director (NPD), who will also chair the PMC. The NPD will be designated by VIETRADE and a Deputy National Programme Director (DNPD), will be appointed by VIETCRAFT.

The PMC will coordinate the implementation of the project and difficulties that could hamper smooth programme implementation will be brought to the attention of the PMC, which will attempt to resolve the matter by consensus. The chair of the PMC, also being the NPD of the Joint Programme, will exert his/her best effort to take a final decision on any emerging impasse at the PMC. The Chair of PMC, and/or his delegated representative in his/her absence, will report to NSC on issues that go beyond the PMC's mandate.

The PMC will meet every other month during the first year of the Joint Programme. In the 2<sup>nd</sup> and 3<sup>rd</sup> year, the PMC will meet every quarter.

Specific responsibilities of the PMC are:

- § Ensuring operational coordination
- § Approving reporting procedures developed by the PMU
- § Advising on the selection of the Senior Technical Advisor and the National Programme Coordinator;
- § Reviewing and recommending annual work plans, budgets, reports and other programme related documents for approval by the NSC
- § Providing technical and substantive leadership regarding the activities envisaged in the Annual Work Plan
- § Agreeing on re-allocations and budget revisions and making recommendations to the NSC as appropriate
- § Addressing management and implementation challenges
- § Identifying emerging lessons learned
- § Establishing communication and public information plans
- § Submitting revisions on TOR and rules of procedures of the PMC for approval by the NSC.

### Programme Management Unit

Daily project management will be ensured by a Programme Management Unit (PMU), which will also be the main interface between the JP and the national and provincial authorities (Department of Agriculture and Rural Development, Department of Planning and Investment, Department of Industry and Trade, People's Provincial Committee and National Implementing Partners and Co-implementing Partners).

MOIT, being the responsible Line Agency, will assign VIETRADE, being the project owner, to establish the PMU. National Programme Director (NPD) will be a member of VIETRADE.

VIETRADE will cover the costs of the National Programme Director (NPD), an in-kind contribution estimated at US\$ 20,000, over the programme duration. VIETCRAFT will assign and cover the costs of the Deputy National Programme Director (DNPD) over the programme duration. This in-kind contribution is estimated at US\$ 30,000. In addition, VIETCRAFT will provide the following in-kind contributions over the programme duration, estimated at a total of US\$ 70,000: programme office, office furniture, and Internet access.

The JP will finance the costs of professional and support staff for the PMU Office, including staff to be recruited to assist the NPD to undertake necessary reporting to MOIT, the Government and for inter-ministerial coordination. The JP will also finance the Senior Technical Advisor (STA), the National Programme Coordinator (NPC) and the support staff to support the PMU during implementation.

VIETCRAFT will be the lead partner in managing and coordinating inputs and delivering outputs by being responsible for the day-to-day management and operations of the PMU. The JP will create favorable conditions to make sure that VIETCRAFT's human resources are strengthened during implementation.

Because VIETRADE is a governmental agency and VIETCRAFT is a non-governmental organization, the delegation of managerial responsibilities under this Programme from VIETRADE to VIETCRAFT as well as the division of specific responsibilities of the Programme Management Unit between the two organizations shall be done through a Memorandum of Understanding which has to be approved and signed by the authorized representatives of the two sides.

Specific responsibilities of the PMU are:

- § Conduct day-to-day programme management and implement operational activities of the programme
- § Develop and implement operational mechanisms for effective programme delivery, including operational guidelines for all programme partners
- § Coordinate and monitor the delivery of all programme components and ensure synergies between all components, with due consideration of skills-transfer and exchange of best practices
- § Determine, decide on and implement the optimal planning, coordination and sequencing of activities at the provincial level
- § Prepare quarterly and rolling one-year work plans and submit to PMC on quarterly basis for review and to NSC for approval on an annual basis
- § Prepare funds mobilization strategies to attract complementary resources, particularly at provincial levels and facilitate programme expansion and replication to other provinces over time.
- § Take a role in the delivery of programme components, in particular in relation to stakeholders' consultations and the preparation of strategic documents.
- § Review and endorse decisions on the recruitment of qualified co-implementing partners, and international and national consultants for implementing various activities of JP.

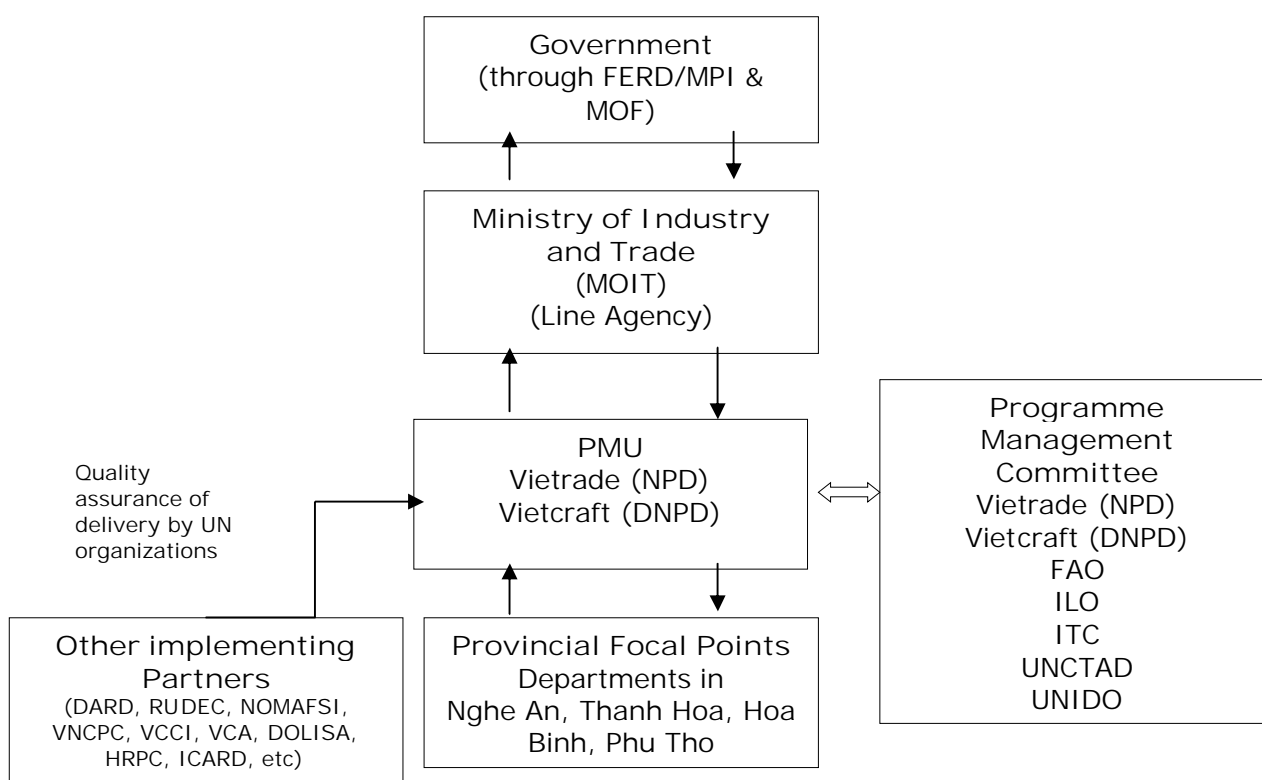
The office of the Programme Management Unit will be established in the premises of VIETCRAFT. The Senior Technical Advisor (STA) and National Programme Coordinator (NPC), both recruited by ITC, will support the PMU in day-to-day project management tasks. The National Programme Assistant (NPA), also recruited by ITC, will be in charge of administrative affairs. The cost of operation of the PMU Office facilities, including the project vehicle and editing, printing and dissemination of project literature and publications on behalf of all participating organizations are common project costs and are included in the ITC budget. Participating UN organization HQ/Regional/Field Programme Managers, whichever is applicable, will closely coordinate their activities through the PMU, particularly with the STA and NPC. Detailed guidelines for operational coordination and reporting will be developed and put into practice during programme implementation.

In each province, one local coordination partner will serve as a focal contact point to coordinate activities at provincial and district levels. In Nghe An, Phu Tho and Hoa Binh, the Vice-Chairmen of these provinces have nominated the Department of Agricultural and Rural Development (DARD). In Thanh Hoa, the Vice-Chairman of the province has nominated the Department of Industry of Industry and Trade (DOIT) as the focal contact organization for the Joint Programme. In each province, one provincial coordinator, paid by the programme, shall assist the PMU in setting up local intervention plans and implementing activity packages.

