



DEPARTMENT OF FORESTRY

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**Model Implementation Plan  
for smallholder production forest  
development project in Thai Nguyen Province**

**Book 5-1: Model IP Production Forest**

THE DEVELOPMENT STUDY ON CAPACITY BUILDING  
FOR PREPARING FEASIBILITY STUDIES AND IMPLEMENTATION PLANS  
FOR AFFORESTATION PROJECTS IN THE SOCIALIST REPUBLIC OF VIETNAM

---FICAB---



## Preface

“Model Implementation Plan for smallholder production forest development project in Thai Nguyen Province (Book 5-1)” is part of the training package prepared under the development study on capacity building for preparing feasibility studies (F/S) and implementation plans (IP) for afforestation projects in the Socialist Republic of Vietnam (hereinafter referred to as “FICAB”).

The immediate objective of FICAB is to strengthen capacities for the preparation of afforestation projects through practical On-the-Job-Training (OJT), seminars, and workshops. Five provinces have been selected as targeted provinces for FICAB (Thai Nguyen, Son La, Quang Nam, Lam Dong, and Long An Provinces).

FICAB was divided into two phases. Phase I was to prepare Model F/S and IP as well as a training package in Thai Nguyen, a Core Province (CoP). The second phase was to implement technical training for staff members of four other provinces as Participating Provinces (PPs), i.e. Son La, Quang Nam, Lam Dong, and Long An Provinces. The training was implemented using Model F/S, IP and other training materials.

Through conducting FICAB, four forms of output are to be generated. The first is an enhanced capacity for MARD personnel. Selected staff members of MARD develop administrative and coordination capacity for supervising the quality of F/S and IP. The second is an enhanced capacity for CoP and PPs personnel. Selected staff members of CoP and PPs enhance the capacity for preparing F/Ss and IPs. The third is the development of a monitoring and evaluation method for the technical training for preparation of F/S and IP. The fourth is the development of a training package for conducting the technical training for preparing F/S and IP for afforestation projects.

The training package is prepared as one of the four above forms of output of the FICAB. The entire training package comprises the following nine (9) books:

Book 1: Training plan

Book 2: Manual for preparation of feasibility study reports for production forest / agroforestry development projects in Vietnam

Book 3: Manual for preparation of implementation plans for production forest / agroforestry development projects in Vietnam

Book 4: Model F/S of Thai Nguyen Province

Book 5: Model IP of Thai Nguyen Province

Book 5-1: Model implementation plan for smallholder production forest development project in Thai Nguyen Province

Book 5-2: Model implementation plan for agroforestry development project in Thai Nguyen Province

Book 6: Monitoring and evaluation report on technical training of PPs

Book 7: Market trend reference book of wood-based and agroforestry products

Book 8: F/S reports of Son La, Quang Nam, Lam Dong, and Long An Provinces

Book 9: IPs of Son La, Quang Nam, Lam Dong, and Long An Provinces

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## Currency Equivalent

US\$ 1.00 = 16,000 VND in 2005

## Abbreviation

5MHRP	Five Million Hectare Reforestation Programme
ASEAN	Association of Southeast Asian Nations
B/C ratio	Cost-Benefit ratio
CoP	Core Province
CCM	Communal Consultation Meeting
DARD	Provincial Department of Agriculture and Rural Development
DoF	Department of Forestry
DOF	Department of Finance
DPI	Department of Planning and Investment
EIRR	Economic Internal Rate of Return
FAO	Food and Agriculture Organization of the United Nations
	The Development Study on Capacity Building for Preparing Feasibility Studies and Implementation Plans for Afforestation Projects in the Socialist Republic of Vietnam
FICAB	
F/S	Feasibility Study
FIPI	Forest Inventory and Planning Institute
FIRR	Financial Internal Rate of Return
FSDP	Forest Sector Development Program
GOV	Government of Vietnam
IA	Implementing Agency
IP	Implementation Plan
IRR	Internal Rate of Return
JICA	Japan International Cooperation Agency
JST	JICA Study Team
LUR	Land Use Right
LUC	Land Use Right Certificate
MARD	Ministry of Agriculture and Rural Development
MPI	Ministry of Planning and Investment
NPV	Net Present Value
PAM	WFP's Programme Alimentaire Mondial
PC	People's Committee
PFA	Production Forest Association
PFD	Production Forest Development
PFEP	Production Forest Establishment Project
PIP	Project Implementation Plan
PIU	Project Implementation Unit
PMB	Project Management Board
PMME	Project Management, Monitoring and Evaluation
PPs	Participating Provinces
PST	Provincial Study Team
RRA	Rapid Rural Appraisal
SFE	State Forest Enterprise
SFFD	Support for Production Forest Development
SOE	State of Environment
Sub-DoF	Sub-Department of Forestry at province level
TNPBF	Thai Nguyen Particle Board Factory
VBARD	Vietnam Bank for Agriculture and Rural Development
VBSP	Vietnam Bank for Social Policies
VDB	Viet Nam Development Bank
WTO	World Trade Organization





# Summary

## **Part I Summary of the project**

In this part, in order to clarify contents of the project which is targeted at implementation planning, among the content of F/S report, project location and area, project objectives, project outputs, project components, main activity plan and project cost are summarized, and PDM which shows the project framework, is attached.

## **Part II Implementation Plan in Respective Fields**

### **Chapter 1 Institutional arrangement**

PMB is staffed with a director, a vice-director/finance and planning manager, a technical/extension coordinator and an accountant. PMB is responsible for implementing the project and achieving the project objective. A commune coordinator and an extension worker are assigned at each PIU. A total of 8 staff is proposed for PIUs. PIUs carry out daily field activities and provide supports to participating smallholders under the supervision of the PMB. Participating smallholders are organized as farmers' groups in order to increase capacities of smallholders. Production Forest Association will be established as a network of farmers' groups. The tasks of other stakeholders such as MARD, Thai Nguyen provincial PC, DARD/Sub-DoF and so on are explained as well.

### **Chapter 2 Implementation schedule**

In the first year, which is regarded as a preparation period, the preparation works for conducting afforestation activities is carried out. During the operation period from the second to the eighth year, activities directly related to the afforestation are undertaken in the field. The monthly implementation schedule during the preparation period is shown in eight steps from step 1 establishment of a loan scheme to step 8 Staff Training. During the operation period, a series of afforestation activities in a model rotation cycle which is comprised 14 steps is repeatedly carried out in the respective planting sites.

### **Chapter 3 Financial management arrangement**

It is planned that other than the contributions by smallholders, the project will be funded with two different financial sources: loans and government budgets. As for loan, Vietnam Bank for Social Policies (VBSP) implements the loan program. To ensure transparent fund management, a special account is set up. The loan contracts are concluded between respective smallholders and VBSP. Fund disbursement during the 1<sup>st</sup> and 2<sup>nd</sup> year of the rotation cycle and repayment of the original loan is made through the special account. As for management of the implementing agency, employment of local consultants, and organization of training courses, the Vietnamese government budgets are funded. The financial and budgetary procedures and reporting system relating to the government budgets is follow the state budgetary system. These procedures permit the disbursement of funds, on the basis of an approved annual implementation plan and budget, from the provincial government to a project account through the district treasury.

## **Chapter 4 Procurement arrangements**

It is planned that various goods be procured such as seedlings, fertilizers and so on, and local consultants be employed for provision of various services. The items to be procured under respective component are listed, and lot/package for procurement, procurement method, and organizations responsible for the procurement are described as well. As for procurement of goods, there are five stakeholders who are smallholders, PIU, PMB, suppliers and Sub-DoF and there are also six actions to be taken for conducting procurement. As for services, as well as goods, there are four stakeholders who are PIU, PMB, Consultancy Company and Sub-DoF and there are also five actions to be taken for conducting procurement.

## **Chapter 5 Sales and marketing**

As for sales and marketing activities, six stakeholders have been identified; smallholders, Production Forest Association, PMB, PIUs, intermediate agent and Thai Nguyen Particle Board Factory. There are two stages on sales and marketing activities in the project. First stage is the activities relating to arrangement of sales and marketing information. At the second stage, concrete activities relating to selling and purchasing of wood materials are conducted among stakeholders mentioned above. 12 steps are identified for sales and marketing activities over these two stages. As for respective steps of sales and marketing activities, examination is made on roles and functions that respective stakeholders play in connection with sales and marketing activities, and relationships among the stakeholders. The results of examination are incorporated into the table of Sales and Marketing Flow.

## **Chapter 6 Training plan**

The two areas have been identified to strengthen: i) technical skills of the participating smallholders at the field level and ii) technical and managerial skills of the implementing agency. As for first area, it is considered that many smallholders seem to lack comprehensive knowledge for establishing production forests. Under the project, it is planned that a half-day training course will be provided two times to participating smallholders as a formal training for establishing production forests.

As for second area, extension workers of PIUs are required to perform multiple tasks in the fields. Therefore one-day training course will be offered in the field of the technology transfer for establishing production forests. Aside from this, training in the field of the project management, finance and planning skills, technical and coordination skills as well as the accounting skills would be carried out through the on-the-job training.

## **Chapter 7 Monitoring and evaluation**

Monitoring aims to check the progress of the project and to take actions for modification of the plan if necessary. The five steps are set as the tentative monitoring mechanism and information flow from extension workers to the decision-making body of the project and the feedback system. Evaluation aims to make recommendations on the future course of the project and draw lessons for other projects. It will be carried out during or after the assistance period of the project by using all the results of the project.

# Introduction

This report has been prepared as a model implementation plan, which aims to be broadly applicable to the whole area of the country, based on the findings of a feasibility study and implementation planning conducted during a period from July 2005 to March 2006 in Phu Binh District of Thai Nguyen Province, Vietnam.

The feasibility study and implementation planning were conducted as a part of the Development Study on Capacity Building for Preparing Feasibility Studies and Implementation Plans for Afforestation Projects in the Socialist Republic of Vietnam which is agreed between the Government of Vietnam and Japan International Cooperation Agency (JICA) in December 2004.

The target project for the feasibility study and implementation planning is a production forest establishment project in four communes of Phu Binh district. The general outline of the project is as follows;

- The implementing agency is a Project Management Board (PMB), established by the Peoples' Committee of Phu Binh district and smallholders conducting afforestation activities, who have forest land for plantation in four communes.
- In order to promote the economic utilization of degraded forest lands, it is planned to convert Eucalyptus plantations to high productivity Acacia plantations and through this, it is also planned to improve the livelihood of smallholders. The target products are wood materials for chip.
- As regarding the financial resources for afforestation activities, the Vietnam Bank of Social Policies (VBSP) provides loans to smallholders, and as for project management, the government of Vietnam provides subsidies to the Project Management Board (PMB).

The Forest Inventory and Planning Institute of Vietnam (FIPI) conducted the feasibility study and implementation planning under the guidance and supervision of the JICA Study Team (JST) and in the process of the feasibility study and implementation planning, technology transfer from JST to FIPI on feasibility study and implementation planning was executed. The provincial study team of Thai Nguyen province also participated in the feasibility study. In order to enhance the capacity for preparing F/S, OJT for the provincial study team was carried out during the feasibility study and the implementation planning.

## **PART I. SUMMARY OF THE PROJECT**

## 1 Project Location and Area

### 1.1 Location

The project area is the entire area of the four communes: Ban Dat, Tan Khanh, Tan Kim, and Tan Hoa of Phu Binh District, Thai Nguyen Province. Phu Binh District is adjacent to Hanoi, about 25 km from the provincial capital and is linked by good roads to the Song Cong Industry Park of Thai Nguyen Province and many industrial parks of Hanoi.

### 1.2 Area

The total land area of the project is 8,010 ha, of which agricultural lands account for about 83 % or 6,673 ha. The forest lands, which fall into the category of agricultural land, cover 2,992 ha, accounting for 45 % of the agricultural lands. The share of the forest lands out of the project area is 37 %. Forested land is 2,653 ha, which is 89% of the forest land, and un-forested land is 338 ha, 11% of the forest land.

**Table 1 Size of area by land classification and commune**

*Unit: ha*

Land classification		Size of area by commune				
		Ban Dat	Tan Khanh	Tan Kim	Tan Hoa	Total of the Project Area
Total area (1+2+3)		<b>1,857</b>	<b>2,092</b>	<b>2,156</b>	<b>1,905</b>	<b>8,010</b>
1. Agricultural land		<b>1,480</b>	<b>1,700</b>	<b>1,860</b>	<b>1,633</b>	<b>6,673</b>
(Out of which: Forest land)	Sub-total [(1)+(2)+(3)]	706	751	800	735	2,992
	(1) Plantation	634	613	732	675	2,653
	(2) Natural forest					-
	(3) Un-forested	72	138	68	60	338
2. Non-agricultural land		<b>368</b>	<b>390</b>	<b>295</b>	<b>269</b>	<b>1,322</b>
3. Un-used land		<b>9</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>15</b>

Source: Estimation based on the data of Sub-DoF, Thai Nguyen

Note: The total does not necessarily sum up due to rounding.

## **2 Project Objectives**

### ***2.1 Overall Goal***

The overall goal of the project is to improve livelihood through development of production forest in the project area.

### ***2.2 Project Objective***

The project objective is to increase the production value of the forest lands. Harvesting of the planted trees is expected from 2014 onward.

The objective of the assistance is to establish production forest area. It is planned that the objective of the assistance is to be achieved by the end of the assistance period (2006 – 2013).

The target beneficiary of the project is smallholders who have Land-Use Right Certificates (LUCs) or Red Books for the forest land in the project area. The project area is located in the four communes (Ban Dat, Tan Khanh, Tan Kim, and Tan Hoa) of Phu Binh District, Thai Nguyen Province.

### ***2.3 Project Outputs***

The project objective is to be achieved through the realization of the following outputs:

1. The project forest land (a total of about 1,500 ha) is planted with species of commercial value;
- 2-1. A model loan scheme is established for production forest development projects;
- 2-2. Smallholders' collective negotiation capacity is enhanced;
- 2-3. Market linkages between smallholders and the markets are promoted;
- 2-4. Smallholders, extension workers, village leaders are trained with appropriate afforestation techniques and management; and
3. Institutional capacity to manage the production forest development project is enhanced.

### 3 Project Components

#### 3.1 Project components

The project objective is to be achieved by implementing the following three project components and four sub-components under Component 2:

Component 1: Production Forest Development (PFD);

Component 2: Support for Production Forest Development (SPFD);

2-1: Financing Mechanism Development;

2-2: Production Forest Association;

2-3: Promotion of Market Linkages;

2-4: Training and Institutional Development; and

Component 3: Project Management, Monitoring and Evaluation (PMME)

#### 3.2 Main activity plan

The main activity plan of the project will be shown as in the following planting and harvesting plans.