### Role of Vietnamese Partners

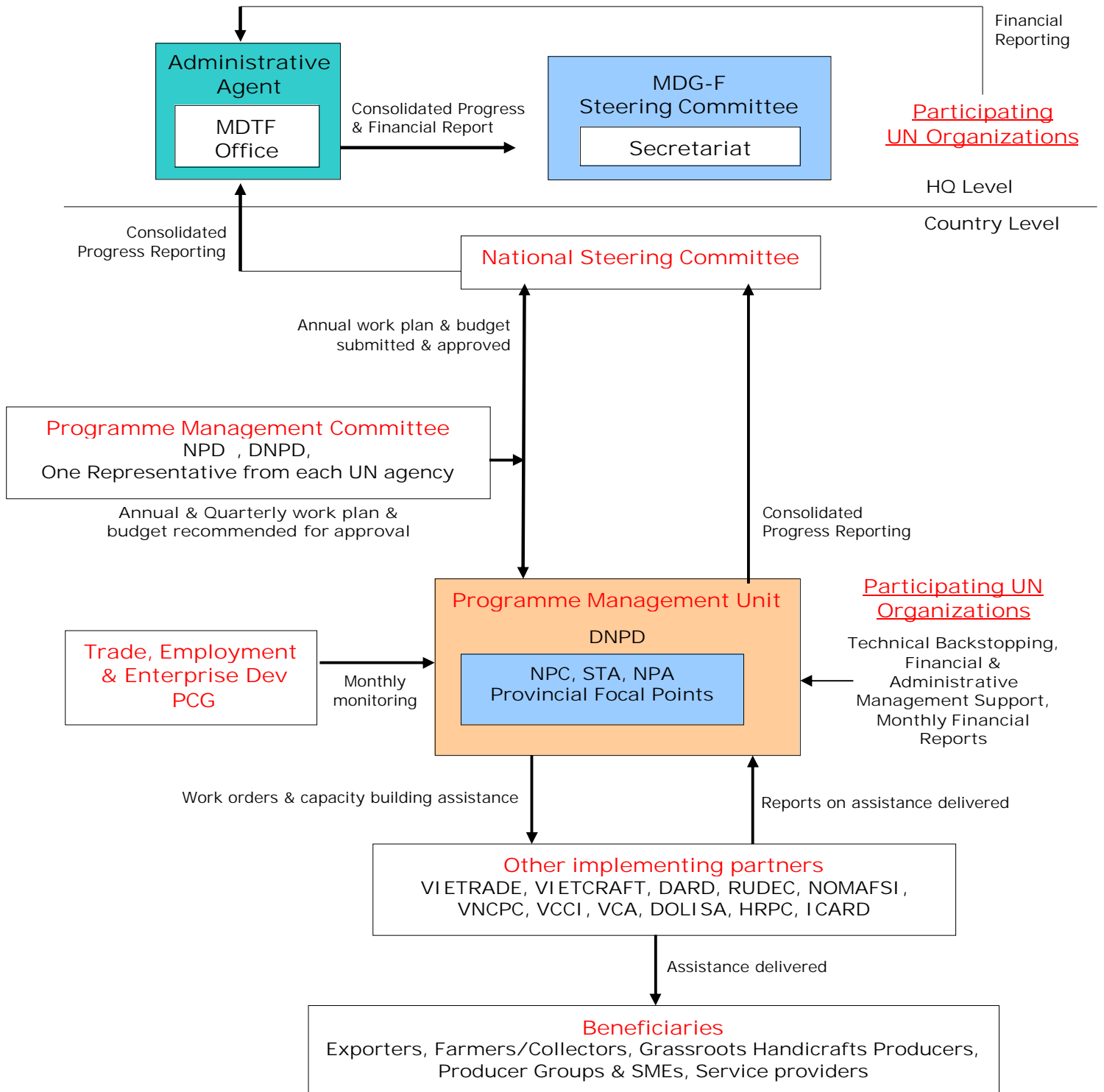
Ministry of Industry and Trade (MOIT) is the Line Agency according to Decree 131 on ODA Management. As the Line Agency, MOIT is responsible to report to the Government on the Joint Programme. Vietrade, under MOIT, is the Project Owner. As the Project Owner, Vietrade is responsible to implement the joint programme to achieve the planned results, in collaboration with participating UN Agencies and establishes the Project Management Unit (PMU) and represents the Vietnamese side in the Programme Management Committee. Vietrade collaborates and shares programme implementation responsibilities with Vietcraft. As explained above, Vietrade and Vietcraft shall clarify the division of labor between them in a memorandum of understanding. The reporting relationships envisaged among Vietnamese partners are shown in the schematic below.

Progress Reporting/Information Flows



The diagram on the next page shows the management and implementation structure, reporting mechanism and financial management for the Joint Programme, including the UN organizations.

## Project Management & Implementation Structure



Brief descriptions of responsibilities of key programme staff are provided below:

#### National Programme Director (NPD)

VIETRADE will assign a senior staff member as National Programme Director (NPD). NPD will be responsible to the Government of Vietnam, through the Ministry of Industry and Trade, for the overall coordination and implementation of the programme. S/he will also serve as the **Chair** of the Programme Management Committee (PMC). The international Senior Technical Advisor (STA) will advise the NPD on an on-going basis.

#### Deputy National Programme Director (DNPD)

VIETCRAFT will assign a senior VIETCRAFT office holder as the Deputy National Programme Director (DNPD). The DNPD will be responsible for ensuring that the participating UN organizations and co-implementing partners organize and deliver results according to the results framework (Table 4), in collaboration with the STA. The DNPD will also be responsible for making operational, day-to-day decisions on behalf of the NPD; supervising and supporting the day-to-day work of the Senior Technical Advisor and the National Programme Coordinator and maintaining regular contact with other development partners to ensure that the joint programme responds to new initiatives developed by those partners and establishes linkages with relevant programmes such as the agriculture and forestry extension programmes, the National Target Programme on Labor and Employment and others, in collaboration with and support of the relevant participating UN organizations, as required.

#### Senior Technical Advisor

An international Senior Technical Advisor (STA) will be recruited on a full-time basis for the duration of the joint programme. PMC will advise on the selection of the successful candidate, who will be recruited by ITC on behalf of participating UN organizations. The STA will advise the NPD and DNPD on an on-going basis and assist and work with the National Programme Coordinator (NPC) on all operational matters of programme implementation. STA will also coordinate with participating UN organization Project Managers at HQ, Regional Office or Field Office level, whichever is relevant; assist and advise in monitoring of programme delivery; and assist and advise on modifications to the programme strategy in order to rectify any short-comings in programme delivery. HQ, Regional Office or Field Office Programme Managers/Officers, as relevant, of all participating UN organizations will conduct their communications on operational matters (e.g. TOR for national and international project staff, TOR for contracts, procurement, training, publications, etc.) with the STA, including provision of detailed monthly financial reports through their financial systems for monitoring purposes. The STA will participate in the PMC meetings. ITC will be responsible for day-to-day technical backstopping and direct supervision of the STA.

#### National Programme Coordinator

National Programme Coordinator (NPC) will be delegated by the NPD/DNPD to ensure smooth implementation on a daily basis. NPC, assisted by the STA, will be responsible for operational activities of the programme. Therefore, this is a full time position paid by the programme budget. PMC will advise on the selection of the successful candidate and the NPC will be recruited by ITC on behalf of participating UN organizations. NPC will have strong, demonstrated management and functional experience and excellent English language skills. NPC will be supervised and work with the Senior Technical Advisor during the implementation of programme's operational activities and participate in the PMC meetings.

#### National Programme Assistant (NPA)

The National Programme Assistant will be responsible for operating the programme office petty cash account, procuring and managing supplies for the office; consolidating detailed

financial reports received from UN organizations in a single format regularly for monitoring purposes and undertaking other duties as instructed. STA will be responsible for day-to-day supervision of the NPA.

This Joint Programme is nationally implemented, with participating UN organizations using the agency execution modality for administering recruitment, procurement and contracting actions and making direct payments to co-implementing partners in return for services delivered. As a result, the NPA will not be required to undertake extensive financial accounting and reporting duties.

The Joint Programme covers a wide range of key competencies. In order to deliver and ensure effectiveness of programme interventions, to minimize the implementation costs and to reach a maximum degree of results, the participating UN organizations agreed in designating for each activity one UN Organization, which will be technically responsible for the implementation and coordination of this activity. All participating UN organizations will engage directly with national, provincial and local partners in delivering their inputs and producing the outputs under their responsibility.

FAO will take responsibility for the baseline and monitoring studies/surveys at farmer/collector and raw material level under Outcome 1. FAO will also take responsibility for all activities under Outcome 2 that aim to ensure environmentally and economically sustainable increase in incomes of raw materials farmers/collectors through introduction of good production and marketing practices, strengthening of agricultural extension services and demand/supply and price information systems and access to international networks by raw materials producers and traders. FAO will work in close cooperation with local Departments of Agriculture and Rural Development (DARD) as well as with related research institutions under the Ministry of Agriculture and Rural Development (MARD) and contribute to agriculture and rural development aspects of the policy recommendations under Outcome 4.

UNIDO will take responsibility for the socioeconomic and value chain surveys for the handicrafts and small furniture producers, trader, buyers/SMEs and exporters under Outcome 1. UNIDO will also be responsible for delivering outputs related to clean designs to buyers, training of buyers/SMEs in cleaner production techniques, training of industrial designers in clean design principles and implementation of clean designs at the level of relevant target groups, capacity development of grassroots crafts producers using cleaner production and design methods and practices as well as use of clean technologies (tools, equipment and joint production and quality control facilities) through demonstrations and pilot initiatives for the product groups covered by the programme under Outcome 3. UNIDO will play an active role in the participatory dialogues, produce best practice cases and contribute to formulation of enabling policies and regulatory frameworks, particularly those related to sustainable production under Outcome 4.

ILO will take responsibility for improving business skills of grassroots crafts producers and their empowerment; support micro-finance and micro-insurance providers in enhancing their business development services; enhance understanding of and adherence to occupational safety and health (OSH) standards by grassroots and SME crafts producers and traders; and undertake business association/business group capacity development under Outcome 3. Furthermore, ILO will contribute to identification and formulation of policy recommendations on an enabling business environment through local economic development and community based training for rural economic empowerment for the crafts and small furniture sector, in collaboration with programme partners.

ITC will initially take responsibility for preparing value chain studies by integrating data provided by FAO, UNIDO and ILO and will serve as the technical platform of the programme (Outcome 1). ITC's major technical inputs will be in improving the export market knowledge of selected craft and furniture SMEs; in establishing market linkages with foreign importers, in particular for ethnic minorities enterprises; in improving the capacity of national and provincial craft servicing organizations to provide customized export market



intelligence and market linkages services, including training and coaching crafts and furniture buyers on market requirements and developing export marketing guidelines for the different product groups. ITC will support a study on the feasibility of setting up a craft design center and assist in the organization of the first international craft fair in Viet Nam (Outcome 3). ITC will also participate in the analysis and dialogue concerning public-private partnerships and the formulation of policies and regulations to support the rural small craft enterprises (Outcome 4).

UNCTAD will be responsible for capacity development of crafts and furniture buyers/SMEs in enterprise management skills, including production and implementation of business strategies and plans, reduction and elimination of production and management deficiencies in collaboration with importers. UNCTAD will also collaborate with UNIDO in incorporating clean design and cleaner production techniques into the business and production processes of craft and furniture buyers/SMEs.

The programme will establish a structured public-private dialogue mechanism which will be the forum where all partners at provincial and national levels will interact annually to review and learn lessons through implementation initially and to produce policy recommendations for provincial and national levels eventually.

## 6. Fund Management Arrangements

### 6.1. Fund Transfers

The fund management arrangements will follow the guidelines of the MDG-F Operational Guidance Note for the Participating UN Organizations, in line with the UNDG Guidance Note on Joint Programming. The administration of the programme follows the "Pass-Through" fund management option.

UNDP Headquarters will act as the Administrative Agent (AA) of the Joint Programme in accordance with the MoU with the Participating UN Organizations regarding the operational aspects of the UNDP-Spain Millennium Development Goals Achievement Fund, signed in 2007. The AA functions are the responsibility of the Multi Donor Trust Fund (MDTF) Office at UNDP Headquarters. The MDTF Office, as AA will be responsible for:

- a. Disbursing approved resources to the Participating UN Organizations
- b. Consolidating the Joint Programme narrative report with financial reports from Participating UN Organizations; including analysis of financial and narrative data; for forwarding to the NSC
- c. Providing the Consolidated Joint Programme Progress Reports, and other reports as appropriate to the donor, i.e. the Fund Steering Committee through the Secretariat
- d. Streamlining the reporting systems and harmonizing reporting formats based on joint programming best practices
- e. Facilitate the work of the Participating UN Organizations to ensure adherence to a results based reporting structures around outcomes and outputs
- f. Ensuring that fiduciary fund management requirements are adhered to.

Upon receipt of the Fund Steering Committee's final approval of the Joint Programme Document, the Fund Secretariat will release funds for the implementation of the full Joint Programme to the MDTF Office. On receipt of a copy of the signed Joint Programme document, the MDTF Office will transfer the first annual installment to each Participating UN Organization. To request the fund transfer, the RC will submit the Fund Transfer Request Form to the MDTF Office. The transfer of funds will be made to the Headquarters of each Participating UN Organization.

### 6.2. Programme Financial Management

Each Participating UN Organization (PO) assumes complete programmatic and financial responsibility for the funds disbursed to it by the Administrative Agent (AA) and will use the agency execution modality according to the organization's own applicable regulations.

Each PO establishes a separate ledger account for the receipts and administration of the funds disbursed to it by the AA. POs are requested to provide certified financial reporting according to the budget template provided in the MDG-F Operational Guidance Note issued by the MDTF Office and are entitled to deduct their indirect costs of contributions not exceeding 7% of the Joint Programme budget in accordance with the provisions of the MDG-F MOU signed between the AA and the POs.

Subsequent installments will be released in accordance with the Annual Work Plans approved by the NSC. The release of the funds is subject to meeting a minimum commitment threshold (legally binding contracts signed, including multi-year commitments which may be disbursed in future years) of 70% of the previous fund release to the POs combined. If the 70% threshold is not met for the programme as a whole, funds cannot be released to any organization, regardless to the individual organization's performance.

On the other hand, the following years advance can be requested at any point after the after the combined commitment against the current advance has exceeded 70% and the work plan requirements have been met. If the overall commitment of the programme reaches 70% before the end of the 12-month period, the POs may after the endorsement of the NSC request the MDTF Office, through the RC request the release of the next installment ahead of schedule. The RC will make the request to the MDTF Office on the NSC's behalf.

Any fund transfer is subject to submission of an approved Annual Work Plan and Budget to the MDTF Office.

Quarterly financial updates will be provided to the MDG-F Secretariat by the participating UN organizations.

### 6.3. Programme Administration

Each participating UN organization will use the agency execution modality during project implementation. In line with this modality, programme administrative and financial accounting tasks will be completed according to the rules and regulations of the respective UN organization with regard to:

- § Recruitment of international and national experts
- § Contracts, procurement, etc.

In order to harmonize possible different business practices of POs, the following guidelines, which are in line with the Harmonized Programme and Project Management Guidelines (HPPMG), will be followed by all POs:

#### Recruitment

The following principles must be followed with respect to the recruitment process:

- a. Competitiveness: The recruitment must be made on the basis of a wide search for the most qualified candidates and selection of the best suited individual according to the job description and the project document.
- b. Openness and transparency: The recruitment process must be open and transparent, giving full and equal information to all candidates, with clear criteria for selection, and with the participation of several individuals in the decision-making process.
- c. National recruitment: National personnel will be recruited to provide technical inputs to the maximum extent possible; international personnel will be recruited only when the necessary technical expertise is not available in Viet Nam.

- d. Gender equality: Identified candidates should include a mix of both men and women.

#### Recruitment of National Project Personnel

Recruitment of national project personnel, whether they are in the professional or administrative support category, will follow the procedures of the responsible Participating UN Agency. However, POs will prepare the TOR for national project personnel in collaboration with the PMU and request the PMU (particularly, DNPDP, and STA) to provide advice and assistance during the identification and selection of candidates. Either a PMU member or STA or NPC will be invited to interview panels set up by POs. The preferred candidate will be endorsed by the PMU (DNPDP), in writing within 5 working days from receipt of notification from the PO, prior to recruitment action is taken by the PO. During implementation, POs will harmonize the TOR/Job Description formats.

National project personnel recruited by POs to implement specific activities under their responsibility will be directly supervised by the responsible PO, in consultation with PMU, to assure quality and performance. PMU will provide local coordination and guidance and facilitate the work of national experts, particularly at provincial levels, as required. All technical reports of national experts will be copied to the PMU.

#### Recruitment of International Project Personnel

The recruitment and administration of international consultants are assigned to the responsible Participating UN organization. POs are directly responsible for the effective management and supervision of international consultants and the quality of their work. The PMU will provide guidance, local monitoring, and coordination, particularly at provincial levels. All technical reports of consultants will be copied to the PMU. All the technical reports of consultants will be reviewed by the PMU, which will provide necessary requirements for improvements before finalization.

#### Responsibilities of the PMU in International Recruitment

Actions that the PMU must undertake are listed below:

- a. The responsible Participating UN organization, in consultation with the PMU/STA, drafts TOR for the consultant.
- b. The responsible participating UN organization will provide the names and CVs (referred to in the UN as "Personal History Forms") of at least three candidates to the PMU Office. The PMU will review the submission and recommend a preferential ranking, in consultation with the responsible Participating UN Organization.
- c. Following the identification of the preferred candidate, the DNPDP will endorse the selection of the candidate and send the responsible Participating UN Organization a written acceptance of the selected candidate so that the candidate is recruited by the participating UN organization.
- d. The PMU arranges for obtaining, in a timely manner, the necessary visa and residence permit for the international consultant, as well as customs clearance and reception of personal effects, living arrangements, etc.

#### Procurement and contracts

Responsible Participating UN Organization will undertake direct procurement of equipment according to its own financial rules and regulations and as per the requirements of the approved work plan. Technical specifications for equipment will be prepared by PO and submitted to PMU (DNDP and STA) for review and endorsement. Upon endorsement of the technical specifications, the PO will undertake local or international procurement procedures according to its own rules.

A tentative list of technical equipment is provided in Annex II.

Contracting is assigned to the responsible Participating UN Agency and will follow the rules and procedures of the responsible Participating UN Organization. A contractor is defined as an entity providing services or goods in exchange for payments or other considerations. A

contractor is accountable for its performance; therefore the contract should describe clear progress benchmarks and indicators for measuring its outputs.

The responsible Participating UN Organization will prepare the terms of reference for contracts, according to approved work plans and submit the draft TOR to PMU for review. The TOR for contracts will be endorsed by the PMU (DNP and STA), prior to issuance of the contract by the PO. Reports of contractors will be sent to the technical backstopping officers of participating UN organizations and to the PMU. The technical backstopping officers of participating UN agencies will ensure the quality of deliveries and conduct joint assessment of the contractors/service providers in collaboration with the PMU.

## 7. Monitoring, Evaluation and Reporting

A Monitoring System will be set up at the beginning of the project, with a baseline survey to be undertaken as one of the first activities providing the framework. The survey will be repeated within the third year to collect end of cycle data.

Annual work plan (see annex I) and results framework include detailed information on activities to be undertaken and outputs to be achieved. The PMU will quarterly report to the PMC to discuss progress in the implementation, assess progress made against indicators developed and make management decisions based on narrative Joint Programme progress reports. These results-based reports are produced through an integrated Joint Programme reporting arrangement. The PMU will assist in the overall coordination and consolidation of the inputs for the narrative report. Each agency receiving funds is responsible to provide quality and timely inputs for the narrative report based on an agreed standard reporting format. The narrative quarterly reports will be made available to the donor.

Consolidated annual narrative JP progress reports will be prepared by the PMU and submitted to the PMC for approval and further submission to the National Steering Committee and the MDTF Office. The PMU also coordinates and consolidates a final report at the end of the project duration. Each agency receiving funds is responsible to provide quality and timely inputs for the narrative report. All reports should be reviewed and endorsed by the Programme Management Committee (PMC) before submission to the MDTF Office.

Annual financial reports will be produced by the HQs of the participating agencies in compliance with their internal auditing systems. The financial reports will be sent to the AA for compilation and the production of the consolidated financial report to the JP. However, Programme Managers of participating UN agencies will provide financial reports to the PMU for monitoring purposes.

Risks and assumptions identified in Table 6 provide guidance on critical external factors to be followed closely. The three main risks seen currently are a) too low managerial capacity available at SME level to absorb training, b) lack of financial resources to implement business plans and c) the further development of the world market demand for home accessories and gift articles. Possible solutions for the first two constraints are to reduce the number of target SMEs by concentrating on high potentials only and to increase interventions on producer level instead. If export market demand is declining further, more emphasis should be put on promoting better market linkages with retailers in main tourist destinations in Viet Nam. Risks and assumptions will be reviewed as part of the quarterly progress reports.

The Joint Programme will have an independent mid-term review and a final evaluation, which will assess the relevance and effectiveness of the interventions and which will be organized by the MDG-F Secretariat according to the Operational Guidance Note for the Participating UN Organizations.

The MDTF Office is responsible for the annual Consolidated Joint Programme Progress Report, which will consist of three parts:

- § AA Management Brief. The Management brief consist of analysis of the certified financial report and the narrative report. The management brief will identify key management and administrative issues, if any, to be considered by the NSC.
- § Narrative Joint Programme Progress Report. This report is produced through an integrated Joint Programme reporting arrangement. The report should be reviewed and endorsed by the PMC before it is submitted to the MDTF Office on 31 March of each year.
- § Financial Progress Report. Each Participating UN organization will submit to the MDTF Office a financial report stating expenditures incurred by each programme during the reporting period. The dead-line for this report is 30 April.