**Table 2 Planting plan by year and species**

*Unit: ha*

Plantations	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>	6 <sup>th</sup>	7 <sup>th</sup>	Total
Total area	192	226	230	227	215	212	188	1,492
A.hybrid	120	215	225	168	186	152	91	1,157
A.mangium	72	11	5	60	30	60	97	335

**Table 3 Harvesting plan by year and species**

*Unit:*

*ha*

	8 <sup>th</sup>	9 <sup>th</sup>	10 <sup>th</sup>	11 <sup>th</sup>	12 <sup>th</sup>	13 <sup>th</sup>	14 <sup>th</sup>	Total
1. Harvest Area (ha)	192	226	230	227	215	212	188	1,492
A.hybrid	120	215	225	168	186	152	91	1,157
A.mangium	72	11	5	60	30	60	97	335
2. Volume of Standing Trees(m <sup>3</sup> )	24,668	32,789	33,994	31,226	31,029	29,158	23,046	205,910
A.hybrid	18,215	31,832	33,519	24,946	28,427	23,160	13,127	173,226
A.mangium	6,453	957	475	6,280	2,602	5,998	9,919	32,684
3. Volume of Commercial wood (m <sup>3</sup> )	17,268	22,948	23,798	21,858	21,718	20,409	16,133	144,132
A.hybrid	12,751	22,279	23,466	17,463	19,897	16,211	9,189	121,256
A.mangium	4,517	669	332	4,395	1,821	4,198	6,944	22,876

## 4 Project Cost during the Assistance Period

Project costs during the assistance period have been calculated over a period of the eight years in which all the planting works are scheduled to be completed. Total project cost over this period, including physical and price contingencies is estimated at VND 21.2 billion (US\$ 1.33 million).

### **(1) Component 1: Production Forest Development (PFD)**

About 1,500 ha of existing plantations of Eucalyptus forests will be afforested. The average cost for afforestation of one hectare is around VND 10.0 million (US\$ 625) and the total baseline cost of the production forest development will be VND 12.9 billion (US\$0.80 million). Some 60% of plantation costs are for unskilled labor, valued at VND 25,000 per day. Cost of purchased input and services is VND 3.9 billion (US\$ 0.25 million) for the project, which is VND 2.7 million (US\$ 170/ha) on a per-hectare basis.

### **(2) Component 2: Support for Production Forest Development (SFFD):**

Cost of this component is estimated at VND 2.3 billion (US\$0.14 million). The largest part of this cost, VND 0.9 billion, will be for providing support for creation of a Production Forest Association, and for training and technical capacity building (VND 0.6 billion).

### **(3) Component 3: Project Management and Monitoring & Evaluation (M&E)**

Cost for this component is estimated at VND 0.7 billion (US\$ 41,000) which is about 3% of the project cost during the assistance period.

### **(4) Contingencies:**

Physical contingencies have been added at the rate of 5% on the baseline cost. Inflation has been assumed at 5% and price contingencies are based on this projection.

**Table 4 Summary Cost of the Project during the Assistance Period**

*Unit: Million VND*

Project Component	Total cost	Ratio	Bank	Government	Farmer
<b>1. Production Forest Development</b>	<b>12,873</b>	<b>60.7%</b>	<b>6,381</b>		<b>6,492</b>
<b>2. Support for Production Forest Development</b>	<b>2,248</b>	<b>10.6%</b>		<b>2,248</b>	
2.1 Financial Mechanism Development	445	2.1%		445	
2.2 Support for Production Forest Association	899	4.2%		899	
2.3 Promotion of Market Linkages	316	1.5%		316	
2.4 Training and Institutional Development	588	2.8%		588	
<b>3. Project Management, M &amp; E</b>	<b>650</b>	<b>3.1%</b>		<b>650</b>	
A) Total baseline cost	15,771	74.4%	6,381	2,898	6,492
B) Physical contingency	789	3.7%	319	145	325
C) Price contingency	4,631	21.9%	2,014	474	2,143
<b>Total cost during assistance period</b>	<b>21,191</b>	<b>100.0%</b>	<b>8,714</b>	<b>3,517</b>	<b>8,960</b>



<b>Project Component</b>	<b>Total cost</b>	<b>Ratio</b>	<b>Bank</b>	<b>Government</b>	<b>Farmer</b>
<b>(A + B + C)</b>					

## 5 Project Design Matrix

**Project name:** Smallholder Production Forest Development Project in Thai Nguyen Province

**Project area:** Ban Dat, Tan Khanh, Tan Kim, Tan Hoa Communes-Phu Binh District-Thai Nguyen Province

**Assistance period:** 2006 – 2013

**Project period:** 2006 – 2020

**Target beneficiary:** Smallholders who have Red Books for forest land in the project area.

Version 1 Date: November 2005

Narrative Summary	Indicators	Means of Verification	Critical Assumptions
<b>Overall Goal</b> Livelihood is improved through development of production forest in the project area.	Poverty rate is reduced.	- provincial/district poverty statistics	- Government support for production forest continues.
<b>Project Objective</b> The production value of the forest lands is increased.	. Around 20,000 m3 (commercial wood) is harvested each year from 2014 onward.	- Records of Provincial Department of Forest Protection	- Payment is promptly made as agreed between smallholders and buyers.
<b>Objective of Assistance</b> Production forest area is established in forest land.	- Around 1500 ha of forest land is rehabilitated by 2013.	Project implementation reports	- Demand and sales price of wood remain buoyant.
<b>Outputs</b> 1. The production forest land is planted with species of commercial values. 2-1. A model loan scheme is established for production forest development projects. 2-2. Smallholders' collective negotiation capacity is enhanced. 2-3. Market linkages between smallholders and the markets are promoted.  2-4. Smallholders, extension workers, village leaders are trained with appropriate afforestation techniques and management.  3. Institutional capacity to manage the production forest development project is enhanced.	1. Forestry plantation area (around 1,500 ha) is planted with Acacia sp. by 2013. 2-1 Participating smallholders start getting institutional loans by 2008. 2-2 Production Forest Association is established in four communes by 2013. 2-3 Harvesting and marketing plans, and purchasing agreements with traders are established by 2013. 2-4 About 70 training courses will be offered to participating smallholders, extension workers and village leaders.  3. One PMB and four PIUs are established by 1 <sup>st</sup> quarter of 2006.	Project implementation reports.	- There will not be any natural disaster. - No major pest and disease outbreak will occur.

<b>Activities</b>	<b>Inputs</b>	
<p>1. Facilitate plantation activities by smallholders.</p> <p>2-1. Design and agree loan scheme with the financial institutions.</p> <p>2-2. Facilitate /Mobilize smallholders to form farmers' groups and Production Forest Association.</p> <p>2-3. Prepare harvesting and marketing plans, and purchasing agreements with traders.</p> <p>2-4. Provide training for trainers, village support groups, and smallholders</p> <p>3. Establish Project Management Board (PMB) in Phu Binh District and four (4) commune Project Implementation Units (PIU).</p>	<p>Total project cost: VND 21.2 billion (US\$ 1.33 million).</p> <p>(1) Production Forest Development (PFD): VND 12.9 billion (US\$0.80 million).</p> <p>(2) Support for Production Forest Development (SFFD): VND2.2 billion (US\$0.14 million).</p> <p>(3) Project Management and Monitoring &amp; Evaluation (M&amp;E): VND0.7 billion (US\$41,000).</p> <p>-PMB: 4 officers</p> <p>-PIU:8 officers (including 4 extension workers)</p> <p>(4) Contingencies: Physical contingencies: 5%. Price contingencies: 5%.</p>	<p>- Adequate number of experienced staff and budget is allocated by the government throughout the assistance period.</p> <p>- Interest (financial and environmental) of participants in replanting is maintained.</p> <p>- Smallholders gain experience of developing production forests in infertile soils.</p>
		<p><b>Pre-conditions</b></p> <p>-The local (provincial and district) government approves the project.</p> <p>-Loan scheme is agreed with VBSP/VDB, with terms and conditions in line with other similar projects in Vietnam.</p>

**PART II. IMPLEMENTATION PLAN IN  
RESPECTIVE FIELDS**

## **1 Institutional arrangement**

### ***1.1 Overall Implementation Structure***

The current government staff and facilities will be utilized for the implementation of the project. Consultants, assistants and workers will be recruited on demand.

A Project Management Board (PMB) will be established as an implementing agency of the project. It will be placed under the Phu Binh District People's Committee (PC). The PMB receives technical support from the Agriculture and Rural Development Division (ARDD) of Phu Binh PC and DARD of Thai Nguyen Province. The PMB will not bear financial responsibilities for loan repayment from participating smallholders to the financial institution. It will, however, be responsible for managing all other aspects of the project and for achieving the project objective. At commune level, Project Implementation Units (PIUs) will be established to carry out daily field operations.

The Sub-Department of Forestry (Sub-DoF) of Thai Nguyen Province sets the policy direction of the project, mainly in the technical field through close collaboration with MARD and the provincial government.

Loans to each participating smallholder will be provided by the agreed financial institution. All the necessary paper-work to establish loan contracts with participating smallholders will be carried out by the financial institution with project-related information provided by the PMB and PIUs. The financial institution will be responsible for managing the loan contracts and for handling cash transactions.

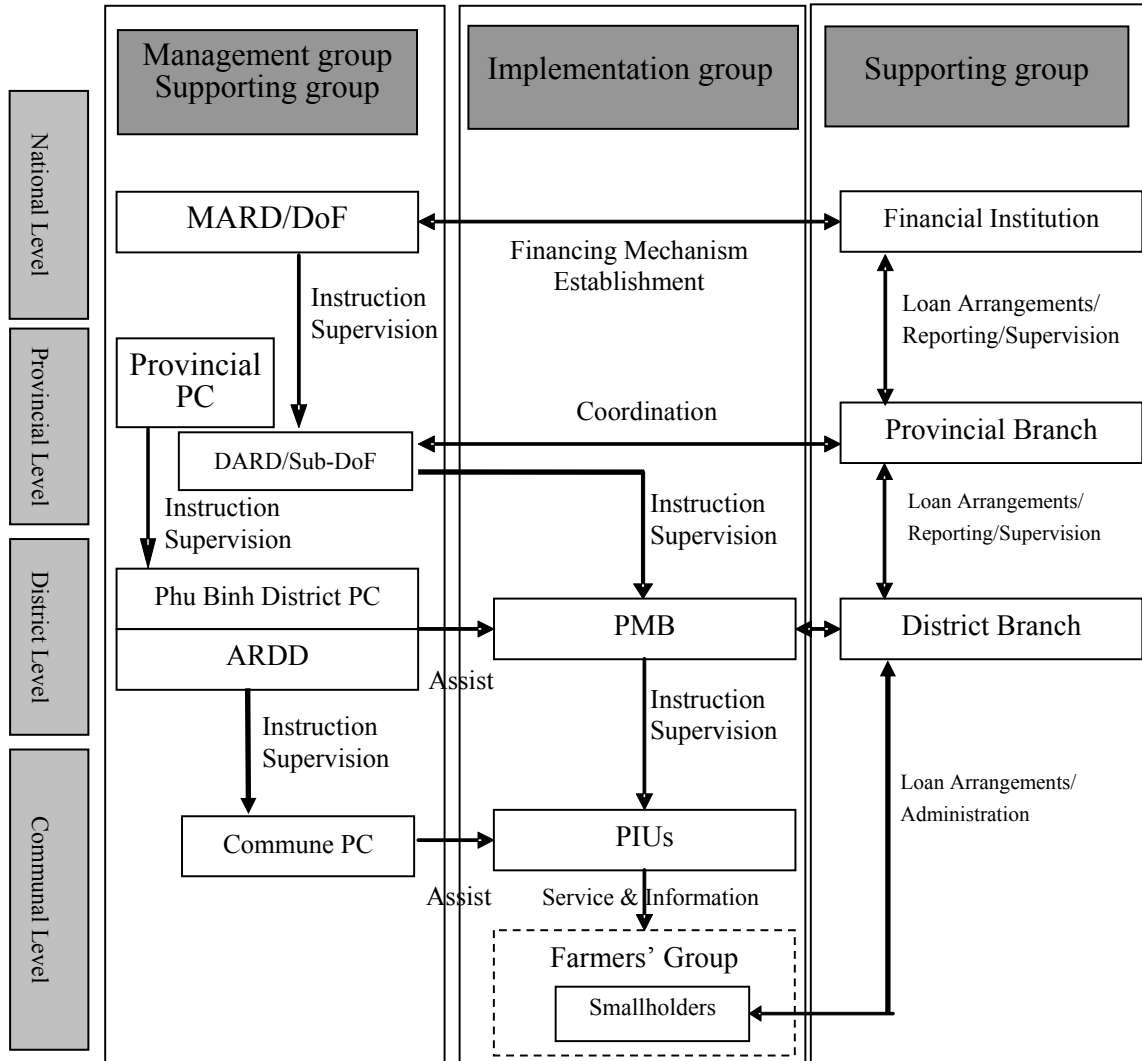
## ***1.2 Implementing Agency***

### **1.2.1 Project Management Board (PMB)**

The Vice Chairman of Phu Binh District PC in charge of district forestry activities is proposed as the director of the PMB. The PMB will receive policy directions and control from the District PC mainly in non-technical fields and from the Sub-DoF mainly in technical fields. The Director of ARDD at the District will act as the Deputy Chairman of the PMB. The PMB will be staffed with an accountant and some other staff from relevant divisions of the district office.

Specifically, PMB is expected to coordinate the provision of services to participating smallholders and upon requests from the financial institution, support the financial institution in implementing loan arrangements. The specific structure and tasks of PMB are included as shown below.

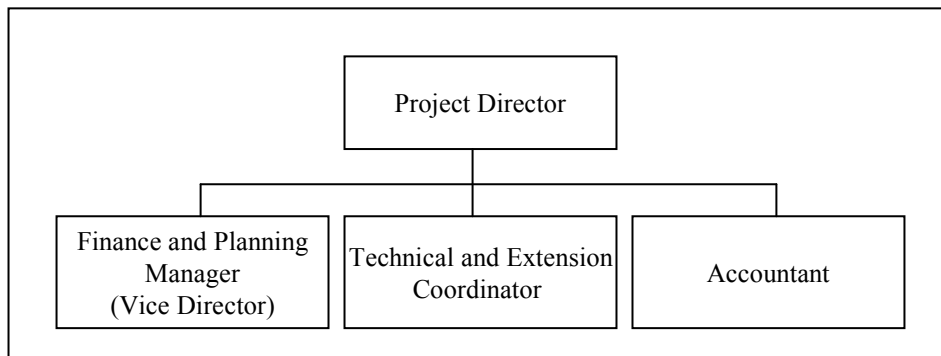
**Figure 1 Structural Organization Chart for Project Implementation**



(1) Organization of PMB

The organization chart of the PMB is shown in Figure 2 below.

**Figure 2 Structural Organization Chart for PMB**



## (2) Staffing Level

The proposed staffing level is shown in the table below. A total of 4 staff is proposed for the PMB.