**Table 6: Joint Programme Monitoring Framework (JPMF)**

| Expected Results (Outcomes & outputs)                                                                                                                                       | Indicators (with baselines & indicative timeframe)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Means of verification                                                  | Collection methods (with indicative time frame & frequency) | Responsibilities | Risks & assumptions                                                                                                                       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|-------------------------------------------------------------|------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Outcome 1: Improved understanding of the handicrafts and small furniture value chains in four provinces</b>                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                        |                                                             |                  |                                                                                                                                           |
| Output 1.1: Baseline and monitoring studies in four provinces, good practice cases on raw materials producers/collectors and their suppliers.                               | <p><b>Indicators:</b> Availability of baseline data survey on farmer/collector level and good practice cases for raw material production/collection.</p> <p><b>Baseline:</b> Existing poverty and economic data on provincial, district and commune level; good practice cases of other projects.</p> <p><b>Targets:</b> Socio-economic data of target population available on commune level in 2010; report on PRA results available in 2010; report on raw material collection, production and trading systems available in 2010; report on income and raw material production in programme communes by the end of year 3.</p>                                                                                 | Electronic versions.                                                   | Inception survey 2010; end-of-project survey 2012.          | FAO              | National capacity in survey design, enumeration and analysis is available and of good quality.                                            |
| Output 1.2: Baseline and monitoring studies in four provinces, good practice cases on grassroots crafts and furniture producers, collectors, traders, buyers and exporters. | <p><b>Indicators:</b> Availability of baseline data survey on grassroots crafts producer and SME level; good practice cases for crafts and small furniture production and trade production/collection.</p> <p><b>Baseline:</b> Existing poverty and economic data available on provincial, district and commune level.</p> <p><b>Targets:</b> Analytical framework and survey design available in 2010; socio-economic data of grassroots crafts and small furniture producers available on commune level in 2010; report on good workplace practices, occupational safety, health and labor standards available in 2010; report on income and crafts production in programme communes by the end of year 3.</p> | Electronic versions.                                                   | Inception survey 2010; end-of-project survey 2012.          | UNIDO, ILO       | National capacity in survey design, enumeration and analysis is available and of good quality.                                            |
| Output 1.3: Integrated value chain baseline and monitoring studies & dissemination.                                                                                         | <p><b>Indicators:</b> No. of VC studies published; integrated JP monitoring data framework available; No. of dissemination workshops held; No. of participants in dissemination workshops.</p> <p><b>Baseline:</b> Baseline data collected and assessed by FAO, UNIDO, ILO; existing value chain assessments in the 4 provinces.</p> <p><b>Targets:</b> 5 training and dissemination workshops held in 2010; 5 VC studies published in 2010.</p>                                                                                                                                                                                                                                                                 | Electronic versions; lists of participants of dissemination workshops. | JP quarterly reports 2010.                                  | ITC              | Capability of consultants to develop comprehensive VC studies; sufficient information on VC market trends and structures can be obtained. |

| <b>OUTCOME 2: An environmentally and economically sustainable increase in craft raw material growers'/collectors' incomes in four provinces</b>          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                             |                                                                                |          |                                                                                                                     |
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| Output 2.1:<br>Improved production capacity of farmers (quantity and quality).                                                                           | <p><b>Indicators:</b> New plantation areas; improved existing plantation areas; improved quality of seedlings and raw material; % increase in production.</p> <p><b>Baseline:</b> To be provided by the baseline survey (see output 1.1).</p> <p><b>Targets:</b> Extension material compiled by the end of 2010; 120 trainers for 4 provinces trained in 2011; 22 farmer field schools established in 2011; 1,500 farmers participated in farmer field schools in 2011/2012; 12 demonstration sites for 4 provinces established in 2011; 1,500 farmers have improved access to seedlings in 2012.</p>                                                                                                                      | Mid-term survey 2011; end-of-project survey 2012; specimen training material; participants lists of trainings activities; training reports. | Annual farmer interviews 2011/2012; participants lists collected at workshops. | FAO      | Stable raw material demand; farmers are willing and able to invest in new or improved plantations.                  |
| Output 2.2:<br>Improved farmer sales capacity.                                                                                                           | <p><b>Indicators:</b> Price information system accessible for farmers.</p> <p><b>Baseline:</b> No price information for crafts raw material in place.</p> <p><b>Targets:</b> Raw material price information system established by 2012.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Farmer survey 2012.                                                                                                                         | Interviews 2012.                                                               |          |                                                                                                                     |
| Output 2.3:<br>International and national links established (e.g. through INBAR).                                                                        | <p><b>Indicators:</b> No. of new partnerships.</p> <p><b>Baseline:</b> No. of partnerships at the beginning.</p> <p><b>Targets:</b> 4 reports on partnerships established and knowledge gained during study tours are available until the end of 2012.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Study tour reports; survey of partnerships established.                                                                                     | Interviews study tour participants 2011/2012.                                  | FAO      | Countries to be visited are open to provide information.                                                            |
| <b>OUTCOME 3: A sustainable increase of crafts related rural households' and enterprises' incomes in four provinces</b>                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                             |                                                                                |          |                                                                                                                     |
| Output 3.1:<br>Improved offer of market intelligence, market linkages and design services to rural crafts buyers and crafts producing communities /SMEs. | <p><b>Indicators:</b> No. and quality of improved services offered; availability of feasibility study for design center; organization of trade fair participations and buyer delegations; training workshops.</p> <p><b>Baseline:</b> Limited market information, design and trade fair services provided by VIETCRAFT and VIETRADE.</p> <p><b>Targets:</b> 2 staff of VIETCRAFT trained on craft enterprises market readiness by 2010; online exporter information system established by the end of 2011; 3 study tours organized by 2012 to develop international partner network; 4 provincial trade promotion organizations offer improved services by 2012; 10 SMEs benefit from VIETCRAFT design advice by 2011;</p> | Exporter survey; specimen feasibility study; workshop and study tour reports; trade fair report.                                            | Annual exporter interviews 2011/2012; quarterly and annual JP reports.         | ITC, ILO | Availability of project partners; new national trade fair will be launched successfully and is accepted by traders. |

|                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                  |                                                                                                                                                                                                                |                    |                                                                                                                                                                                                                                                |
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|                                                                                                                                             | <p>feasibility study for a design center is available by 2010; 4 provincial trade fair participations are organized by 2011, international advertising is intensified and three buyers delegations for visiting the trade fair are organized by the end of 2011; 3 TOTs for service providers and 3 workshops for craft SMEs, and producer groups conducted by 2011.</p> <p><b>Indicators:</b> Increased export turnover; increased no. of household suppliers and factory workers of SMEs.</p> <p><b>Baseline:</b> Limited (occasional) export experience only; turnover and employment figures to be provided by the baseline survey.</p> <p><b>Targets:</b> 20 SMEs in the provinces receive marketing and product development support and increased their sales at least by 30% by 2012; 4 partnerships with Fair Trade Organizations developed by 2012; 200 copies of updated export marketing guidelines available by 2010.</p>                                                                                                        | <p>SME company data; consultants reports.</p>                                                                                                                                                                    | <p>Annual SME surveys 2011 and 2012; quarterly and annual JP reports.</p>                                                                                                                                      | <p>ITC</p>         | <p>The worldwide handicraft market offers at least reasonable framework conditions for export growth; export-oriented SMEs are able and willing to invest in market development.</p>                                                           |
| <p>Output 3.3:<br/>Improved business management and business plan implementation capacity of SME crafts &amp; small furniture producers</p> | <p><b>Indicators:</b> No. of SMEs and producer groups trained; No. of business plans developed and implemented; turnover development of trained SMEs and producer groups; No. of household producers in the provinces supplying the SMEs; No. of additional jobs created on SME and producer group level; improved labor conditions.</p> <p><b>Baseline:</b> SMEs have rudimentary business skills; occasional export experience only; limited compliance to labor standards, turnover, supply network and employment figures of SMEs and producer groups to be established (field study).</p> <p><b>Targets:</b> Full training modules available in Vietnamese by 2010; 4 certified trainers by 2011; 50 entrepreneurs and 20 producer groups from the crafts sector trained by 2011; 50 SMEs and 20 producer groups increased their sales at least by 30% by 2012; 2 TOTs and 2 SME workshops on compliance with labor standards conducted by 2012; strengthened capacity of service providers and SMEs on labor standards compliance.</p> | <p>Lists of participants attending workshops; introduction sheets and strategic plans of SMEs, SME company data; specimen of EMPRETEC training material in Vietnamese; certificates and consultants reports.</p> | <p>Business plan survey and impact assessment study in 2011; turnover, supply network and employment development survey on SME and producer group level in 2010 and 2012; quarterly and annual JP reports.</p> | <p>UNCTAD, ILO</p> | <p>Local organizational capacity available; interest of local consultants in additional training; willingness of SMEs and producer groups to invest in business planning and training; reasonable world market conditions for handicrafts.</p> |
| <p>Output 3.4:<br/>Improved production and clean design capacity of SME crafts &amp; furniture producers and SME</p>                        | <p><b>Indicators:</b> Volume of crafts sold; average turnover by product group &amp; by province; solid waste generated; hazardous chemicals used.</p> <p><b>Baseline:</b> No information available; to be established</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <p>Survey reports; participants lists; specimen case studies.</p>                                                                                                                                                | <p>Baseline survey of SMEs 2010; mid-term interviews in 2011; end-of-project survey of SMEs 2012; quarterly and annual JP reports.</p>                                                                         | <p>UNIDO</p>       | <p>Global economic crisis subsidies by 2010/2011; SME craft producers adopt productivity improving, sustainable</p>                                                                                                                            |



|                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                 |                                                                                                                                    |          |                                                                                                                                                       |
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| raw material processors                                                                                                                                                                                                     | in the baseline survey under output 1.2.<br><b>Targets:</b> 50 quick assessments in cleaner production conducted to define production and process gaps; on the job advice on shopfloor remedies delivered; 50 trainers of SMEs and vocational schools trained in sustainable design principles and implementation; on the job training in sustainable design and packaging delivered in up to 5 product groups; 10 case studies on good practices in cleaner production and sustainable design and packaging published.<br><b>Indicators:</b> No. of poor grassroots producers trained; application of improved business skills.<br><b>Baseline:</b> Poor grassroots producers have limited business and empowering/life skills.<br><b>Targets:</b> 4 ToT training courses and follow-up activities realized by 2011; 6 capacity building activities undertaken for business groups/ associations by 2012; 1,500 poor grassroots producers got improved business and empowering skills by 2012; improved micro-finance links established at grassroots producer level by 2012; good practice documents on the promotion of business and empowering skills published by 2012. | Participants lists; progress reports; grassroots producer surveys.                              | Mid-term grassroots producer interviews in 2011; end-of-project survey 2012; quarterly and annual JP reports.                      | ILO      | Availability of project partners; grassroots crafts and furniture producers are able and willing to invest in development.                            |
| Output 3.5:<br>Improved business management skills and business representation of grassroots crafts & furniture producers.                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                 |                                                                                                                                    |          |                                                                                                                                                       |
| Output 3.6:<br>Improved green production capacities of grassroots crafts & furniture producers.                                                                                                                             | <b>Indicators:</b> Volume of crafts sold; average income per household by product group & by province; solid waste generated; hazardous chemicals used.<br><b>Baseline:</b> No information available; to be established in the baseline survey under output 1.2.<br><b>Targets:</b> 1,500 grassroots crafts producers in 5 value chains received on the job training in technical craft skills by 2012; tools, equipment and technologies to improve productivity and decrease resource use introduced in 5 value chains at commune level by 2011/2012; improved lacquer processing and silk dyeing techniques introduced in 4 communes; 2 study tour reports; 2 brand development initiatives conducted with emphasis on sustainability; 15 good practice cases developed and published; 4 inter-provincial good practice workshops conducted.                                                                                                                                                                                                                                                                                                                              | Participants lists; surveys; study tours and consultants reports; specimen good practice cases. | Baseline survey of SMEs in 2010; mid-term interviews in 2011; end-of-project survey of SMEs 2012; quarterly and annual JP reports. | UNIDO    | Global economic crisis subsidies by 2010/2011; grassroots craft producers adopt productivity improving, sustainable production and design techniques. |
| <b>OUTCOME 4: Improved policies and regulatory frameworks at the provincial and national level that meet the needs of rural small enterprises, in particular raw materials and crafts producers, processors and traders</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                 |                                                                                                                                    |          |                                                                                                                                                       |
| Output 4.1:<br>Provincial action                                                                                                                                                                                            | <b>Indicators:</b> No. of commune officials trained; No. of PPD- workshops organized; No. of provincial action                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Lists of training course participants; specimen                                                 | Quarterly and annual JP reports 2010/2012.                                                                                         | ITC, ILO | Availability and motivation of project                                                                                                                |

|                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                           |                                              |                       |                                                                                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------|-----------------------|---------------------------------------------------------------------------------|
| <p>plans for crafts and small furniture sectors in each province developed and backed by the public and private sector.</p>                           | <p>plans developed.</p> <p><b>Baseline:</b> Existing provincial master plans.</p> <p><b>Targets:</b> Selected commune officials capacity on LED and CB-TREE built by 2010; 4 provincial PPD workshops held by 2012; 4 provincial action plans for crafts and small furniture sector developed by 2012.</p> <p><b>Indicators:</b> Availability of policy recommendations for sustainable crafts production.</p> <p><b>Baseline:</b> None</p> <p><b>Targets:</b> Report on impact of national &amp; provincial policies on sustainable crafts production available; end-of-project workshop on sustainable crafts production conducted.</p> | <p>provincial action plans.</p>                           | <p>Quarterly and annual JP reports 2012.</p> | <p>ITC,<br/>UNIDO</p> | <p>partners.</p>                                                                |
| <p>Output 4.2: Policy recommendations for the national and international level for the sustainable development of income generation for the poor.</p> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <p>Consultants reports; specimen good practice cases.</p> |                                              |                       | <p>Continued interest of provincial leaders in promoting crafts production.</p> |

## 8. Legal Context or Basis of Relationship

The cooperation or assistance agreements, which each participating UN Agency has with the Government of Viet Nam will collectively provide the legal framework for this Joint Programme. Each Organization's activity under this Joint Programme will be governed by their respective basic and other agreements. Furthermore, the One Plan 2006-2010, signed by UN organizations in Viet Nam, provides for similar legal and programmatic basis, as the Joint Programme will contribute to Expected Result 1.12.7 of the One Plan.

Table 7: Basis of Relationship

| Participating UN organization | Agreement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| FAO                           | The Food and Agriculture Organization of the United Nations and the Government of Viet Nam signed agreement for the establishment of the FAO Representation in Viet Nam in 1978.                                                                                                                                                                                                                                                                                                                                                                                                                         |
| ILO                           | The International Labour Organization of the United Nations and the Government of Viet Nam signed agreement for the establishment of the ILO Representation in Viet Nam on 4 February 2002 and the Decent Work Country Framework on 12 July 2006. ILO signed the MOU between the Participating UN Organizations and UNDP regarding the operational aspects of the MDG-F Thematic Funding Windows on 01 July 2007.                                                                                                                                                                                        |
| ITC                           | The International Trade Centre is a non-resident agency in Viet Nam. Upon approval of the Joint Programme it will sign a Memorandum of Understanding (MOU) with VIETRADE regarding the establishment of the programme office and the provision of technical inputs in accordance with the programme document. Furthermore, on 23 January 2008, ITC signed the MOU between the Participating UN Organizations and the UNDP regarding the Operational Aspects of the UNDP-Spain MDG Achievement Fund's Thematic Funding Windows.                                                                           |
| UNCTAD                        | UNCTAD is a Non Resident Agency which has been provided technical assistance to Viet Nam on trade related matters since many years, in particular on WTO accession. UNCTAD, as lead agency of the UN-CEB interagency Cluster on Trade and Productive Capacity, strengthened and renewed its strategic partnership with UNDP (MOU of 31 March 2009). Regarding the UNDP-Spain Millennium Development Goal Achievement Fund (MDG-F), UNCTAD signed the MOU between the Participating UN Organizations and UNDP regarding the Operational aspects of the MDG-F Thematic Funding Windows on 30 October 2007. |
| UNIDO                         | The Government and UNDP have entered into a Standard Basic Assistance Agreement, signed on 21 April 1978, which governs UNDP's assistance to the country and which applies, mutatis mutandis to UNIDO. The UNIDO Country Office was established on 1 January 1990. UNIDO signed the MOU between the Participating UN Organizations and UNDP regarding the operational aspects of the MDG-F Thematic Funding Windows on 07 November 2007.                                                                                                                                                                 |

## 9. Annex

Annex I: Work Plan and Budget Year 1

Annex II: Tentative List of Technical Equipment for Grassroots Producers

Annex III: Terms of Reference for the International Trade Centre as UN Coordinating Agency

**Annex I: Work Plan for the Joint Programme on Green Production and Trade to increase Income and Employment Opportunities for the Rural Poor, Viet Nam.**

| Period covered: Year 1                                                                                                                                                                                                                                                          |                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |            |    |    |    |                      |                 |                                      |        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|----|----|----|----------------------|-----------------|--------------------------------------|--------|
| UN organization-specific Annual targets                                                                                                                                                                                                                                         | UN organization | Activities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | TIME FRAME |    |    |    | Implementing Partner | PLANNED BUDGET  |                                      |        |
|                                                                                                                                                                                                                                                                                 |                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Q1         | Q2 | Q3 | Q4 |                      | Source of Funds | Budget Description                   | Amount |
| <b>JP Outcome 1: Improved understanding of the handicrafts and small furniture value chains in four provinces</b>                                                                                                                                                               |                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |            |    |    |    |                      |                 |                                      |        |
| <b>JP Output 1.1 Baseline and monitoring studies in four provinces, good practice cases on raw materials producers/collectors and their suppliers</b>                                                                                                                           |                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |            |    |    |    |                      |                 |                                      |        |
| Baseline data available; Profound understanding of VC structure.<br><br><b>Targets 2010:</b> Socio-economic data of target population available on commune level; report on PRA results available; report on raw material collection, production and trading systems available. | FAO             | 1.1.1 Collect socio-economic, incl. gender and income data, covering growers and collectors' and their suppliers.<br>1.1.2 Conduct Participatory Rural Appraisal (PRA) of methods, needs, advantages, constraints and potential of raw material producers and collectors.<br>1.1.3 Assess and map raw material availability for the crafts sector in four selected provinces, market links of raw material producers, collectors and co-operatives, provincial and local policies and service providers to individuals and enterprises in the sector.<br>1.1.4 Monitor and report on established indicators and good practices. |            |    |    |    | RUDEC                | MDG-F           | 12,700 Personnel<br>12,000 Contracts | 24,700 |
|                                                                                                                                                                                                                                                                                 |                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |            |    |    |    | RUDEC                | MDG-F           | 21,300 Personnel<br>12,000 Contracts | 33,300 |
|                                                                                                                                                                                                                                                                                 |                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |            |    |    |    | RUDEC                | MDG-F           | 13,000 Personnel<br>15,000 Contracts | 28,000 |
|                                                                                                                                                                                                                                                                                 |                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |            |    |    |    | RUDEC                | MDG-F           |                                      | -      |
| <b>JP Output 1.2 Baseline and monitoring studies in four provinces, good practice cases on grassroots crafts and furniture producers, collectors, traders, buyers and exporters</b>                                                                                             |                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |            |    |    |    |                      |                 |                                      |        |
| Baseline data available; Profound understanding of VC structure.<br><br><b>Targets 2010:</b> Analytical framework and survey design available; socio-economic data of grassroots crafts and small furniture producers available on commune level.                               | UNIDO           | 1.2.1 Design analytical framework & survey tools for collection of baseline data (at inception) and endline data (in Year 3) from grassroots crafts & furniture producers and SMEs.<br>1.2.2 Conduct baseline survey (inception period) of grassroots crafts and small furniture producers and SMEs, covering socio-economic characteristics, income/turn-over data, production practices and technologies, resource use, waste generated, hazardous chemicals used etc.                                                                                                                                                        |            |    |    |    | VIET-CRAFT           | MDG-F           | 15,000 Personnel<br>12,000 Contracts | 27,000 |
|                                                                                                                                                                                                                                                                                 |                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |            |    |    |    | VIET-CRAFT           | MDG-F           | 25,000 Contracts                     | 25,000 |
| Baseline data available; profound understanding of labor conditions.<br><br><b>Target 2010:</b> Report on good workplace practices, occupational safety, health and labor standards available.                                                                                  | ILO             | 1.2.3 Conduct baseline and monitoring studies of poor grassroots crafts & small furniture producers on good workplace practices, occupational safety and health, compliance with labor standards.                                                                                                                                                                                                                                                                                                                                                                                                                               |            |    |    |    | VIET-CRAFT           | MDG-F           | 4,000 Personnel<br>10,000 Contracts  | 14,000 |
|                                                                                                                                                                                                                                                                                 |                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |            |    |    |    | VIET-CRAFT           | MDG-F           |                                      | -      |