**Table 5 Proposed Staffing Level at PMB**

*Unit: Persons*

Project Director	Finance & Planning Manager	Technical & Extension Coordinator	Accountant	Total
1	1	1	1	4

## (3) Overview of Tasks of PMB

The PMB is responsible for implementing the project and achieving the project objective by the end of the assistance period. It is expected to coordinate the provision of services to participating smallholders and upon requests from the financial institution, support the financial institution technically in implementing loan arrangements. More specifically PMB will:

- be responsible for overall project implementation;
- provide overall guidance for project implementation and ensure that realistic targets are set and met;
- develop coordination and implementation mechanisms for the project;
- prepare the annual implementation plan and annual budgets for the project;
- prepare, update, facilitate, and implement a procurement plan in accordance with procedures required by the governments, including studies on prices and quality of seedlings and fertilizer with local suppliers;
- prepare accounts, maintenance of records and accounting for funds in accordance with procedures required by the governments;
- prepare and disseminate information on the project to smallholders;
- prepare plans to hold community meetings, which are an integral part of the project's planning process for dissemination of information to smallholders on project opportunities, initial plantation planning, and implementation;
- provide technical back-up services to PIUs in various areas, including planning and advice on production forest development and maintenance to participating smallholders, organizing them to form farmers' groups;
- provide market information to PIUs;
- facilitate the formation of farmers' groups and farmers' groups formation of a Production Forest Association (PFA) through PIUs;
- upon requests from the financial institution, assist the financial institution in clarifying the silvicultural aspects of the project (or sub-projects of the project to be undertaken by participating smallholders). If the information that the financial institution requests is related to private information of the participating smallholders, prior consent should be obtained from the smallholders concerned.;
- provide reports on the project to the financial institution;



- undertake regular supervision of project progress;
- set up an M&E system and report on project progress;
- allow PIUs confirm the commencement of works by smallholders and issue a confirmation letter to the smallholders, which will be used as one of the requirements for disbursement. Disbursement of the rest of the loan will be also conditional upon inspection, and evidence that the plantation establishment meets the agreed performance/quality criteria;
- ensure timely access to project performance information for decision-making at all levels (PCs, MARD, DARD, the financial institution);
- join both midterm and final evaluation activities of the project to be initiated by the Sub-DoF; and
- carry out other duties as directed by the higher authorities from time to time.

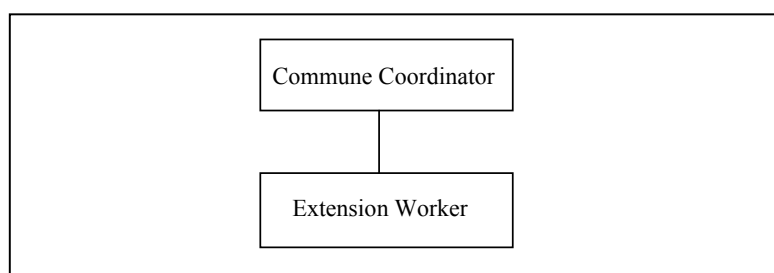
### 1.2.2 Project Implementation Units (PIUs)

It is envisaged that PIUs will be established in each of the four communes, i.e. Ban Dat, Tan Khanh, Tan Kim and Tan Hoa in the project area. The Chairperson of Commune PC at each commune is expected to act as the Director of each PIU. The specific structure and tasks of PIUs are included as shown below.

#### (1) Organization of PIU

The organization chart of the PIUs to be established in each commune is shown in Figure 3 below.

**Figure 3 Structural Organization Chart for PIU in each commune**



#### (2) Staffing Level

The proposed staffing level is shown in the table below. A total of 8 staff is proposed for PIUs in the four communes.

**Table 6 Proposed Staffing Level at PIUs in the Four Communes**

<i>Unit: Persons</i>		
Commune Coordinator	Extension Workers	Total
4	4	8

### (3) Overview of Tasks of PIUs

The PIUs will carry out daily field activities and provide support to participating smallholders under the supervision of the PMB. Supporting services include training programs to smallholders at the commune level. PIUs will be staffed with experienced Forest Extension Workers who have a good understanding and technical knowledge of silviculture. PIUs are also expected to prepare annual implementation plans based on the IP and to estimate annual budgets for submission to the PMB. More specifically, PIUs will:

- be responsible for the project implementation within the commune;
- prepare and adjust annual implementation plans;
- carry out community meetings, compile reports of results, and submit them to PMB;
- carry out visits to smallholders in order to evaluate the suitability of each potential applicant and provide reports to PMB on the results of the on-site assessment;
- facilitate the formation of farmers' groups by smallholders and the formation of PFA by farmers' groups;
- plan and prepare silviculture training and extension services including technical assistance for site preparation and the planting of seedlings;
- assist smallholders in preparing and completing loan applications;
- provide market information to participating smallholders and facilitate selling of wood materials;
- undertake regular inspections and liaison with commune/village level activities;
- carry out M&E to monitor project progress and the performance of participating smallholders, and report their activities to PMB; and
- carry out other duties as directed by PMB from time to time.

### ***1.3 Other Relevant Stakeholders***

#### 1.3.1 MARD

- (i) Provide broad policy guidance and direction to the PMB through Sub-DoF;
- (ii) Oversee project implementation and address issues and concerns through the Sub-DoF;
- (iii) Support discussions with the financial institution to extend its forestry loan programme for the establishment of smallholder production forests in the project area; and
- (iii) Provide support and information to DARD/Sub-DoF.

#### 1.3.2 Thai Nguyen Provincial PC

- (i) Approve the establishment of the PMB at the district level;
- (ii) Provide policy guidance and direction (issues in the technical field) to PMB through the Sub-DoF;

- (iii) Oversee project implementation and address issues and concerns through the Sub-DoF;
- (iv) Review and approve the annual implementation and budget, and release the annual budget for the government portion of the project costs during the assistance period;
- (v) Take the lead in discussion with the financial institution for the establishment of loan programme; and
- (vi) Ensure effective liaison with relevant agencies and stakeholders, and resolve problems that may arise from the project implementation, especially those beyond control of the PMB and the district office.

### 1.3.3 DARD/Sub-DoF

- (i) Provide policy guidance and directions to PMB mainly in the technical field in collaboration with the Phu Binh District PC;
- (ii) Oversee project implementation and address issues and concerns in collaboration with the Phu Binh District PC;
- (iii) Work with MARD and the local government authorities to establish loan programme and work with the PMB to propagate the project in the project area and other districts;
- (iv) Review and approve the annual implementation plan of the project;
- (v) Ensure effective liaison with relevant agencies and stakeholders, and resolve problems that may arise in project implementation, especially those beyond the control of the PMB and the district office;
- (vi) Provide support and information to the PMB including staff if necessary; and
- (vii) Arrange the evaluation of the project by a third party.

### 1.3.4 Phu Binh District PC

- (i) Establish a PMB according to the instruction of Thai Nguyen Provincial PC and appoint staff to manage the project;
- (ii) Provide policy guidance and directions to the PMB mainly in the non-technical field in collaboration with the Sub-DoF;
- (iii) Provide support to the PMB in terms of financial and human resources;
- (iv) Oversee project implementation and address issues and concerns in collaboration with the Sub-DoF; and
- (v) Instruct the four Commune PCs to complete administrative procedures for establishing the PIUs and to assign staff.

### 1.3.5 Phu Binh District Agriculture and Rural Development Office

- (i) Provide all support necessary to the PMB in terms of financial and human resources.

### 1.3.6 Communal PCs of Four Communes

- (i) Establish the PIUs according to the instructions of the District PC; and
- (ii) Provide support to the PIUs in terms of financial and human resources.

### 1.3.7 Financial institution

- (i) Establish a financial mechanism to extend loans to participating smallholders and receive repayment from them;
- (ii) Conduct loan appraisal and administration;
- (iii) Coordinate with the PMB to prepare short and medium-term operation plans; and
- (iv) Monitor the financial performance of the project.

### 1.3.8 Farmers' Groups and Production Forest Association

- (i) Farmers' groups function as a venue for participating smallholders to receive training and communicate with the PMB and PIU; and
- (ii) A Production Forest Association (PFA), comprised of farmers' groups, promotes the marketing of wood materials and contract bargaining with buyers, and coordinates the procurement of input materials.

## ***1.4 Selection of Participating Smallholders, Formation of Farmers' Groups, and a Production Forest Association***

### **1.4.1 Selection of Participating Smallholders**

The selection process for participating smallholders starts with the identification of smallholders, who have land-use rights (Red Book) to forest lands in the project area. A general introduction to the project is distributed through information leaflets to smallholders. This will be followed by community meetings in respective communes, where staff members of PIUs give a detailed explanation of the project objectives, project activities, and eligibility criteria for participation. The next step is to carry out pre-assessment of smallholders and planting sites in order to screen potential participants by applying the eligibility criteria that will be developed by the financial institution and PMB. Then PIUs will convene another community meeting to provide eligible smallholders with more detailed information on the loan scheme, application forms, plantation design, cost norms, and the responsibilities of participants in respective communes.

### **1.4.2 Formation of Farmers' Groups by Smallholders**

Participating smallholders will carry out forestry-related activities on an individual basis. It will be important to organize participating smallholders into a number of farmers' groups in order to increase capacity of smallholders for accessing input, technologies, and markets. Farmers' groups will, in return, support project activities including M&E of the project, and repayment of interests and the principal portion of loans.

The implementing agency (PMB and PIUs) will support participating smallholders in forming farmers' groups. At the time of the community meeting, smallholders who wish to participate in the project will be requested to form a farmers' group or join an existing farmers' group. With assistance from extension workers, they will select a chairperson and other board members for the group, according to internal rules agreed by the members of each group. After the formation of a farmers' group, the implementing agency will channel information on the project activities and relevant services through the groups.

### **1.4.3 Formation of a Production Forestry Association by Farmers' Groups**

The PMB and PIUs will support the establishment of a network of farmers' groups as a Production Forest Association (PFA), primarily for sales promotion of wood materials. The PFA will liaise with relevant partners in developing standards of wood materials produced and organizing the marketing of them. It is also intended farmers' capacities in negotiating with buyers will be enhanced. For the formation of a PFA, the PMB will start by addressing the importance of bulking up wood supplies and of the bargaining power against buyers.

## 2 Implementation schedule

### 2.1 Overall Schedule of the Project Implementation

The assistance period of the project will be eight years. The overall schedule of the respective components and sub-components during the assistance period are summarized in the table below. This covers the period from 2006 to 2013. The overall schedule may be subject to revision over the course of the project implementation.

In the first year, which is regarded as a preparation period, preparation works for conducting afforestation activities will be carried out. During the operation period from the second to the eighth year, activities directly related to the afforestation are undertaken in the field.

**Table 7 Overall Schedule of Project Implementation during the Assistance Period**

Calendar Year	2006	2007	2008	2009	2010	2011	2012	2013
Implementing Year	1	2	3	4	5	6	7	8
Component	Preparation period	Operation period						
1. Production Forest Development								
2. Support for Production Forest Development								
2-1. Financing Mechanism Development								
2-2. Production Forest Association								
2-3. Linkage with markets								
2-4. Training and Institutional Development								
3. Project Management, Monitoring and Evaluation								

The three different components (Components 1 to 3) are integrated into the implementation steps of the project so that the project staff will be required to carry out multiple tasks simultaneously.

To facilitate a smooth start-up of afforestation activities, efforts are put into preparation works in the first year, while the actual plantation activities will start from the second year. It is also thought that the setting up of a loan scheme at the financial institution will take a long time. Thus, it is recommended that negotiations with the financial institution should start immediately after the endorsement of the project by the governments.

The project will start working in four communes. In the initial years priority will be given to better quality lands located close to roads and commune centers. This will help create a favorable demonstration of the effects of the project to the rest of the participants

in the project area. A yearly allocation of plantation areas is planned based on a harvesting plan, aiming at a secure and constant supply to the markets.

## 2.2 Preparation period

There are three critical points in the preparation period:

- 1) Establishment of a financing mechanism to provide credits to participating households for the development smallholder production forests;
- 2) Establishment of project management and operational structures, including (i) establishment of PMB and PIUs, (ii) provision of training for the project staff, and (iii) establishment of strategic partnerships with other relevant stakeholders such as provincial agencies and private sector organizations in securing political/ technical support, supplying quality planting materials (seedlings, fertilizer), and promoting linkages with markets ; and
- 3) Preparation of seven-year implementation plan and budget plan during the operation period as well as tools and manuals to be used in community mobilization and training.

The implementation schedule during the preparation period is shown in Table 6 below.

**Table 8 Implementation schedule of preparation period**

Step	Activities	Relevant Component	Months												
			1	2	3	4	5	6	7	8	9	10	11	12	
1	<b>Establishment of a Loan Scheme with a Bank</b>	Comp 2-1													
	Negotiation with Potential Financing Agencies														
	Detailed design of Loan Service Contract														
	Establishment of Agreement														
2	<b>Establishment of PMB and PIUs</b>	Comp 3													
	Elaboration of TOR for PMB and PIUs														
	Appointment of Project Director & PMB staff														
	Appointment of PIU staff														
3	<b>Office set-up</b>	Comp 3													
	Procurement of Office Equipment														
	Establishment of Project Account														
4	<b>Review of F/S, IP, Tools and Manuals</b>	Comp 3													
	PMB and PIUs Internal Meetings														
	Kick off meeting: PCs, PMB, PIUs and DARD														

Step	Activities	Relevant Component	Months											
			1	2	3	4	5	6	7	8	9	10	11	12
	Target setting for implementation of the project													
5	<b>Preparation Implementation/Budget Plan and Tools and Manuals</b>	Comp 2-4 Comp 3												
	Preparation of Afforestation Implementing Plan													
	Preparation of Procurement Plan													
	Preparation of Training Plan													
	Preparation of Training Manuals													
	Preparation of Formats													
6	<b>Preliminary community mobilization</b>	Comp 2-2												
	Preparation of Community Mobilizing Tools													
	Community meeting													
	Tentative list of participants													
7	<b>Establishment of Strategic Partnership</b>	Comp 2-3												
	Identification of Strategic Partners													
	Negotiation with Strategic Partners and Promotion of Linkages with Markets													
	Establishment of Memoranda of Understanding													
8	<b>Staff Training</b>	Comp 2-4												
	Overall Project Objective and Plan													
	Loan Scheme													
	Facilitation Skill													
	Site Evaluation Skill													
	Silviculture skill													

Note: Strategic Partners include seedling centers, fertilizer distributors, providers of training services, design contractors of afforestation plots, and timber buyers.



## 2.3 Operation period

A series of afforestation activities in a model rotation cycle is described in the table below. During the operation period, these activities will be repeatedly carried out in the respective planting sites in order to establish production forests. The afforestation activities in the cycle begin with community mobilization in the first year of the cycle, which aims to determine the participating smallholders in the project. Planting of seedlings will be undertaken in the first year as part of the afforestation activities, tending activities from the first year to the third year, and protection activities from the first year to the seventh year. Progress monitoring of the results of the afforestation activities will be conducted every year.

**Table 9 Model Rotation Cycle of Afforestation activities**

Step	Activities	1 ha model rotation cycle						
		1 <sup>st</sup> year	2 <sup>nd</sup> year	3 <sup>rd</sup> year	4 <sup>th</sup> year	5 <sup>th</sup> year	6 <sup>th</sup> year	7 <sup>th</sup> year
1	Community mobilization							
2	Preparation of Detail Afforestation Plan							
3	Timber Harvesting and Site Cleaning							
4	Afforestation Plot Design							
5	Site Preparation							
6	Delivery of Seedlings and Fertilizer							
7	Refilling							
8	Planting							
9	Beating Up							
10	Tending							
11	Protection							
12	Monitoring and Evaluation							
13 Note 1)	Community Meetings for Organizing PFA							
14 Note 2)	Preparation of annual implementation and budget plans							

Note:

- 1) Community meetings for organizing a Production Forest Association (PFA) in Step 13 of the above table will be held in the final year of the operation period, which is also the final year of the assistance period of the project. This step is somewhat independent of the series of afforestation activities.
- 2) The result of M&E will be fed back to Step 14: preparation of annual implementation and budget plans.

The focus of Step 1 Community Mobilization of the rotation cycle (Table 7 above) is five-fold and the monthly schedule is shown in Table 8 below.

- 1) Identifying participating smallholders;
- 2) Screening potential participants;
- 3) Forming farmers' groups to organize the participating smallholders;
- 4) Concluding loan contracts; and

5) Providing silvicultural training to participating smallholders.

**Table 10 Monthly schedule of Step 1 Community mobilization**

Activities	Months											
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Assessment on Household and Site</b>												
Notification of Visit												
Household and Site Visits												
Reporting of the Household and Site visit												
<b>Screening of Project Participants</b>												
Initial Approval at PMB												
Meetings with the Financial Institution												
Approval at the Financial Institution												
Notification of the Selection to Households												
<b>Community Meeting</b>												
Preparation of the Meetings												
Preparation of Loan Applications												
Community Meeting												
Handing out Loan Applications												
<b>Group Formation</b>												
Meetings with Project Participants to explain about group formation												
Establishment of Group Structures and Rules												
Establishment of Groups												
Confirmation of the First Year Planting Areas												
<b>Group Afforestation Training</b>												
Notification of Training												
Implementation of Training												
<b>Loan Application Meeting</b>												
Explanation of Loan Contract, Disbursement and Interest Payments, etc.												
Preparation of Loan Application												
<b>Loan Establishment Meeting</b>												
Notification of Approval with Explanation of Necessary Procedures to follow												

The focus of Steps 2 to 11 Afforestation related activities of the rotation cycle (Table 7 above) is three-fold and the monthly schedule is shown in Table 9 below:

- 1) Preparation of Detail Afforestation Plan
- 2) provision of smooth planting materials (seedlings and fertilizer) and
- 3) establishment and protection of plantations

**Table 11 Monthly Schedule of Steps 2 to 11 Afforestation related activities**

Activities	Months											
	1	2	3	4	5	6	7	8	9	10	11	12
Step 2: Preparation of Detailed Afforestation Plan												
Adjustment of Seedling and Fertilizer Procurement Plan and Placement of Orders												
Preparation of Group Afforestation Training												
Preparation of Plot Design / Planning with Plot Design Contractors												
Preparation of Timber (Eucalyptus) Harvesting												
Step 3: Timber Harvesting and Site Cleaning												
Timber Harvesting												
Site Cleaning												
Step 4: Afforestation Plot Design												
Placement of Planting Marking Stake												
Placement of Orders for Seedlings and Fertilizer												
Step 5: Site Preparation												
Planting Hole Digging												
Erosion Control												
Step 6: Delivery of Seedlings and Fertilizer												
Fertilizer												
Seedlings												
Step 7: Refilling												
Step 8: Planting												
Step 9: Beating Up												
Step 10: Tending												
Step 11: Protection												

The monthly schedule of M&E is shown in Table 12 below.

**Table 12 Monthly Schedule of Step 12 M&E**

Activities	Months											
	1	2	3	4	5	6	7	8	9	10	11	12
Monitoring and Evaluation												

### **3 Financial management arrangement**

#### ***3.1 Financial sources***

It is planned that other than the contributions by smallholders, the project will be funded with two different financial sources: loans and government budgets. Loans will be extended to smallholders for the development of production forests while government budgets will be appropriated to the implementing agency for their operation and management of the project, employment of local consultants, and support services for participating smallholders.

#### ***3.2 Loan for development of smallholder production forests***

Necessary financial resources for the establishment of production forests will be channeled to smallholders in the form of loans. It is envisaged that an existing non-commercial government financial institution such as Vietnam Bank for Social Policies (VBSP) will implement the loan program for the development of production forests. Reporting systems and financial procedures will follow the existing regulations and the policies of the banking sector in general and of the concerned financial institution in particular.

To ensure transparent fund management, a special account will be set up at the district branch office of the financial institution to receive the fund transferred from the provincial branch or the head office of the financial institution. Fund disbursement or repayment of the original loan within the financial institution and between the financial institution and smallholders will be also made through this special account.

Loan contracts will be concluded between respective smallholders and the financial institution. It is planned that any eligible borrower should become a member of a farmers' group and loan applications will be sent through farmers' groups in order to reduce administration costs and ensure timely repayments of interest and principals. Each participating smallholder is expected to prepare a loan application with the help of extension workers from the PIU. As one of the eligibility criteria for the loan, smallholders are required to participate in a training course to be organized by the implementing agency. Commune PC may also be involved in this process. After appraisal of loan application and production conditions by the bank staff, smallholders will be able to withdraw money in accordance with the approved documents and the confirmation letter of commencement of the work by the PIU. Fund disbursement will be made at two times, during the 1st and 2nd year of the rotation cycle.

Payment for the purchase of seedlings, fertilizers, and services such as design works will be made by the smallholders. The implementing agency and farmers' group will extend support for smallholders for finding quality materials and services at a reasonable cost. The financial institution will extend necessary financial services including site visits, loan delivery, and the collection of interest and principals in coordination with the implementing agency. It is proposed that quality and performance monitoring of project activities by the implementing agency is linked with the loan disbursement.

The estimation of annual loan demands will be carried out according to the

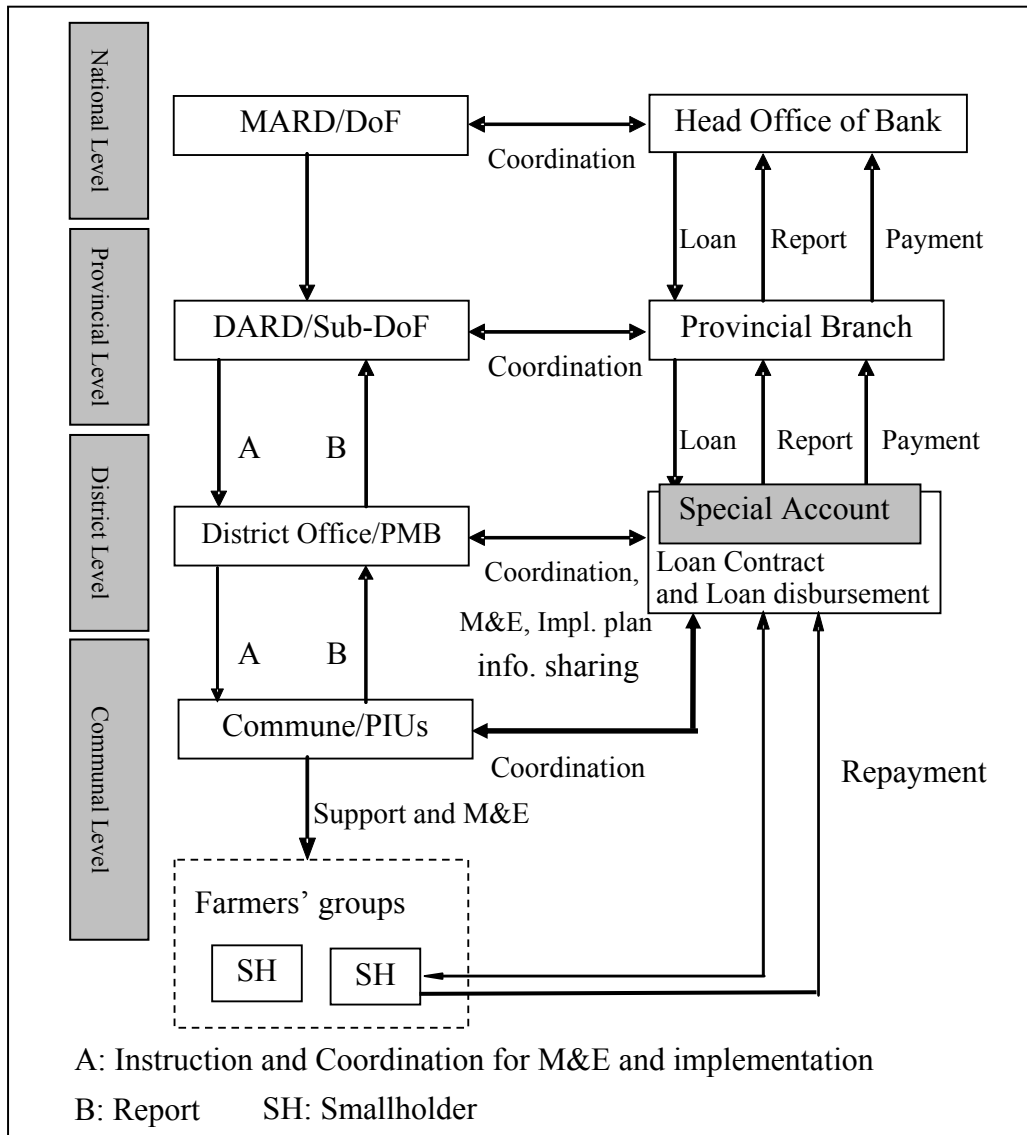
progress of afforestation activities and will be shared with the financial institution. PMB and PIUs shall monitor the project by closely cooperating with Commune PCs and representatives of farmers' groups as well as the financial institution. Regular monitoring is to be made by the implementing agency. Monitoring could be conducted by an inter-sectoral group consisting of the implementing agency, financial institution, and representatives of farmers' groups.

Financial reports will be prepared by the financial institution as part of their routine activities on a monthly, quarterly and yearly basis. An annual report is prepared at end of January every year. Reporting data is based on loan data recorded as of the end of December in the previous year. Reporting procedures and tables are prepared in a uniform way applied by the banking system. The chief accountant of the district branch office of the financial institution will be responsible for report preparation, which will be then signed by the director and submitted to the higher authority of the institution. Through the existing reporting system of the financial institution, the PMB will receive information related to loan disbursement and repayment for the project.

According to the State's auditing procedures, by the end of each year, the State auditing mission may visit the project although their auditing is done on a selected basis. Depending on need, auditing can be unexpectedly carried out at any time in the year.

Detailed loan procedures will be based on the loan manual of the financial institution, which includes collateral requirements and procedures in the event of default. It is expected that the project will also refer to the World Bank's FSDP loan scheme as well as guidelines and manuals for detailed loan administration.

**Figure 4 Flow of Funds for Production Forest Development**



### ***3.3 Government budgets for project management and technical assistance***

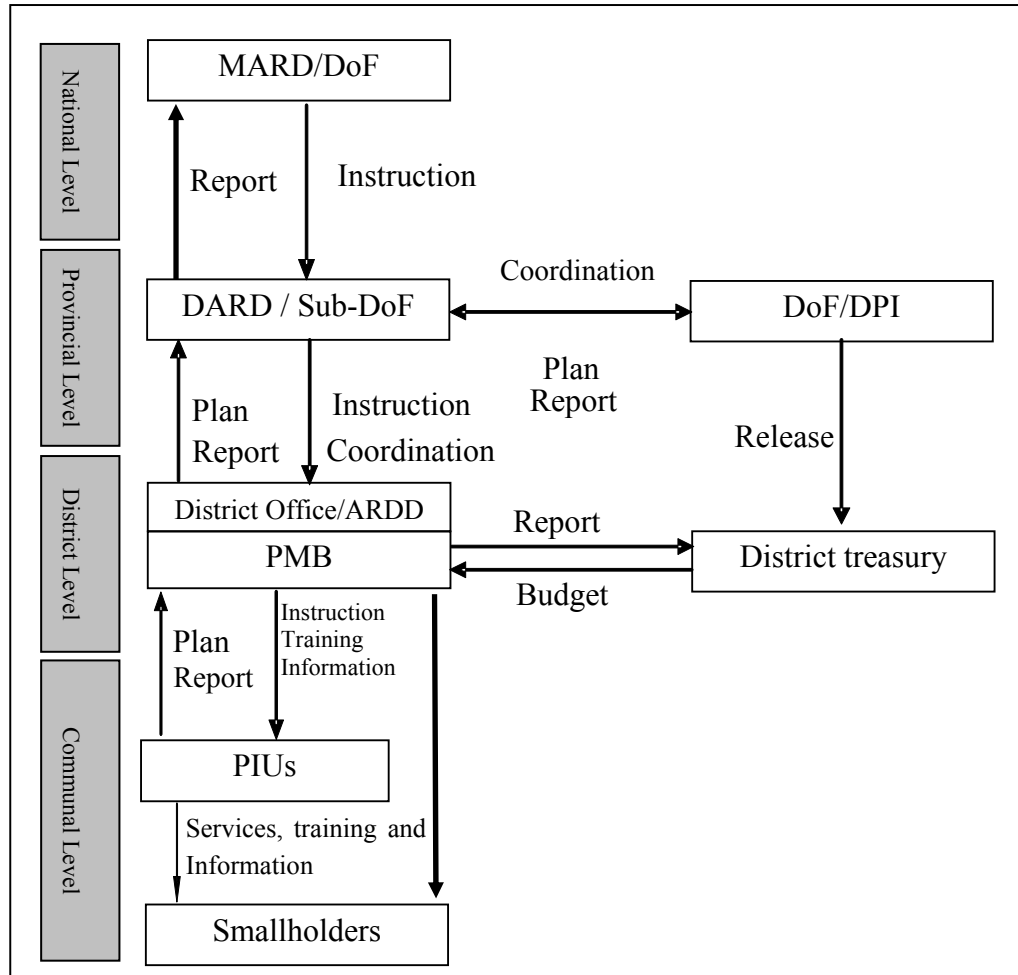
It is planned that the management and operation of the implementing agency, employment of local consultants, and the organization of training courses will be funded through the Vietnamese government budgets at the provincial and district levels. The financial and budgetary procedures and the reporting system relating to the government budgets will follow the state management budgetary system. Department of Planning and Investment (DPI) and Department of Finance (DoF) at the provincial office and Division of Finance and Planning and Treasury Division at the district office will be mainly involved in the process. Relevant government decrees and circulars include the

following:

- State budget law in 2002;
- Decree Nr. 60/2003/CP dated 6/6/2003 of the government stipulating detailed regulations and guidance on implementation of the state budget law;
- Circular Nr. 59/2003/TT-BTC dated 23/6/2003 of Ministry of Finance guided implementation of Decree Nr. 60/2003/CP dated 6/6/2003 of the government stipulating detailed regulations and guidance on implementation of the state budget law; and
- Decision documents from the Thai Nguyen PPC.

These procedures permit the disbursement of funds, on the basis of an approved annual implementation plan and budget, from the provincial government to a project account through the district treasury.

**Figure 5 Flow of Funds for Project Management Component and Technical Assistance**



It is planned that the budget for the project management component originates in the provincial budget (partly from district budget), channeled through functional sections and agencies at various levels to PMB and PIUs. The annual schedule of the budget preparation is described as follows:

Every year in June to July, the district office, based on the allocation to the project, develops and submits an annual plan including a detailed monthly plan to DPI at the provincial level. In August, DPI appraises the plan and further submits it to Provincial PC for endorsement. Subsequently in September, the district office, based on the annual plan proposed by the PMB and PIUs and endorsed by Provincial PC, develops and submits a detailed budget plan to DoF at the provincial level. In October, DoF appraises the budget plan and further submits it to Provincial PC for approval. In December, Provincial PC issues its decision on budget allocation for the PMB and PIUs and DoF will transfer budgets to the district treasury based on this decision. The district treasury division sets up a project account for the PMB and PIUs in order to administrate the project management budgets in accordance with the progress of the project implementation. All the expenditure



of PMB and PIUs is monitored and inspected by the finance and planning division of the district office as part of the settlement procedures for annual budget accounts during the first quarter of the year.