| JP Output 1.3 Integrated value chain baseline and monitoring studies & dissemination                                                                                                                                                   |                                                                                       |                                                                                                                                                                     |  |  |                   |       |                                                            |               |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|-------------------|-------|------------------------------------------------------------|---------------|
| <p>Baseline data integrated; VC studies available and disseminated; partners trained.</p> <p><b>Targets 2010:</b> 5 training and dissemination workshops held; 5 VC studies published.</p> <p>-</p>                                    | <b>ITC</b>                                                                            | 1.3.1 Conduct inception meetings at provincial level and value chain promotion training workshop.                                                                   |  |  | <b>VIETRA-DE</b>  | MDG-F | 10,000 Personnel<br>5,000 Training<br>600 Other dir. c.    | <b>15,600</b> |
|                                                                                                                                                                                                                                        | <b>ITC</b>                                                                            | 1.3.2 Prepare value chain studies building on baseline data and assessment of market opportunities.                                                                 |  |  | <b>VIETRA-DE</b>  | MDG-F | 43,000 Personnel<br>5,500 Contracts<br>1,940 Other dir. c. | <b>50,440</b> |
|                                                                                                                                                                                                                                        | <b>ITC</b>                                                                            | 1.3.3 Conduct dissemination workshops on value chain studies results on provincial and national level.                                                              |  |  | <b>VIETRA-DE</b>  | MDG-F | 5,500 Personnel<br>4,000 Training<br>380 Other dir. c.     | <b>9,880</b>  |
|                                                                                                                                                                                                                                        | <b>ITC</b>                                                                            | 1.3.4 Prepare consolidated final impact assessment report on selected indicators for growers, collectors, grassroots crafts and small furniture producers and SMEs. |  |  | <b>VIETRA-DE</b>  |       |                                                            | -             |
| <b>JP Outcome 2: An environmentally and economically sustainable increase in craft raw material growers'/collectors' incomes in four provinces</b>                                                                                     |                                                                                       |                                                                                                                                                                     |  |  |                   |       |                                                            |               |
| <b>JP Output 2.1 Improved production capacity of farmers (quantity and quality)</b>                                                                                                                                                    |                                                                                       |                                                                                                                                                                     |  |  |                   |       |                                                            |               |
| <p>Extension material developed; training capacity built.</p> <p><b>Targets 2010:</b> Extension material compiled; 120 trainers trained in 2010; Farmer field schools planned; Existing tree nurseries assessed.</p> <p>-</p> <p>-</p> | <b>FAO</b>                                                                            | 2.1.1 Develop good raw material production practices and produce and disseminate extension materials.                                                               |  |  | <b>NOMAFSI</b>    | MDG-F | 25,000 Personnel<br>6,000 Contracts<br>6,000 Training      | <b>37,000</b> |
|                                                                                                                                                                                                                                        | <b>FAO</b>                                                                            | 2.1.2 Train trainers in variety/ provenance selection, nursery management, production, harvesting and marketing.                                                    |  |  | <b>NOMAFSI</b>    | MDG-F | 3,200 Personnel<br>5,000 Contracts<br>10,000 Training      | <b>18,200</b> |
|                                                                                                                                                                                                                                        | <b>FAO</b>                                                                            | 2.1.3 Establish farmer field schools for dissemination and training, linked to communes and production cooperatives.                                                |  |  | <b>DARD</b>       | MDG-F | 10,700 Personnel<br>5,000 Training                         | <b>15,700</b> |
|                                                                                                                                                                                                                                        | <b>FAO</b>                                                                            | 2.1.4 Support plant/tree nurseries in the four provinces and increase availability of seedlings.                                                                    |  |  | <b>NOMAFSI</b>    | MDG-F | 3,200 Personnel                                            | <b>3,200</b>  |
|                                                                                                                                                                                                                                        | <b>FAO</b>                                                                            | 2.1.5 Establish demonstration sites at each location associated with nurseries.                                                                                     |  |  | <b>DARD</b>       | MDG-F |                                                            | -             |
|                                                                                                                                                                                                                                        | <b>FAO</b>                                                                            | 2.1.6 Support extension services and conduct a media based extension campaign.                                                                                      |  |  | <b>DARD</b>       | MDG-F |                                                            | -             |
| <b>JP Output 2.2 Improved farmer sales capacity</b>                                                                                                                                                                                    |                                                                                       |                                                                                                                                                                     |  |  |                   |       |                                                            |               |
| <b>FAO</b>                                                                                                                                                                                                                             | 2.2.1 Develop demand/supply and price information for crafts raw materials producers. |                                                                                                                                                                     |  |  | <b>ICARD</b>      | MDG-F |                                                            | -             |
| <b>JP Output 2.3 International and national links established (e.g. through INBAR)</b>                                                                                                                                                 |                                                                                       |                                                                                                                                                                     |  |  |                   |       |                                                            |               |
| Increase partner network                                                                                                                                                                                                               | <b>FAO</b>                                                                            | 2.3.1 Conduct four study tours to leading regional or international growing areas of selected materials.                                                            |  |  | <b>HRPC</b>       | MDG-F | 10,000 Personnel                                           | <b>10,000</b> |
| <b>Target 2010:</b> 1 study tour realized.                                                                                                                                                                                             |                                                                                       |                                                                                                                                                                     |  |  |                   |       |                                                            |               |
| <b>JP Outcome 3: A sustainable increase of crafts related rural households' and enterprises' incomes in four provinces</b>                                                                                                             |                                                                                       |                                                                                                                                                                     |  |  |                   |       |                                                            |               |
| <b>JP Output 3.1 Improved offer of market intelligence, market linkages and design services to rural crafts buyers and crafts producing communities /SMEs</b>                                                                          |                                                                                       |                                                                                                                                                                     |  |  |                   |       |                                                            |               |
| Initial training activities realized.                                                                                                                                                                                                  | <b>ITC</b>                                                                            | 3.1.1 Develop the capacity of VIETCRAFT to provide export market intelligence and market linkage services.                                                          |  |  | <b>VIET-CRAFT</b> | MDG-F | 20,000 Training<br>800 Other dir. c.                       | <b>20,800</b> |
| <b>Target 2010:</b> 2 staff of VIETCRAFT trained on craft enterprises market                                                                                                                                                           |                                                                                       |                                                                                                                                                                     |  |  |                   |       |                                                            |               |

|                                                                                                                                                                                                |            |                                                                                                                                                                                                                                                                                        |  |  |  |  |  |  |                   |       |                                                                               |  |  |               |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|--|--|-------------------|-------|-------------------------------------------------------------------------------|--|--|---------------|
| readiness; 1 study tour organized to develop international partner network.                                                                                                                    |            |                                                                                                                                                                                                                                                                                        |  |  |  |  |  |  |                   |       |                                                                               |  |  |               |
| -                                                                                                                                                                                              | <b>ITC</b> | 3.1.2 Support for trade promotion networking at provincial level.                                                                                                                                                                                                                      |  |  |  |  |  |  | <b>VIETRA-DE</b>  |       |                                                                               |  |  | -             |
| Local training capacity improved.<br><b>Target 2010:</b> 2 TOTs for service providers and 1 workshop for crafts SMEs and producer groups conducted.                                            | <b>ILO</b> | 3.1.3 Develop capacity of local service providers to train, consult/coach and conduct training to craft SMEs and poor craft producing communities with the aim to increase productivity & competitiveness.                                                                             |  |  |  |  |  |  | <b>VCCI</b>       | MDG-F | 20,500 Personnel<br>4,000 Contracts<br>14,000 Training<br>2,000 Other dir. c. |  |  | <b>40,500</b> |
| Feasibility study for design center prepared.                                                                                                                                                  | <b>ITC</b> | 3.1.4 Support VIETCRAFT's efforts to provide local design inputs to national handicraft exporters.                                                                                                                                                                                     |  |  |  |  |  |  | <b>VIET-CRAFT</b> | MDG-F | 18,000 Personnel<br>720 Other dir. c.                                         |  |  | <b>18,720</b> |
| <b>Target 2010:</b> Study available.<br>Comprehensive trade fair support provided.                                                                                                             | <b>ITC</b> | 3.1.5 Assist VIETCRAFT to organize an international home furnishing/gifts fair (in 2010/2011), exhibiting green and socially responsible products from the target provinces, demonstrating good practices and disseminating policy recommendations.                                    |  |  |  |  |  |  | <b>VIET-CRAFT</b> | MDG-F | 15,000 Personnel<br>50,000 Contracts<br>2,600 Other dir. c.                   |  |  | <b>67,600</b> |
| <b>Target 2010:</b> 4 provincial trade fair participations are planned; international advertising is intensified and three buyers delegations for visiting the trade fair are being organized. |            |                                                                                                                                                                                                                                                                                        |  |  |  |  |  |  |                   |       |                                                                               |  |  |               |
| <b>JP Output 3.2 Improved market knowledge and market links of key crafts enterprises for the four provinces</b>                                                                               |            |                                                                                                                                                                                                                                                                                        |  |  |  |  |  |  |                   |       |                                                                               |  |  |               |
| Support programme planned and started.                                                                                                                                                         | <b>ITC</b> | 3.2.1 Support key companies in the 4 provinces and Hanoi to become 'driving forces' in the sub-sector's development. Support in e.g. target market selection and marketing, product line development in view of target markets, green procurement and grassroots supplier development. |  |  |  |  |  |  | <b>VIET-CRAFT</b> | MDG-F | 17,000 Personnel<br>680 Other dir. c.                                         |  |  | <b>17,680</b> |
| <b>Targets 2010:</b> SME support programme initiated.                                                                                                                                          |            |                                                                                                                                                                                                                                                                                        |  |  |  |  |  |  |                   |       |                                                                               |  |  |               |
| -                                                                                                                                                                                              | <b>ITC</b> | 3.2.2 Link ethnic minority enterprises with fair-trade importers (handmade paper, silk).                                                                                                                                                                                               |  |  |  |  |  |  | <b>VIET-CRAFT</b> | MDG-F |                                                                               |  |  | -             |
| Export marketing guidelines published.                                                                                                                                                         | <b>ITC</b> | 3.2.3 Produce and disseminate export marketing guidelines.                                                                                                                                                                                                                             |  |  |  |  |  |  | <b>VIETRA-DE</b>  | MDG-F | 8,500 Personnel<br>3,000 Contracts<br>460 Other dir. c.                       |  |  | <b>11,960</b> |
| <b>Target 2010:</b> Export marketing guidelines distributed.                                                                                                                                   |            |                                                                                                                                                                                                                                                                                        |  |  |  |  |  |  |                   |       |                                                                               |  |  |               |
| <b>JP Output 3.3 Improved business management capacity of SME crafts &amp; furniture producers and SME raw material processors in the four provinces</b>                                       |            |                                                                                                                                                                                                                                                                                        |  |  |  |  |  |  |                   |       |                                                                               |  |  |               |