**Table 13 Annual Budget Cycle at District People’s Committee**

	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Annual Planning												
Submission to PPC												
Development of detailed estimation												
Appraisal												
PPC's decision												
Budget release to communes												
Settlement of accounts for the previous year and submission to DoF												

PMB prepares and sends the project implementation report on a monthly, quarterly and annual basis in accordance with the existing regulations on state budget management to district and provincial governments. Annually, PMB has to prepare and submit reports on account balance to the district and provincial governments in the regulated tables and format.

At the completion of the project (i.e. end of the assistance period), PMB prepares and submits the account balance to competent authorities for approval. PMB synthesizes and creates balances between financial and implementation progress reports to see if there are any issues to be supplemented for further reporting to district and provincial governments.

Similar to the general auditing procedures, the State auditing committee will audit all financially-related aspects on an annual or several-years basis. Depending on the necessity, unexpected auditing can be taken place at any time of the year.

## 4 Procurement arrangements

### 4.1 Procurement plan

Under the project, it is planned that various goods be procured. Goods include seedlings and fertilizers for the production forest development, office equipment such as desks and chairs for the implementing agency, and training materials for the training courses. It is planned that local consultants be employed for the provision of various services such as the development of loan scheme, the organization of farmers' groups and a production forest association.

For the procurement of these goods and services, there exist government procurement procedures and documentation that the provincial government of Thai Nguyen and district government of Phu Binh have to follow. Basically, the PMB established at the district level is also required to comply with these government procurement guidelines.

The following table shows the procurement plan under the project, which show the items to be procured under respective components, together with the packages, procurement method, and organizations responsible for the procurement of the goods and services concerned.

**Table 14 Procurement plan**

Item Comp	Item to be procured	Lot/Package for procurement	Procurement method	Responsible organization	Remarks
Comp 1	Seedlings	One package in each year	Local shopping	Smallholders	
	Fertilizer	One package in each year	Local shopping	Smallholders	
	Consultancy service for planting plot designing	Individual basis	Direct contracting	PMB	
Comp 2-1	Consultancy services for establishing loan scheme	Individual basis	Direct contracting	PMB	
Comp 2-2	Consultancy service for organizing production Forest Association	Individual basis	Direct contracting	PMB	
Comp 2-3	Consultancy service for establishing linkage with market	Individual basis	Direct contracting	PMB	
Comp 2-4	Consultancy service for institutional capacity building	Individual basis	Direct contracting	PMB	
Comp 3	Office equipment (Note)	One package	Local shopping	PMB	

Note: Materials for training are included in office equipment.

## ***4.2 Procurement flow with approval process***

### **4.2.1 Procurement of Goods**

In the production forest development component, participating smallholders purchase seedlings and fertilizers with the assistance of the implementing agency. A detailed procurement flow is shown in Table 14.

PMB requests that several suppliers, which have been recommended by Sub-DoF, present price quotations together with quality and delivery schedules. Based on a comparison of the quotations, PMB will recommend the most appropriate supplier to smallholders. PMB and PIUs assist smallholders in procurement, for example, by helping them prepare an order form and by examining the quality of goods delivered.




















PMB directly purchases office equipment based on a comparison of the quotations of several traders.

### **4.2.2 Procurement of Services**

Regarding consultancy services for establishing loan schemes, organizing a production forest association, promoting market linkages, and building an institutional capacity for the implementation, PMB will select a consultancy company through direct contracting. Based on information from Sub-DoF, PMB selects a proper consultancy company which is able to conduct services in the project area.

A detailed procurement flow of a consultancy company is shown in Table 15.

**Table 15 Procurement Flow of Seedlings and Fertilizer**

No	Expected Schedule	Action	Smallholders	PIU	PMB	Supplier	Sub-DoF	Remarks
1	Nov-Dec (Previous year)	Estimate and inform quantity of seedlings and fertilizer						Smallholders estimate the number of seedlings and amount of fertilizer needed and inform PMB, through PIU, of the quantity for their technical review.
2	January	Selection of suppliers						PMB aggregates the number of seedlings and amount of fertilizer required in the project area for the year. Based on the aggregated quantity, PMB requests that several suppliers, which have been recommended by the Sub-DoF, present their price quotations together with a quality and delivery schedule. PMB selects the most appropriate supplier based on the quotations.
3	Feb-March	Confirm quantity of seedlings and fertilizer						Smallholders and IA confirm the quantity of seedlings and fertilizer to be procured together with the suppliers from whom purchases will be made. PMB informs the Sub-DoF of the quantity to be procured together with the selected suppliers of respective materials for their endorsement.
4	April	Place orders of seedlings and fertilizer						Smallholders order seedlings and fertilizer to the supplier recommended by PMB. In this case, PIUs collect order forms of smallholders in the respective communes and transfer them to PMB. PMB aggregates the number of seedlings and amount of fertilizer, and places a purchasing order with the suppliers concerned.
5	May-June	Delivery and inspection of seedlings and fertilizer						The supplier informs smallholders of delivery points and schedules through PMB in advance. It delivers seedlings or fertilizer directly to smallholders. PMB and PIU conduct on-site inspection of the quality of seedlings and fertilizer. Smallholders confirm the quantity of seedlings and fertilizer delivered. Smallholders sign the receipts for materials delivered and send them to suppliers through PIU and PMB.
6	July	Payment for seedlings and fertilizer						Smallholder directly pays a bill for seedlings and fertilizer to respective suppliers based on their request for payment.

Note: In case of the office equipment, PMB procures the equipment by direct contracting. Procurement follows PMB's internal procedures.

**Table 16 Procurement procedure for consultancy service**

No	Expected Schedule	Action	PIU	PMB	Consultancy company	Sub-DoF	Remarks
1	Jan-Feb	Confirmation of service contents to be ordered					PMB re-examines the necessary consultancy services to be procured and prepares Terms of Reference (TOR) of the services. PMB submits their plan to the Sub-DoF for approval through Phu Binh PC. Before applying to Sub-DoF, PMB inform PIUs of their comments on the TOR.
2	March	Approval of service contents by Sub-DoF					Sub-DoF examines and approves the TOR. If they find it necessary to revise it, meetings are held with PMB for revision.
3	April	Selection of consultancy company and request for proposal					After approval by Sub-DoF, PMB selects consultancy company in accordance with the procurement guidelines and requests that the selected consultancy company prepare proposals for the consultancy services.
4	May	Evaluation of proposal of consultancy company					Consultancy company proposes a plan of services. PMB examines the plan and inform PIUs for their comments. When a proposal is found appropriate, PMB approves it and informs Sub-DoF that PMB has approved a proposed plan of service.
5	Dec	Payment for consultancy services					PMB pays a bill for services to the consultancy company based on their request for payment as they proceed with the services.

## **5 Sales and marketing**

### ***5.1 Overview of sales and marketing conditions***

#### **5.1.1 Demand and supply of forest products**

There is a high demand for wood materials in Thai Nguyen province for processing, construction and furniture, and the demand for chips has increased as well. The total value of wood production in Thai Nguyen province is around 40 billion VND. The Thai Nguyen Particle Board Factory (TNPBF) is one of the major wood-based-products manufacturers and in Thai Nguyen province, logs from plantation forest are consumed to a total of 22,600 m<sup>3</sup>, among which 13,000 m<sup>3</sup> is consumed by TNPBF for raw materials of particle board.

#### **5.1.2 Price and transportation costs of forest products**

As for price, top quality trees, which can be sold for sawn logs, are in the highest price class, lower quality wood materials sold for chips and fuel wood and the price of wood materials depends on their quality and specification. On this basis, in the project area, average stumpage value for logs is assumed at VND 350,000 per m<sup>3</sup> for A.hybrid and VND 400,000 per m<sup>3</sup> for A.mangium. Transportation costs vary depending on the distance to the target market. It is assumed that TNPBF pays about VND 30,000 per m<sup>3</sup> on average for transporting wood materials from the project area.

#### **5.1.3 Target markets**

In terms of processing factories, there are a number of factories located in and outside of Thai Nguyen province, among which TNPBF is one of the major target markets located closest to the project area.

### ***5.2 Sales and marketing flow***

#### **5.2.1 Identification of stakeholders**

Based on the result of the F/S in Thai Nguyen province, a study was made of the stakeholders that are involved in the sales and marketing activities of the project. The following six (6) stakeholders have been identified: smallholders, Production Forest Association, Project Implementation Unit, Project Management Board, intermediate agents and Thai Nguyen Particle Board Factory.

Smallholders are major actors in the project. They conduct afforestation activities and establish production forests in order to produce wood materials. Production Forest Association (PFA), comprised of farmers' groups, is established as a representative of smallholders. PFA conducts many works such as the aggregation of smallholders' opinions, and the inspection of harvesting activities as a coordinator, witness and assistant.

Project Management Board (PMB) and Project Implementation Units (PIUs) conduct activities as an implementation agency of the project. Especially, PMB conducts

coordination works from the viewpoint of attaining the project objectives, such as the exchange of information on the demand and supply of wood materials.

Thai Nguyen Particle Board Factory (TNPBF) is an important stakeholder in the process of sales and marketing. TNPBF, a target market for the project, buys wood materials for chips from smallholders. In order to procure wood materials, TNPBF concludes a purchasing agreement for wood materials with the Intermediate Agents.

### 5.2.2 Examination of actions to be taken



















There are two stages of activities relating to sales and marketing in the project. The first stage (No.1 to No.6 in the flowchart on the following page) relates to the arrangement of sales and marketing information for conducting activities related to the selling and purchasing of wood materials. In this stage, the collection and dissemination of market information is conducted in order to share a common understanding among stakeholders on market conditions. The exchange of information about the demand and supply of wood materials between PMB and TNPBF is conducted at the end of the 1<sup>st</sup> stage as a final activity for the arrangement of sales and marketing information. Then, concrete activities related to the selling and purchasing of wood materials as raw materials for chips are started among stakeholders. This is the 2<sup>nd</sup> stage (No.7 to No.12 in the flowchart). In this stage, site surveys, the negotiation of sales contracts and harvesting, etc. are conducted and as a final activity of this stage, the payment of bills is conducted. A total of 12 steps are identified for sales and marketing activities over these two stages.

### 5.2.3 Preparation of sales and marketing flow
























As for the respective steps of sales and marketing activities, examination is made of the roles and functions that respective stakeholders play in connection with sales and marketing activities, and the relationships among the stakeholders. The results of the examination are incorporated into the table of the sales marketing flow on the following page. A general description of the sales and marketing flow is given as follows;




Firstly, in order to share information on market conditions among the stakeholders, PMB, as the project implementing agency that is responsible for attaining the project objectives, exchanges information with TNPBF, as a user of wood materials, and with smallholders, as producers of wood materials. After a final exchange of market information between PMB and TNPBF, TNPBF and an intermediate agent agree on the sales and purchasing conditions of wood materials based on information exchanged. The intermediate agents, for purchasing wood materials, start to negotiate with smallholders who own the wood materials. PMB, PIU, and PFA act as coordinators, and assist smallholders during the negotiations. Finally, intermediate agents deliver wood materials to TNPBF and then the cycle of sales and marketing activities is completed. In the column for remarks of the table, a detailed description of each step is given.

**Table 17 Sales and marketing flow**

No	Stakeholder Action	Smallholders	Production Forest Association (PFA)	Project Implementation Unit (PIU)	Project Management Board (PMB)	Intermediate agent	Thai Nguyen particle board factory (TNPBF)	Remarks
1	Review the market conditions							PMB together with PIUs review and update the data and information collected during the preparation of F/S in terms of the demand and supply, and prices of wood materials in the target markets including Intermediate agent and TNPBF.
2	Collection of procurement plan of TNPBF							PMB requests that TNPBF provides a plan for procurement of wood materials in terms of quantity, quality, specification and price.
3	Provide market information							PMB instructs PIUs to organize a meeting with smallholders for information dissemination. PIUs organize the meeting together with PFA. At the meeting, PMB provides market information, especially TNPBF's plan for procurement.
4	Intention of harvesting							PFA holds a meeting with smallholders or visits smallholders to hear their intention of harvesting, and aggregates area and standing volume of stumpages to be harvested based on the results of interview. Then, the information is transferred to PIUs.
5	Pre-assessment of site proposed							PIU conducts pre-assessment of conditions of sites proposed for harvesting, and especially the total amount of standing volume and size of standing trees are confirmed. The result of pre-assessment is transferred to TNPBF.
6	Demand and supply of products							PMB and TNPBF exchange information on the demand and supply of wood materials (such as the specifications, quantities, prices). PMB informs the result of pre-assessment. TNPBF informs this proposal on procurement of wood materials.



No	Stakeholder Action	Smallholders	Production Forest Association (PFA)	Project Implementation Unit (PIU)	Project Management Board (PMB)	Intermediate agent	Thai Nguyen particle board factory (TNPBF)	Remarks
7	Agreement between TNPBF and Intermediate agent							TNPBF and intermediate agent agree on sales and purchasing conditions of wood materials.
8	Site survey on condition of forests							Intermediate agent conducts site survey on conditions of forests where smallholders have shown their intention to sell their trees. PMB instructs PIUs to coordinate and join the survey as a witness. PFA also joins the survey as witness.
9	Negotiation on sales condition							Based on the survey, intermediate agent and PFA, as representative of smallholders, negotiate on sales conditions such as prices, specifications, quantity, and delivery conditions of wood materials. PMB help PFA on negotiation if requested.
10	Sales contract							When they agree upon sales conditions, sales contract is concluded between Intermediate agent and smallholders. PMB and PFA signs the contract as witness.
11	Harvest of wood materials and payment of the bill							Intermediate agent harvests standing trees and takes out wood materials. At the time of taking out wood materials, PFA conducts on-site inspection as representative of smallholders and PIU joins the inspection as witness. After inspection, Intermediate agent pays a bill directly to smallholders based on request from smallholders.
12	Delivery and Payment							Intermediate agent delivers wood materials to TNPBF. Inspection is conducted at factory gate by TNPBF. After inspection, base on request of Intermediate agent, TNPBF pays bill directly Intermediate agent.

Note:  indicates a stakeholder who is directly involved in actions concerned.  indicates direction of actions.  indicates a stakeholder who coordinates actions among stakeholders who are directly involved in actions.

## **6 Training plan**

As part of the preparation for the project, an assessment of the training needs was conducted for the key actors such as the potential participating smallholders in this project and the district staff members as future project management staff. Based on the training needs assessment, two areas have been identified as having the need to strengthen: (1) technical skills of the participating smallholders at field level and (2) technical and managerial skills of the implementing agency.

### ***6.1 Training Plan for Participating Smallholders at the Field Level***

Lack of technical capacity of participating smallholders has been identified as one of major constraints in promoting productive production forestry in the project area. The provision of training to participants in the project is regarded as one of the basic requirements to ensure planned harvesting volumes to the smallholders of production forests.

From the results of the rural socio-analysis conducted during the project preparation, it was found that many smallholders had the chance to attend the one-day training course organized by PAM and/ or 327 program, receiving some theoretical instructions of plantation. Many smallholders are considered to have basic knowledge in planting trees, but they seem to lack comprehensive knowledge for establishing production forests.

Under the project, it is planned that a half-day “Smallholder Production Forestry Development Training Course” will be provided twice to participating smallholders as formal training for establishing production forests. It is envisaged that extension workers will carry out training courses at the commune level. Upon the completion of training the project will issue to participants a certificate to become eligible for a loan. The theme taught at training will be further followed-up by the visits of extension workers of PIUs. Training for group leaders is also planned by the extension workers. The main topics to be covered in the group leader training are group management and administration. The creation of PFA will also be covered in the training for group leaders.

### ***6.2 Training Plan for Staff and Management of the Implementing Agency***

#### **6.2.1 Extension Workers**

Extension workers will be assigned to the respective PIUs. They are required to perform multiple tasks in the field, including explaining the loan scheme, facilitating participating smallholders to organize farmers’ groups and providing technical services in establishing production forests. Therefore, the provision of training to extension workers is considered to be critical. Upon the assignment of extension workers at the respective PIUs, the technical and extension coordinator of the PMB will arrange the provision of training courses to extension workers of PIUs. One-day training courses will be offered in the field of technology transfer for establishing production forests. Aside from the one-day training

course, most of the training will be carried out through on-the-job training by the coordinator of PMB, specialists at DARD, and/or local experts to be employed under the project.

The following skills and knowledge, among others, were identified to be strengthened and acquired:

- (1) Preparation of annual plans;
- (2) Silvicultural skills;
- (3) Teaching skills to transfer technology/ knowledge for establishing production forests;
- (4) Facilitation skills in carrying out activities, including group formation, through the participatory approach;
- (5) Basic knowledge about the proposed loan scheme, including application and repayment procedures;
- (6) Skills in preparing and managing documents and reports;
- (7) Monitoring skills of the progress of the project; and
- (8) Familiarization of recently approved laws and regulations related to production forests.

#### 6.2.2 Other staff and management of PMB and PIUs

Aside from extension workers, a project director, finance and planning manager, technical and extension coordinators, and accountants will be assigned to the PMB and a commune coordinator to the respective PIUs. They will be required to strengthen their capacity in the field of the project management, finance & planning skills, technical and coordination skills as well as accounting skills. Training in the respective areas will be carried out through the on-the-job training by experts to be employed under the project, and specialists of DARD in the respective fields. Study trips to other projects will be also organized as part of their training.

**Table 18 Tentative training courses planned under the project**

Title	Objective	Training content	No of courses	Target participants	No of participant	Duration	Timing	Cost	Instructor	Place
Training course for extension workers	Increase extension capabilities of extension workers	Transfer technology in planting, tending, protection Guide and co-ordinate households in the project area and management including tending and protection Skill improvement for the project management	1	Trainers (extension officers)	10	Total of 1 day	Nov -Dec	Teacher for trainer: 100,000VND/day  Other cost (material, etc): 10,000VND/person/day Total: 200,000 VND	Extension center in the Province / Thai Nguyen Agriculture and Forestry University	At Extension Station, Agriculture Section in Phu Binh Dist.
Leaders' training course	Increase leaders' capabilities in undertaking the project	Basic project knowledge (Including administration issues) Afforestation techniques	4	Village Support Group Leader	132	Total of 1 day	Nov -Dec	Trainer: 50,000VND/day Other cost (material, etc.) 10,000 VND/person/day Total: 1,520,000VND	Extension officers in the District and commune level	At District and communes
Farmers' training course	Increase farmers' capabilities in implementing the project	Basic project knowledge Afforestation techniques	65	Farmers	2,597	Total of 1 day	Nov -Dec	Trainer: 50,000VND/day Other cost (material, etc.) 10,000 VND/person/day Total: 29,220,000VND	Extension officers in the District and commune level	At villages
Total			70		2,739			Total 30,940,000VND		



The key information and data to be collected are called progress indicators. As shown in the PDM, the following indicators have been set to monitor the achievement of output.

- (1) Forestry plantation area (around 1,500 ha) are established by 2013 (Output 1 1);
- (2) Participating smallholders start getting institutional loans by 2008 (Output 2-1);
- (3) Farmers' groups are established in four communes by 2013 (Output 2-2);
- (4) Harvesting and marketing plans, and purchasing agreements with traders are established by 2013 (Output 2-3);
- (5) About 70 training courses will be offered to participating households, extension workers and village leaders. (Output 2-4); and
- (6) One PMB and four PIUs are established by the first quarter of 2006 (Output 3).

More specific targets can be set as in the following (1) to (6).

- (1) Forestry plantation area (around 1,500 ha) are established by 2013 (Output 1)

In order to monitor periodical progress during the assistance period of the project, an annual afforestation target will be set as in Table 2: Planting plan by year and species of Part 1: Summary of the project. Reports prepared by the extension workers will be used as monitoring tools. In addition, reports from farmers' groups as well as the information on the progress of the disbursement from the financial institution will be used for PMB to crosscheck the project performance.

- (2) Participating smallholders start getting institutional credit by 2008 (Output 2-1)

If an average farm household participates in the project with one ha of forest land, the following number of smallholders will be expected in each of the years during the assistance period.

**Table 19 Expected number of participating smallholders in the project**

*Unit: Households*

Commune	1st Yr.	2nd Yr.	3rd Yr.	4th Yr.	5th Yr.	6th Yr.	7th Yr.	Total
Ban Dat	50	72	74	69	55	54	62	436
Tan Hoa	73	54	84	77	77	84	83	532
Tan Khanh	45	68	46	57	53	44	44	357
Tan Kim	25	32	25	25	30	31	0	168
Total	193	226	229	228	215	213	189	1,493

(3) Farmers' groups are established in four communes by 2013 (Output 2-2)

Under the project, farmers are encouraged to form a group in order to collectively access various services such as training, extension and financial services, and market information. The number of farmers' groups to be formed will depend on the size and dynamics of local farmers. For example, if a farmers' group consists of twenty members, a total of 10 farmers' groups will be formed each year during the assistance period.

(4) Harvesting and marketing plans, and purchasing agreements with traders are established by 2013. (Output 2-3)

As part of the market study and promotion, harvesting and marketing plans are prepared.

(5) About 70 courses will be offered to participating smallholders, extension workers and village leaders. (Output 2-4)

Training is planned during the first four years targeted at participating smallholders, extension workers and village leaders. The following number of training courses is planned for the beginning period of the project. The number of participants will be also subject to monitoring.

**Table 20 Planned number of training courses under the project**

Unit: Courses

Commune	1st Yr.	2nd Yr.	3rd Yr.	4th Yr.	5th Yr.	6th Yr.	7th Yr.	Total
Trainers	1							1
Village Leader	1	2	1					4
Farmer	5	20	20	20				65
Total number	7	22	21	20	0	0	0	70

(6) One PMB and four PIUs are established by the first quarter of 2006 (Output 3).

PMB and PIUs are scheduled to be established as the implementing agency of the project by the first quarter of 2006. Approval procedures of PMB and PIUs within the local governments will be monitored. Once the implementing agency is established, their activities will be subject to the monitoring.

## **7.2 Evaluation**

Evaluation aims to make recommendations on the future course of the project and draw lessons for other projects. It will be carried out during or after the assistance period of the project by using all the results of the project, particularly achievement of the objective

of assistance, the project objective, and the overall goal. Together with the progress indicators mentioned in the above section, the following development impact indicators will be used for the evaluation of the project.

(1) Development indicators to evaluate the achievement of the objective of assistance

This development indicator is to examine the total area afforested under the production forest project. Around 1500 ha of forest land will be rehabilitated by the end of the assistance period, i.e. 2013.

(2) Development indicators to evaluate the achievement of the project objective

Evaluation will be made on the harvesting volume of wood materials from 2014. It is expected that around 20,000 m<sup>3</sup> (commercial wood) will be harvested each year.

(3) Development indicators to evaluate the achievement of the overall goal

The reduction of the poverty rate will be monitored every year after the end of the assistance period. In relation to this indicator, the contribution to the household income by the project can be also evaluated, for example, through a sample interview survey.

As evaluation requires a more objective perspective, it is planned that an evaluation team be organized by a third party, independent from the PMB of the project, such as faculty members of Thai Nguyen University of Agriculture and Forestry. However, if it is not possible to form an independent evaluation team, the provincial government, DARD in particular, will take the initiative in evaluating the project. Representatives of the target beneficiaries will also participate in the evaluation team. The evaluation team will promptly give feedback on the evaluation results to the parties involved in the project such as the provincial, district, and commune PCs, and MARD. In this case as well, the provincial government may receive comments on the project performance of the project from the third party to ensure objectivity in the evaluation.



**Table 21 Monitoring and Evaluation Plan**

Description	Indicators	Evaluation means	Information collection			Aggregation of information			Decision making		Decisions sent for implementation	
			Collected by	Time	Method	Sent to	Time	Method	Person/agency	Time	Time	Method
Overall goal	Poverty rate is reduced.	Statistics of Phu Binh District and TN Province	Evaluation team	December, every 3 years since 2014	- Collection of data from the district and provincial statistics - Interview survey	DARD	December, every 3 years since 2014	Synthesis and analysis of collected data	Provincial PC	December, every 3 years since 2014	January of the following year	Evaluation report
Project objective	Around 20,000 m <sup>3</sup> (commercial wood) is harvested each year from 2014 onward	Business report of Particle Board Factory (TNPBF), Statistics of District and Province	Evaluation team	December, every 3 years since 2014	- Collection of data from the district and provincial statistics - Interview survey	DARD	December, every 3 years since 2014	Synthesis and analysis of collected data	Provincial PC	December, every 3 years since 2014	January of the following year	Evaluation report
Objective of the assistance	Around 1500 ha of forest land is rehabilitated by 2013.	Project progress report	Evaluation team, Extension workers	3rd quarter in 2013	- Study existing documents and directly collect data on site - Interview survey	DARD, PIUs, Technical & extension coordinator of PMB	3rd quarter in 2013	Synthesis and analysis of collected data	Provincial PC, Director of PMB	3rd quarter in 2013	4th quarter in 2013	Evaluation report, Instruction from Director of PMB
Output 1	(1) Forestry plantation area (around 1,500 ha) are planned with Acacia sp. by 2013.  (Planned as in Table 2)	Project progress report, report on plantation results	Extension workers	3rd quarter every year since 2007 to 2013	Study existing documents and directly measure on site	PIUs, Technical & extension coordinator of PMB	3rd quarter every year since 2007 to 2013	Synthesis and analysis of collected data	Director of PMB	3rd quarter every year since 2007 to 2013	4th quarter of the same year	Instruction from Director of PMB

Description	Indicators	Evaluation means	Information collection			Aggregation of information			Decision making		Decisions sent for implementation	
			Collected by	Time	Method	Sent to	Time	Method	Person/agency	Time	Time	Method
	(2) Amount of loans disbursed	Quarterly report of the financial institution				PMB	3rd quarter every year since 2007 to 2013	Analysis of financial report				
Output 2-1	Number of farmers participated (Planned as in Table 19)	Project progress report, records of meetings	Extension workers	3rd quarter every year since 2007 to 2013	Study existing documents of the project	PIUs, Technical & extension coordinator of PMB	3rd quarter every year since 2007 to 2013	Synthesis and analysis of collected data	Director of PMB	3rd quarter every year since 2007 to 2013	4th quarter of the same year	Instruction from Director of PMB
Output 2-2	Number of farmers' groups to be established. PFA is established by farmers' groups.	Project progress report, records of meetings, interviews	Extension workers	3rd quarter every year since 2007 to 2013	Study existing documents of the project and direct interviews with farmers on site	PIUs, Technical & extension coordinator of PMB	3rd quarter every year since 2007 to 2013	Synthesis and analysis of collected data	Director of PMB	3rd quarter every year since 2007 to 2013	4th quarter of the same year	Instruction from Director of PMB
Output 2-3	Harvesting and marketing plans, and purchasing agreements with traders	- Result of Interviews - Harvest & marketing plan				PMB	End of 2013	Analysis of collected data and report	Director of PMB	End of 2013	End of 2013	Instruction from Director of PMB
Output 2-4	Number of training courses offered to participating smallholders, extension workers and village leaders (Planned as in Table 20)	Project progress report, records of trainings	Extension workers	3rd quarter every year since 2007 to 2010	Study existing documents of the project, direct interviews with trainees on site	PIUs, Technical & extension coordinator of PMB	3rd quarter every year since 2007 to 2013	Synthesis and analysis of collected data	Director of PMB	3rd quarter every year since 2007 to 2013	4th quarter of the same year	Instruction from Director of PMB

Description	Indicators	Evaluation means	Information collection			Aggregation of information			Decision making		Decisions sent for implementation	
			Collected by	Time	Method	Sent to	Time	Method	Person/agency	Time	Time	Method
Output 3	PMB is set up in 2006	Approval letter issued by Provincial PC							Chairman of PPC in Thai Nguyen province	1st quarter in 2006	1st quarter in 2006	Approval issued by Provincial PC
	PIU in communes is set up in 2006	Approval letter issued by District PC							Chairman of DPC in Phu Binh district	1st quarter in 2006	1st quarter in 2006	Approval of District PC

## **ANNEX**

ANNEX 1: Overall Plan of the Project during the Assistance Period

ANNEX 2: Plantation Plan

ANNEX 3: Silvicultural Guidelines

ANNEX 4: Terms of Reference for Project Staff

ANNEX 5: Preliminary Sample Forms for Implementation Planning

**ANNEX 1: OVERALL PLAN OF THE  
PROJECT DURING THE  
ASSISTANCE PERIOD**

**Annex 1: Overall Plan of the Project during the Assistance Period (2006-2013)**

Calendar Year		2006	2007	2008	2009	2010	2011	2012	2013	Person in charge of implementation including facilitation	Principal party involved in the implementation	Remarks
Implementing Year		1	2	3	4	5	6	7	8			
Activities	Expected results	Preparation period	Operation period									
<b>1.Facilitate plantation activities by smallholders.</b>	The production forest land (around 1,500 ha in total and around 200 ha/year) is planted with species of commercial values.									Director of PMB	Smallholders	Need participation of smallholders
1-1 Community mobilization												
1-2 Preparation of detail afforestation plan												
1-3 Timber harvesting and site cleaning												
1-4 Afforestation plot design												
1-5 Site preparation												
1-6 Delivery of seedlings and fertilizer												
1-7 Refilling												
1-8 Planting												
1-9 Beating up												
1-10 Tending												
1-11 Protection												
1-12 M & E												



Calendar Year		2006	2007	2008	2009	2010	2011	2012	2013	Person in charge of implementation including facilitation	Principal party involved in the implementation	Remarks
Implementing Year		1	2	3	4	5	6	7	8			
Activities	Expected results	Preparation period	Operation period									
<b>2-2. Facilitate /mobilize smallholders to form farmers' groups and Production Forest Association (PFA).</b>												Need participation of smallholders
2-2-1. Extension workers facilitate /mobilize smallholders to form farmers' group with supports of experts	Establishment of farmers' groups									Director of PMB	Staff of PMB and PIUs	
2-2-2. Extension workers facilitate farmers' groups to form PFA with supports of experts.	Establishment of a PFA									Director of PMB	Staff of PMB and PIUs	
2-3. Conduct a market study.												Need participation of smallholders
2-3-1 Marketing experts, who are employed under the project, conduct a market study.	Harvesting and marketing plans									Director of PMB	Experts to be employed under the project	
2-3-2 Experts promote market linkage based on the findings of the market study (assist conclusion of purchasing agreements with traders)	Provision of market information to smallholders and concluding of purchasing agreements									Director of PMB	Experts to be employed under the project	
<b>2-4 Provide training for trainers, village support group, and smallholders</b>												Need participation of smallholders