|                                                                                                                                                                                                                                                 |                |                                                                                                                                                                                                                             |  |  |  |  |  |  |  |           |       |                                              |                                                                  |                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|--|--|--|-----------|-------|----------------------------------------------|------------------------------------------------------------------|----------------|
| Training material adapted and translated; 4 local trainers trained; SME outreach campaign started.                                                                                                                                              | <b>UNC-TAD</b> | 3.3.1 Identify business skills needed for SME crafts & small furniture producers and design training curricula aimed at implementing business strategies. Translate and adapt material to local context.                    |  |  |  |  |  |  |  | VIETRA-DE | MDG-F | 1,000<br>35,500<br>15,000<br>1,000           | Equipment<br>Personnel<br>Contracts<br>Other dir. c.             | <b>52,500</b>  |
| <b>Targets 2010:</b> Full training modules available in Vietnamese; 4 trainers participate in the training; SME training programme started.                                                                                                     | <b>UNC-TAD</b> | 3.3.2 Select, train and certify four national trainers on the EMPRETEC entrepreneurship development methodology.                                                                                                            |  |  |  |  |  |  |  | VIETRA-DE | MDG-F | 25,000<br>3,000<br>500                       | Personnel<br>Training<br>Other dir. c.                           | <b>28,500</b>  |
|                                                                                                                                                                                                                                                 | <b>UNC-TAD</b> | 3.3.3 Organize outreach campaigns, training and follow up workshops on the EMPRETEC methodology for SME exporters of handicrafts and small furniture in the four provinces and Hanoi. Monitor business plan implementation. |  |  |  |  |  |  |  | VIETRA-DE | MDG-F | 2,000<br>75,000<br>13,000<br>15,000<br>1,000 | Equipment<br>Personnel<br>Contracts<br>Training<br>Other dir. c. | <b>106,000</b> |
| -                                                                                                                                                                                                                                               | <b>UNC-TAD</b> | 3.3.4 Upgrade producer groups in the four provinces to meet the requirements of international corporations sourcing handicraft products from Viet Nam.                                                                      |  |  |  |  |  |  |  | VIETRA-DE | MDG-F |                                              |                                                                  |                |
| Trainer capacity built; SME trainings initiated.                                                                                                                                                                                                | <b>ILO</b>     | 3.3.5 Provide training and advisory follow-up on compliance with national and international labor standards to enhance competitiveness.                                                                                     |  |  |  |  |  |  |  | VCCI      | MDG-F |                                              |                                                                  | -              |
| <b>Targets 2010:</b> 2 TOTs incl. follow-up support conducted.                                                                                                                                                                                  |                |                                                                                                                                                                                                                             |  |  |  |  |  |  |  |           |       |                                              |                                                                  |                |
| <b>JP Output 3.4 Improved production and clean design capacity of SME crafts &amp; furniture producers and SME raw material processors</b>                                                                                                      |                |                                                                                                                                                                                                                             |  |  |  |  |  |  |  |           |       |                                              |                                                                  |                |
| Needs assessed; trainer capacity built; SME trainings initiated.                                                                                                                                                                                | <b>UNIDO</b>   | 3.4.1 Assist crafts SMEs to remedy own production and process deficiencies according to cleaner production principles and practices.                                                                                        |  |  |  |  |  |  |  | VNCPC     | MDG-F | 17,500<br>12,000<br>500                      | Personnel<br>Training<br>Other dir. c.                           | <b>30,000</b>  |
| <b>Targets 2010:</b> 50 quick assessments in cleaner production conducted to define production and process gaps; 50 trainers of SMEs and vocational schools trained in sustainable design principles and implementation; SME trainings planned. | <b>UNIDO</b>   | 3.4.2 Train trainers from vocational training schools and SMEs on sustainable clean design principles and implementation.                                                                                                   |  |  |  |  |  |  |  | VVNCPC    | MDG-F | 16,000<br>15,000                             | Personnel<br>Training                                            | <b>31,000</b>  |
|                                                                                                                                                                                                                                                 | <b>UNIDO</b>   | 3.4.3 Conduct pilot sustainable (clean) design and packaging initiatives for selected crafts SMEs.                                                                                                                          |  |  |  |  |  |  |  | VVNCPC    | MDG-F |                                              |                                                                  | -              |
|                                                                                                                                                                                                                                                 | <b>UNIDO</b>   | 3.4.4 Document good practices and publish.                                                                                                                                                                                  |  |  |  |  |  |  |  | VVNCPC    | MDG-F |                                              |                                                                  | -              |
| <b>JP Output 3.5 Improved business management skills and business representation of grassroots crafts &amp; furniture producers</b>                                                                                                             |                |                                                                                                                                                                                                                             |  |  |  |  |  |  |  |           |       |                                              |                                                                  |                |
| Local training capacity improved; training programmes started.                                                                                                                                                                                  | <b>ILO</b>     | 3.5.1 Develop capacity of local service providers to train, consult/coach on business development skills for different levels of target groups, empowering skills, work improvement for neighborhood development.           |  |  |  |  |  |  |  | VCA       | MDG-F | 24,000<br>21,000<br>2,333                    | Personnel<br>Training<br>Other dir. c.                           | <b>47,333</b>  |
| <b>Targets 2010:</b> First capacity building activities undertaken for business groups/associations; pilot                                                                                                                                      | <b>ILO</b>     | 3.5.2 Undertake capacity building for business groups/associations among poor grassroots crafts producers.                                                                                                                  |  |  |  |  |  |  |  | VCA       | MDG-F | 5,500<br>4,500<br>333                        | Personnel<br>Training<br>Other dir. c.                           | <b>10,333</b>  |

|                                                                                                                                                                                                                                                                                    |              |                                                                                                                                                                                                                                                                                                                                                                                                             |  |  |  |  |  |                  |       |                                                                               |               |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|--|------------------|-------|-------------------------------------------------------------------------------|---------------|
| trainings at grassroots producer level undertaken.                                                                                                                                                                                                                                 | <b>ILO</b>   | 3.5.3 Assist business development service providers to implement training courses for poor grassroots craft producers on business skills for existing household business & cooperatives level and on basic business skills for individual craft producers, life skills and fundamental rights, work improvement for neighborhood development.                                                               |  |  |  |  |  | <b>VCA</b>       | MDG-F | 16,000 Personnel<br>33,000 Contracts<br>3,600 Other dir. c.                   | <b>52,600</b> |
|                                                                                                                                                                                                                                                                                    | <b>ILO</b>   | 3.5.4 Support to link poor grassroots crafts producers to micro-finance and micro insurance institutions and for training micro-finance and micro insurance institutions to diversify their service to grassroots crafts producers.                                                                                                                                                                         |  |  |  |  |  | <b>VCA</b>       | MDG-F | -                                                                             | -             |
|                                                                                                                                                                                                                                                                                    | <b>ILO</b>   | 3.5.5 Document good practices and deliver for publication.                                                                                                                                                                                                                                                                                                                                                  |  |  |  |  |  | <b>VCCI</b>      | MDG-F | -                                                                             | -             |
| <b>JP Output 3.6 Improved green production capacities of grassroots crafts &amp; furniture producers</b>                                                                                                                                                                           |              |                                                                                                                                                                                                                                                                                                                                                                                                             |  |  |  |  |  |                  |       |                                                                               |               |
| Needs identified; Trainer network set up; Pilot trainings started.<br><br><b>Targets 2010:</b> Knowledge, tools and equipment to improve productivity and decrease resource use assessed; training capacities and needs analyzed; first TOTs realized; pilot trainings undertaken. | <b>UNIDO</b> | 3.6.1 Train grassroots producers in technical craft production skills, using trained local trainers, to implementation good housekeeping, cleaner production processes/techniques, skills for implementing clean/sustainable designs & packaging, including with demonstrations and shop floor activities and disseminate resource kits on CP, clean design and technologies for 5 selected product groups. |  |  |  |  |  | <b>VNCPC</b>     | MDG-F | 31,500 Personnel<br>2,500 Contracts<br>15,000 Training<br>1,000 Other dir. c. | <b>50,000</b> |
|                                                                                                                                                                                                                                                                                    | <b>UNIDO</b> | 3.6.2 Identify equipment needs, particularly those that can be used jointly and would save resources (materials, energy and water—e.g. fumigation, drying/heating, drying kiln, etc.) and set up joint utility shops/arrangements for selected product groups.                                                                                                                                              |  |  |  |  |  | <b>VNCPC</b>     | MDG-F | 20,000 Equipment<br>5,000 Personnel                                           | <b>25,000</b> |
|                                                                                                                                                                                                                                                                                    | <b>UNIDO</b> | 3.6.3 Collaborate with relevant universities or research institutes in other countries to improve lacquer processing and silk dyeing techniques, including through study tours to countries such as Japan and China.                                                                                                                                                                                        |  |  |  |  |  | <b>VNCPC</b>     | MDG-F | 15,000 Personnel                                                              | <b>15,000</b> |
|                                                                                                                                                                                                                                                                                    | <b>UNIDO</b> | 3.6.4 Assist production groups, in collaboration with VIETRADE/local TPOs, to develop brands.                                                                                                                                                                                                                                                                                                               |  |  |  |  |  | <b>VIETRA-DE</b> | MDG-F | -                                                                             | -             |
|                                                                                                                                                                                                                                                                                    | <b>UNIDO</b> | 3.6.5 Share experiences and validate recommendations for design for sustainability and cleaner production practices in handicrafts and furniture sectors through interprovincial workshops.                                                                                                                                                                                                                 |  |  |  |  |  | <b>VNCPC</b>     | MDG-F | 3,000 Training                                                                | <b>3,000</b>  |
| <b>JP Outcome 4: Improved policies and regulatory frameworks at the provincial and national level that meet the needs of rural small enterprises, in particular raw materials and crafts producers, processors and traders</b>                                                     |              |                                                                                                                                                                                                                                                                                                                                                                                                             |  |  |  |  |  |                  |       |                                                                               |               |
| <b>JP Output 4.1 Provincial action plans for crafts and furniture sectors in each province developed and backed by the public and private sector</b>                                                                                                                               |              |                                                                                                                                                                                                                                                                                                                                                                                                             |  |  |  |  |  |                  |       |                                                                               |               |
| LED trainings realized.                                                                                                                                                                                                                                                            | <b>ILO</b>   | 4.1.1 Train communes officials and relevant local development 'players' on Local Economic                                                                                                                                                                                                                                                                                                                   |  |  |  |  |  | <b>DOLISA</b>    |       | 33,000 Personnel<br>24,000 Contracts<br>4,000 Other dir. c.                   | <b>61,000</b> |