Calendar Year		2006	2007	2008	2009	2010	2011	2012	2013	Person in charge of implementation including facilitation	Principal party involved in the implementation	Remarks
Implementing Year		1	2	3	4	5	6	7	8			
Activities	Expected results	Preparation period	Operation period									
2-4-1. Extension officers at provincial extension center provide silviculture training and group management training for extension workers as trainers.	One training courses is offered to extension workers.									Director of PMB	Technical and extension coordinator of PMB and extension officers at provincial extension center	
2-4-2 Extension workers provide silviculture training and group management training for village support groups and smallholders.	About 70 training courses are offered to participating smallholders and village leaders.									Director of PMB	Technical and extension coordinator of PMB and extension workers of PIUs	
<b>3. Establish Project Management Board (PMB) in Phu Binh District and four (4) commune Project Implementation Units (PIUs).</b>												Approval of the local governments
3-1 Provincial government approves the establishment of PMB.	Approval letter from Provincial PC									Chairman of Provincial PC	Staff in charge at Provincial PC	
3-2 District office establishes PMB by elaborating TOR and assigning the personnel with the supports from the provincial government.	Establishment of PMB at the district office									Chairman of District PC	Staff in charge at District PC	
3-3 District office instructs four communes to establish PIUs.	Instruction of district office to communes for establishment of PIUs									Chairman of District PC	Staff in charge at District PC	

Calendar Year		2006	2007	2008	2009	2010	2011	2012	2013	Person in charge of implementation including facilitation	Principal party involved in the implementation	Remarks
Implementing Year		1	2	3	4	5	6	7	8			
Activities	Expected results	Preparation period	Operation period									
3-4 Four communes establish PIUs with the supports from the district office.	Establishment of PIUs at four communes									Chairman of Commune PC	Staff in charge at Commune PC	
3-5 Experts provide institutional training to the PMB/PIU staff in terms of management and operation of the project.	Management and staff members of the PMB/PIUs are enhanced.									Director of PMB	Staff of PMB/PIUs	
3-6 PMB review F/S and IP, tools and manuals	Revised IP									Director of PMB	Staff of PMB	
3-7 PMB prepare implementation and budget plans	Implementation and budget plans									Director of PMB	Staff of PMB and PIUs Finance & planning division of District office	
3-8 PMB secure the management and operation budgets of the project	Budgets									Director of PMB	Staff of PMB Finance & planning division of District office	
3-9 PMB and PIUs implement the project.	Project implementation									Director of PMB	Staff of PMB/PIUs	

## **ANNEX 2: PLANTATION PLAN**

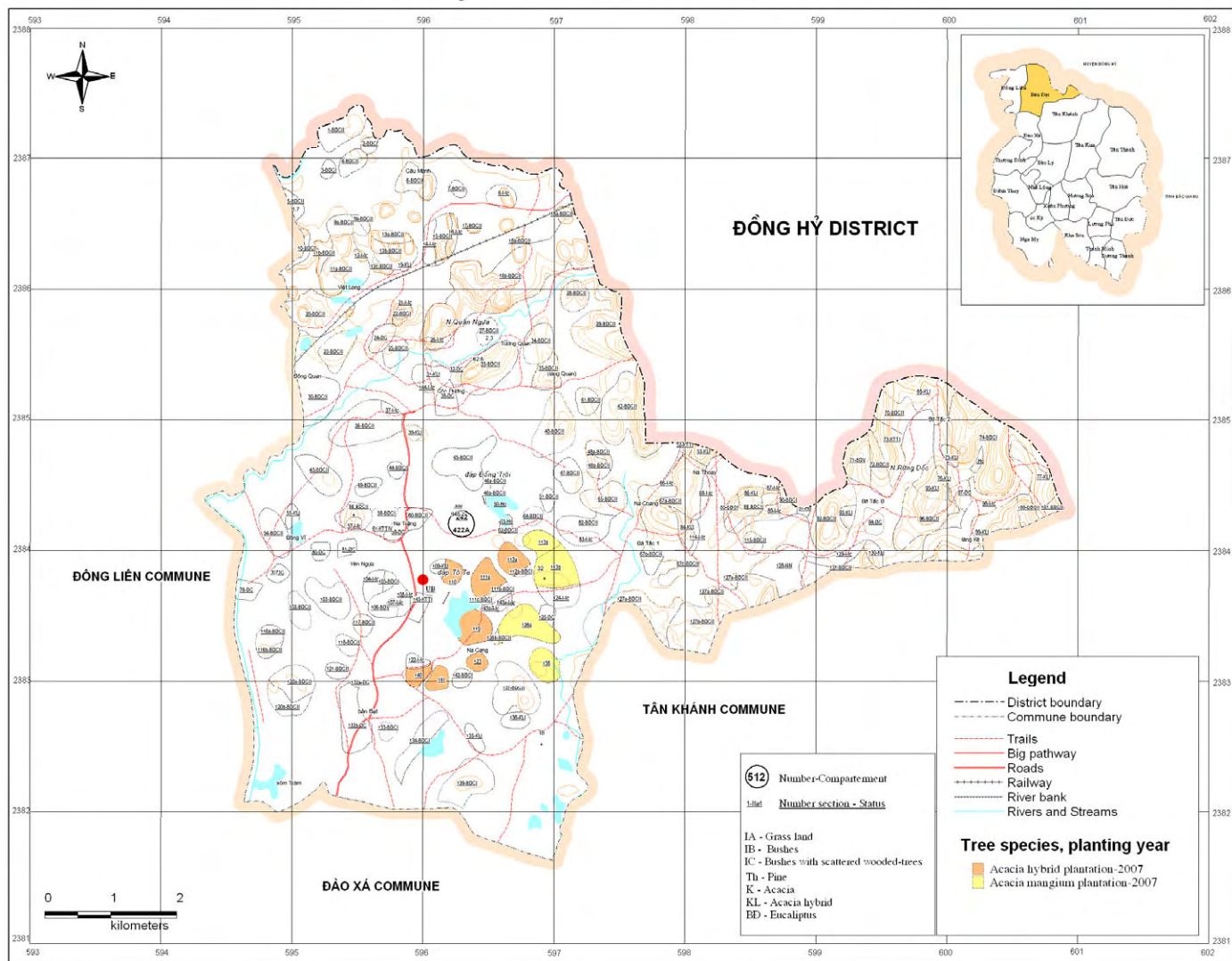
Commune: Bàn Đạt

Year of plantation: Yr. 1<sup>st</sup>

Year of harvesting: Yr. 8<sup>th</sup>

Village	Block	Plot no.	Status of land use	Selected specie	Area (ha)		No. of Seedlings		Standing volume (m3)	Sale volume (m3)	Distance skidding (m)
					A. hybrid	A. mangium	A. hybrid	A. mangium			
Phú Lợi	242	110	Euca. I	A.hybrid	2.3		4,200		331	232	100
Phú Lợi	242	111a	Euca. I	A.hybrid	4.9		8,947		706	494	100
Phú Lợi	242	112a	Euca. I	A.hybrid	4.1		7,487		590	413	150
Phú Lợi	242	119	Euca. I	A.hybrid	6.5		11,869		936	655	100
Phú Lợi	242	140	Euca. I	A.hybrid	2.3		4,200		331	232	100
Phú Lợi	242	141	Euca. I	A.hybrid	2.7		4,930		389	272	100
Phú Lợi	242	113a	Euca. II	A.mangium		3.7		6,756	322	225	150
Phú Lợi	242	113b	Euca. II	A.mangium		8.4		15,338	731	512	250
Phú Lợi	242	123	Euca. II	A.hybrid	1.8		3,287		259	181	100
Phú Lợi	242	126a	Euca. II	A.mangium		8.8		16,069	766	536	200
Phú Lợi	242	138	Euca. II	A.mangium		4.8		8,765	418	292	150
Sub-Total					24.6	25.7	44,920	46,928	5,779	4,044	
Total						50.30		91,848			

# Plantation plan for 2007 in Ban Dat Commune



*This map is the result by field modification (in november 2005) of forest resource and forest land change monitoring in year 2004. Topographical map: UTM, scale 1:25 000 based on a contour line map from the Government Office. Land parcel boundary is tentative drawing on the information collected in 2005 and based on results of ground truths with GPS check in february - 2006.*

Commune: Tan Hoa

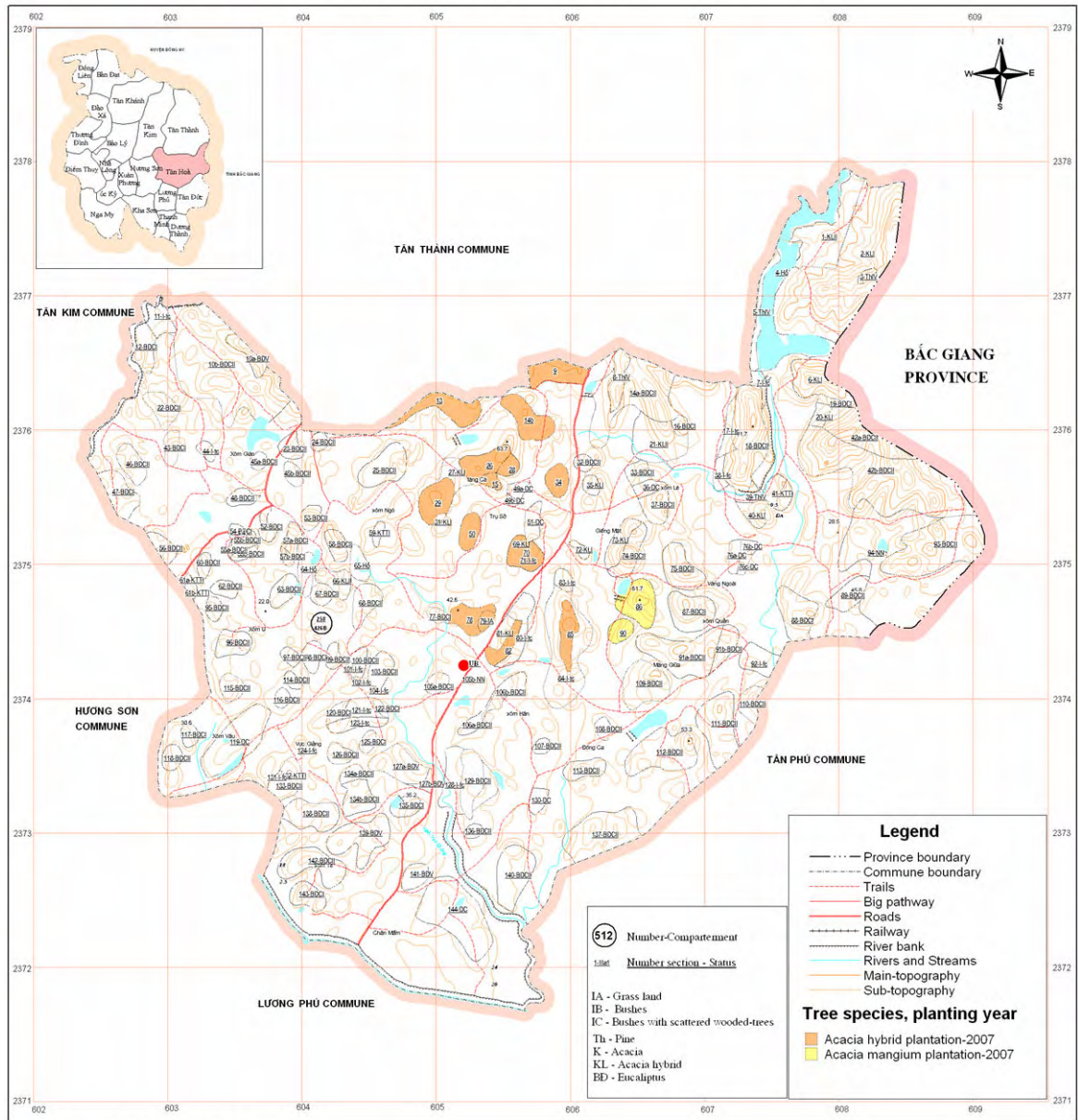
Year of plantation: Yr. 1st

Year of harvesting: Yr. 8<sup>th</sup>

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Village	Block	Plot no.	Status of land use	Selected specie	Area (ha)		No. of Seedlings		Standing volume (m3)	Sale volume (m3)	Distance skidding (m)
					A. hybrid	A. mangium	A. hybrid	A. mangium			
Trụ sở	258	78	Euca. I	A.hybrid	4.53		8,272		652	457	100
Trụ sở	258	85	Euca. I	A.hybrid	4.71		8,600		678	475	100
Trụ sở	258	50	Euca. II	A.hybrid	3.45		6,300		566	396	100
Trụ sở	258	70	Euca. II	A.hybrid	4.88		8,911		703	492	150
Trụ sở	258	86	Euca. II	A.mangium		7.69		14,042	807	565	150
Trụ sở	258	82	Euca. V	A.hybrid	3.35		6,117		482	338	50
Trụ sở	258	79	IA	A.hybrid	1.32		2,410		190	133	50
Trụ sở	258	90	Euca. I	A.mangium		2.65		4,839	278	195	100
Xóm cà	258	15	Euca. I	A.hybrid	1.48		2,702		213	149	50
Xóm cà	258	34	Euca. I	A.hybrid	3.34		6,099		481	337	100
Xóm cà	258	13	Euca. II	A.hybrid	7.58		13,841		1243	870	200
Xóm cà	258	14b	Euca. II	A.hybrid	7.42		13,549		1068	748	200
Xóm cà	258	26	Euca. II	A.hybrid	5.7		10,408		821	575	200
Xóm cà	258	28	Euca. II	A.hybrid	1.74		3,177		251	175	150
Xóm cà	258	29	Euca. II	A.hybrid	6.22		11,358		896	627	200
Xóm cà	258	9	Euca. V	A.hybrid	6.62		12,088		953	667	200
Sub-total					62.34	10.34	113,832	18,881	10,282	7,199	
Total						72.68		132,713			

# Plantation plan for 2007 in Tan Hoa Commune



(This map is the result of field modification (November 2005) of forest resource and forest land change monitoring in year 2004. Topographical map: UTM, scale 1:25,000 based on a contour line map from the Government Office.)  
 Village boundary is tentative drawing based on the information collected in 2005.  
 Land parcel boundary is tentative drawing on the information collected in 2005 and based on results of ground truth with GPS check in February - 2006.)