## Annex II: Tentative List of Technical Equipment for Grassroots Producers (UNIDO budget) and Project Equipment (ITC budget)

| Province           | Products                  | Beneficiaries | Location/District    | Equipment/Tool       | Qty (pcs) | Est.U.cost   | Total          |
|--------------------|---------------------------|---------------|----------------------|----------------------|-----------|--------------|----------------|
| Nghe An            | Bamboo/rattan handicrafts | 300           | Quynh Luu            | 1 Dyeing system      | 1         | 1,500        | 1,500          |
|                    |                           |               |                      | 2 Carbonized system  | 1         | 7,000        | 7,000          |
|                    | <b>Total</b>              |               |                      |                      |           |              | <b>8,500</b>   |
|                    | Mulberry                  | 200           | Dien Chau            | 1 Mini reeling set   | 18        | 350          | 6,300          |
|                    |                           |               | 2 Manual reeling set | 18                   | 100       | 1,800        |                |
| <b>Total</b>       |                           |               |                      |                      |           | <b>8,100</b> |                |
| Thanh Hoa          | Bamboo/rattan handicrafts | 300           | Nong Cong            | 1 Dyeing system      | 1         | 1,500        | 1,500          |
|                    |                           |               |                      | 2 Carbonized system  | 1         | 7,000        | 7,000          |
|                    | <b>Total</b>              |               |                      |                      |           |              | <b>8,500</b>   |
|                    | Silk                      | 200           | Thieu Hoa            | 1 Mini reeling set   | 18        | 350          | 6,300          |
|                    |                           |               | 2 Manual reeling set | 18                   | 100       | 1,800        |                |
| <b>Total</b>       |                           |               |                      |                      |           | <b>8,100</b> |                |
| Phu Tho            | Sea grass                 | 200           | Nga Son              | 1 Preservation room  | 1         | 11,700       | 11,700         |
|                    |                           |               |                      | <b>Total</b>         |           |              |                |
|                    | Bamboo/rattan handicrafts | 200           | Cam Khe              | 1 Drying room        | 1         | 4,000        | 4,000          |
|                    |                           |               |                      | 2 Bleaching system   | 1         | 2,500        | 2,500          |
|                    |                           |               | 3 Dyeing system      | 1                    | 1,500     | 1,500        |                |
| <b>Total</b>       |                           |               |                      |                      |           | <b>8,000</b> |                |
| Lacquer            |                           |               |                      | 1 Centrifugal system | 1         | 22,000       | 22,000         |
|                    |                           |               |                      | 2 Other equipment    | 1         | 3,000        | 3,000          |
|                    | <b>Total</b>              |               |                      |                      |           |              | <b>25,000</b>  |
|                    | Silk                      | 200           | Cam Khe              | 1 Mini reeling set   | 18        | 350          | 6,300          |
|                    |                           |               | 2 Manual reeling set | 18                   | 100       | 1,800        |                |
| <b>Total</b>       |                           |               |                      |                      |           | <b>8,100</b> |                |
| Hoa Binh           | Bamboo/rattan handicrafts | 300           | Luong Son            | 1 Drying room        | 1         | 4,000        | 4,000          |
|                    |                           |               |                      | 2 Bleaching system   | 1         | 2,500        | 2,500          |
|                    |                           |               |                      | 3 Dyeing system      | 1         | 1,500        | 1,500          |
|                    | <b>Total</b>              |               |                      |                      |           |              | <b>8,000</b>   |
| Paper              | 100                       | Luong Son     | 1 Drying room        | 3                    | 1,200     | 3,600        |                |
|                    |                           |               | 2 Finishing kits     | 8                    | 300       | 2,400        |                |
| <b>Total</b>       |                           |               |                      |                      |           | <b>6,000</b> |                |
| <b>GRAND TOTAL</b> |                           | <b>1500</b>   |                      |                      |           |              | <b>100,000</b> |

The budget for Project equipment and supplies is estimated at about US\$ 112,000 and are shown in the ITC budget (for common use).

## Annex III: Terms of Reference for the International Trade Centre as UN Coordinating Agent of Joint Programme

1. To make administrative and financial arrangements for the establishment of the Programme Management Unit (PMU) at the premises of VIETCRAFT

ITC will draft job descriptions of all PMU staff, including:

- 1 Senior Technical Adviser;
- 1 National Project Coordinator;
- 1 National Project Officer;
- 1 Administrative Assistant.

ITC will consequently advertise the respective vacancy announcements in relevant media, e.g. Viet Nam News, relevant websites, etc. Following the identification of the preferred candidate, the Deputy National Programme Director (DNPD) will endorse the selection of the candidate and send ITC a written acceptance of the selected candidate so that ITC can take administrative recruitment action.

ITC will also make administrative and financial arrangements for the provision of PMU office facilities, purchase necessary equipment, and office running costs, stationary, copying/printing and dissemination of project literature and publications on behalf of all participating organizations.

2. Monitor, advise and support the PMU in its respective duties:

Planning and coordination:

- To support the operational teams of the Agencies and Partners in establishing the Work Plans and the Annual Budgets,
- To timely consolidate the Work Plans and the Annual Budget and present them to the Programme Management Committee (PMC) for review and approval;

Implementation coordination

- Play the lead role in ensuring that all partners work together to deliver the programme, in compliance with the work plan;
- To advise the PMC on the implementation of the joint programme and to make recommendations on both substantive and financial issues, including budget revisions;
- To provide secretariat services for the PMC and to follow up on the decisions taken;
- To help establish working level coordination mechanisms, including at the sub-national level and generate synergies between different outcomes;
- To support all partners' successful implementation of programme activities through direct assistance and technical and operational advice;
- To facilitate resolution of disputes among partners and to troubleshoot obstacles to timely implementation;
- To provide strategic advice on a comprehensive exit strategy.

Capacity development

- Promote national ownership by supporting the government in its leadership role within the joint programme and strengthen the government's capacity to play this role
- Ensure that all joint programme activities prioritise sustainable capacity development of the targeted beneficiaries.

Communication and advocacy

- To drive the articulation of an advocacy and communications plan that advances the policy impacts of the joint programme while putting citizens and their organizations at the centre of local interventions.

- Facilitate the implementation of the advocacy and communications plan in coordination with UN Agencies and national Partners;
- To identify strategic partnerships with media organizations and other relevant non state actors with the aim of increasing awareness and visibility of poverty issues and the MDGs.
- Work collaboratively with citizen groups fostering their active participation in programme management, implementation, monitoring and evaluation.
- To leverage programme outcomes through advocacy to create broader, systemic change and achieve policy impact
- Ensure that programmes are accountable to all relevant partners particularly citizens for delivering programme results making available information as and when needed.

#### M&E and Knowledge Management

- To ensure the implementation of the monitoring and evaluation plan, in a participatory manner;
- To ensure that corrective actions are taken as a results of M&E findings;
- To ensure transparency of the M&E process by disseminating information to partners and relevant stakeholders.
- To identify and disseminate lessons learnt;
- To forge links with other initiatives including joint programmes to identify best practices and share lessons with partners.

#### Reporting

- To prepare the narrative and consolidate financial information on expenditures for the programme and present them to the PMC for approval, before they are sent to the NSC.

#### 3. Program management and coordination:

- Develop operational mechanisms for effective programme delivery, including the formalization of collaborative arrangements and operational guidelines for all programme partners;
- Coordinate and monitor the delivery of all programme components and ensure synergies between all and components, with due consideration to skills-transfer and exchange of best practices.
- In close consultation with parties concerned, the PCU prepares rolling one-year work plans, which are updated every six months, and endorsed by the Programme Management Committee (PMC).
- Develop funds mobilization strategy to attract complementary resources and facilitate programme expansion and replication to other provinces over time.

#### 4. Representation / communication

- Provides main interface between the JP and the national (Viettrade/Vietcraft) and provincial authorities (Dept of Agriculture and Rural Development, Dept of Planning and Investment, Dept of Industry and Trade, People's Provincial Committee and National implementing Partners (NIPs).
- Designs and manages the JP website, which is to be integrated into the website of Vietcraft.
- Develop set of high-quality communication products in line with overall programme communication strategy.
- Shares best practices, lessons learned, and relevant contacts among the PUNOs.

#### 5. Reporting

- Consolidates Narrative Joint Programme Progress Report: This results-based report is produced through an integrated Joint Programme reporting arrangement. The PCU will assist in the overall coordination and consolidation of the inputs for the narrative report.

Each agency receiving funds is responsible to provide quality and timely inputs for the narrative report based on an agreed standard reporting format.

- The PCU also coordinates and consolidates a terminal report at the end of the project duration. All reports should be reviewed and endorsed by the Programme Management Committee (PMC) before submission to the MDTF Office.

- The PCU provides brief written updates to the National Steering Committee (NSC) on progress of the JP, based on inputs provided by other PUNOs and NIPs and report to the (NSC) on a yearly basis.

- The PCU will quarterly report to the PMC to discuss progress in the implementation, assess progress made against indicators developed and make management decisions.