Commune: Tan Khanh

Year of plantation: Yr. 1st

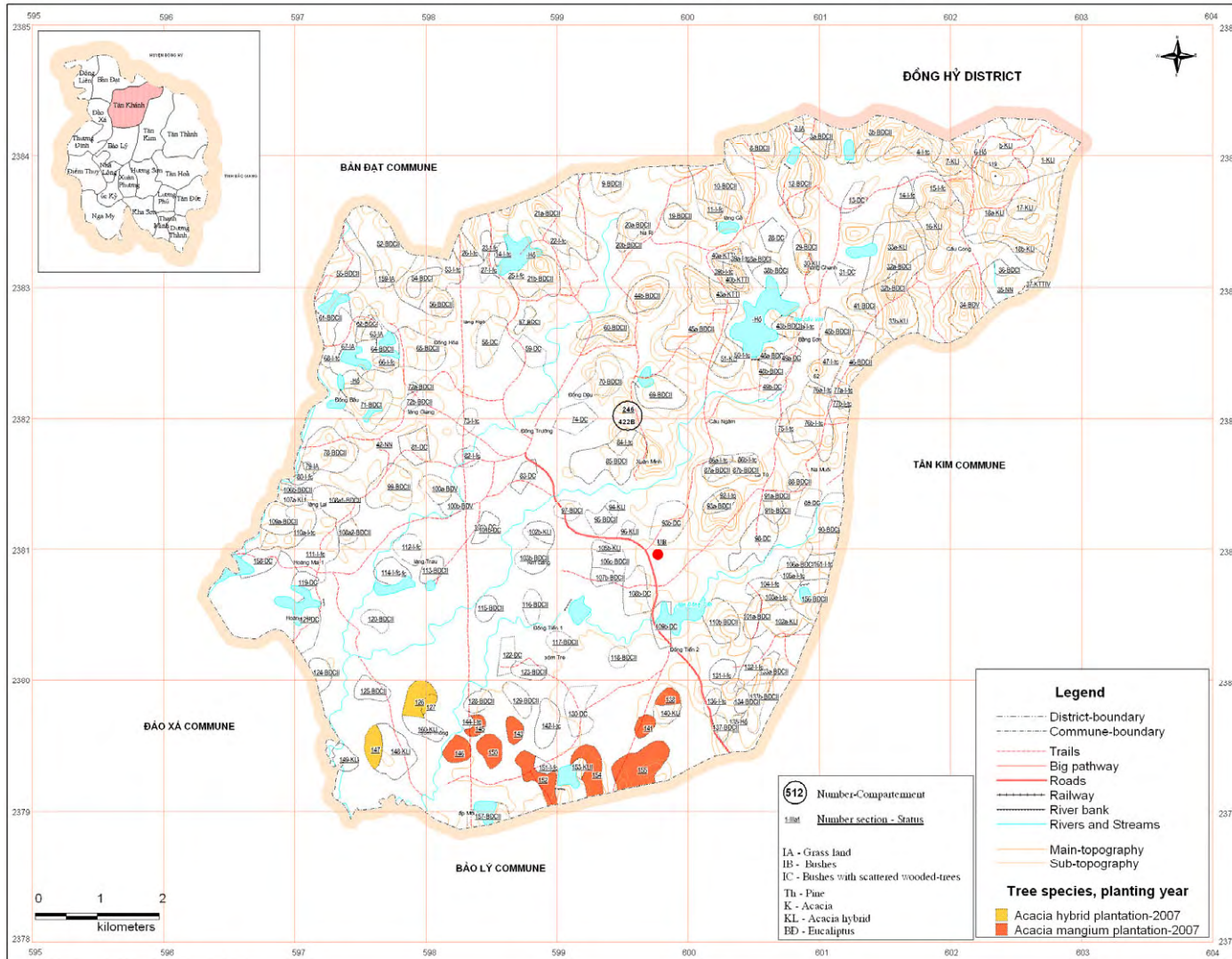
Year of harvesting: Yr. 8<sup>th</sup>

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Village	Block	Plot no.	Status of land use	Selected specie	Area (ha)		No. of Seedlings		Standing volume (m3)	Sale volume (m3)	Distance skidding
					A. hybrid	A. mangium	A. hybrid	A. mangium			
Ấp mới	246	138	Euca. II	A.mangium		1.9		3,469	165	116	100
Ấp mới	246	141	Euca. II	A.mangium		2		3,652	174	122	50
Ấp mới	246	152	Euca. II	A.mangium		5.5		10,043	479	335	50
Ấp mới	246	155	Euca. II	A.mangium		10.2		18,625	887	621	200
Ấp mới	246	154	Euca. V	A.mangium		5.6		10,226	487	341	200
Xóm Thông	246	126	Euca. II	A.hybrid	4.3		7,852		705	494	150
Xóm Thông	246	143	Euca. II	A.mangium		2.2		4,017	191	134	50
Xóm Thông	246	145	Euca. II	A.mangium		1.6		2,922	139	97	100
Xóm Thông	246	146	Euca. II	A.mangium		3.3		6,026	287	201	100
Xóm Thông	246	147	Euca. II	A.hybrid	3.4		6,208		558	390	150
Xóm Thông	246	150	Euca. II	A.mangium		3.7		6,756	322	225	100
Xóm Thông	246	127	IA	A.hybrid	1.1		2,009		180	126	150
Sub-total					8.8	36	16,069	65,736	4,574	3,202	
Total						44.8		81,805			



# Plantation plan for 2007 in Tan Khanh Commune



This map is the result of field modification (November 2005) of forest resource and forest land change monitoring in year 2004. Topographical map: UTM, scale 1:25 000 based on a contour line map from the Government Office. Land parcel boundary is tentative drawing on the information collected in 2005 and based on results of ground truth with GPS check in February - 2006.

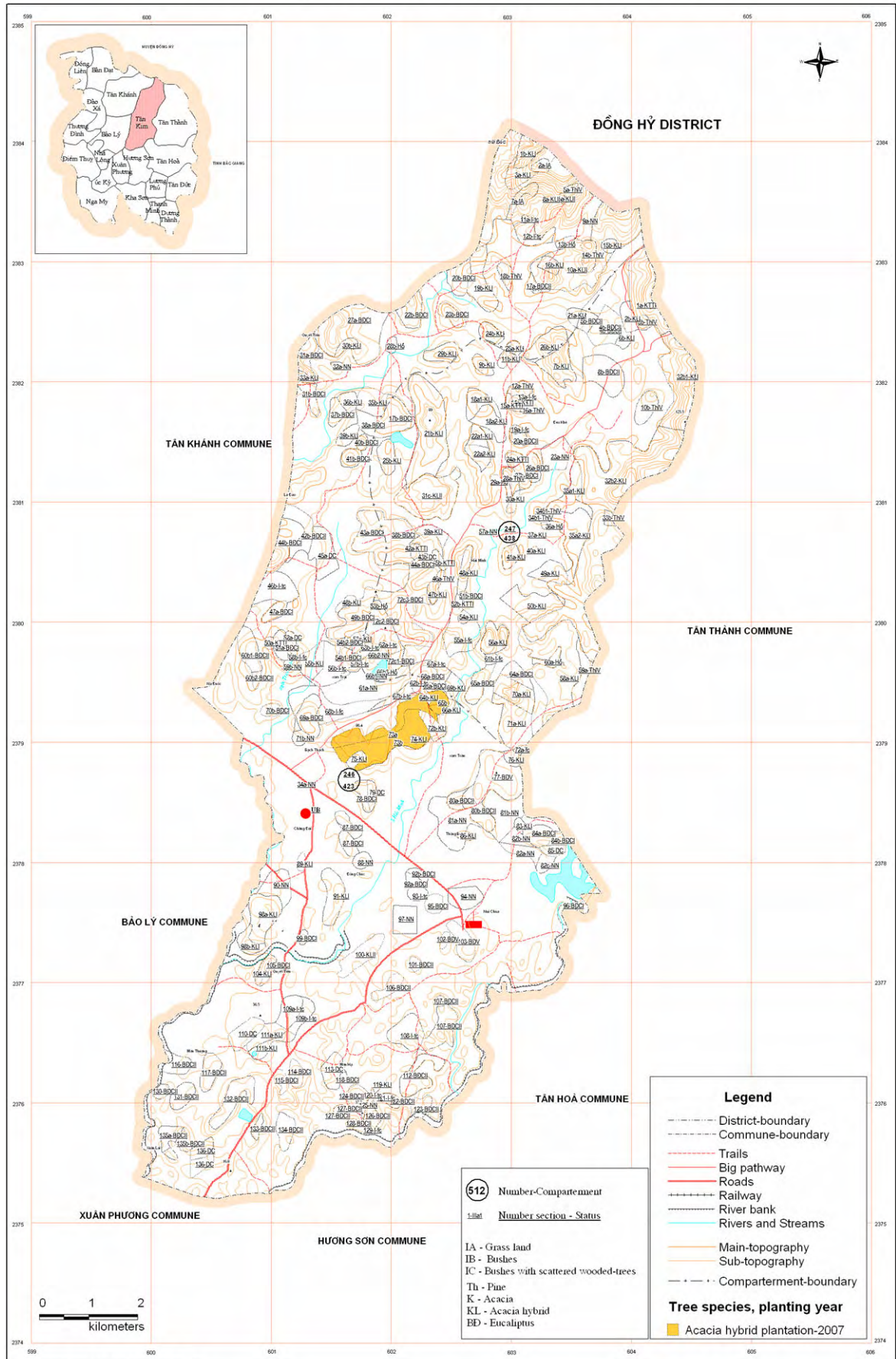
Commune: Tan Kim

Year of plantation: Yr. 1st

Year of harvesting: Yr. 8<sup>th</sup>

Village	Block	Plot no.	Status of land use	Selected specie	Area (ha)		No. of Seedlings		Standing volume (m3)	Sale volume (m3)	Distance skidding
					A. hybrid	A. mangium	A. hybrid	A. mangium			
Xóm bạch thạch	246	65b	Euca. I	A.hybrid	2.45		4,474		402	281	100
Xóm bạch thạch	246	73a	Euca. I	A.hybrid	8.3		15,156		1361	953	200
Xóm bạch thạch	246	73b	Euca. I	A.hybrid	13.84		25,272		2270	1589	250
Sub-total					24.59	0	44902	0			
Total						24.59		44,902	4,033	2,823	

# Plantation plan for 2007 in Tan Kim Commune



(This map is the result by field modification (november 2005) of forest resource and forest land change monitoring in year 2004. Topographical map: UTM, scale: 1:25 000 based on a contour line map from the Government Office.)  
 Land parcel boundary is tentative drawing on the information collected in 2003 and based on results of ground truth with GPS check in february - 2006)

Commune: Bàn Đạt

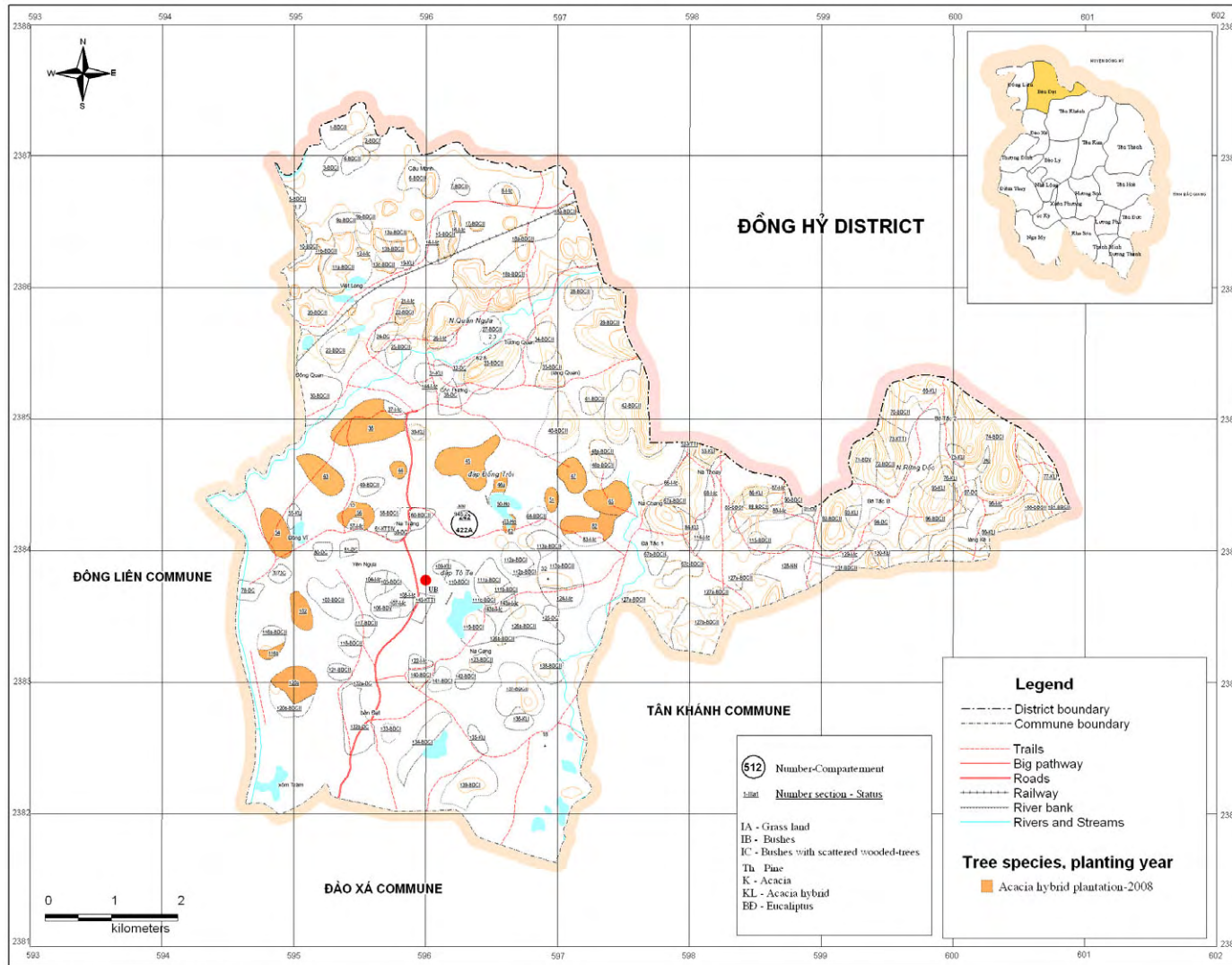
Year of plantation: Yr. 2<sup>nd</sup>

Year of harvesting: Yr. 9<sup>th</sup>

Village	Block	Plot no.	Status of land use	Selected specie	Area (ha)	No. of Seedlings	Standing volume (m3)	Sale volume (m3)	Distance skidding
Đông Vĩ	242	102	Euca. II	A.hybrid	3.7	6,756	533	373	150
Đông Vĩ	242	116b	Euca. II	A.hybrid	1.2	2,191	197	138	100
Đông Vĩ	242	120a	Euca. II	A.hybrid	6.8	12,417	979	685	150
Đông Vĩ	242	36	Euca. II	A.hybrid	12.7	23,190	1829	1280	150
Đông Vĩ	242	43	Euca. II	A.hybrid	6.4	11,686	922	645	100
Đông Vĩ	242	54	Euca. II	A.hybrid	6.1	11,139	878	615	150
Khu UB	242	44	Euca. II	A.hybrid	1.3	2,374	187	131	100
Khu UB	242	45	Euca. II	A.hybrid	10.4	18,990	1498	1048	200
Khu UB	242	46a	Euca. II	A.hybrid	1.3	2,374	213	149	50
Khu UB	242	47	Euca. II	A.hybrid	4.3	7,852	619	433	100
Khu UB	242	51	Euca. II	A.hybrid	1.6	2,922	230	161	100
Khu UB	242	56	Euca. II	A.hybrid	3.5	6,391	504	353	100
Khu UB	242	62	Euca. II	A.hybrid	1	1,826	144	101	50
Khu UB	242	65	Euca. II	A.hybrid	6.8	12,417	979	685	150
Khu UB	242	82	Euca. II	A.hybrid	5.3	9,678	763	534	150
Total					72	132,202	10,475	7,331	



# Plantation plan for 2008 in Ban Dat Commune



*This map is the result of field modification (in November 2005) of forest resource and forest land change monitoring in year 2004. Topographical map: UTM, scale 1:25,000 based on a contour line map from the Government Office.*

*Land parcel boundary is sensitive drawing on the information stated in 2005 and based on results of ground truths with GPS check in February - 2006.*

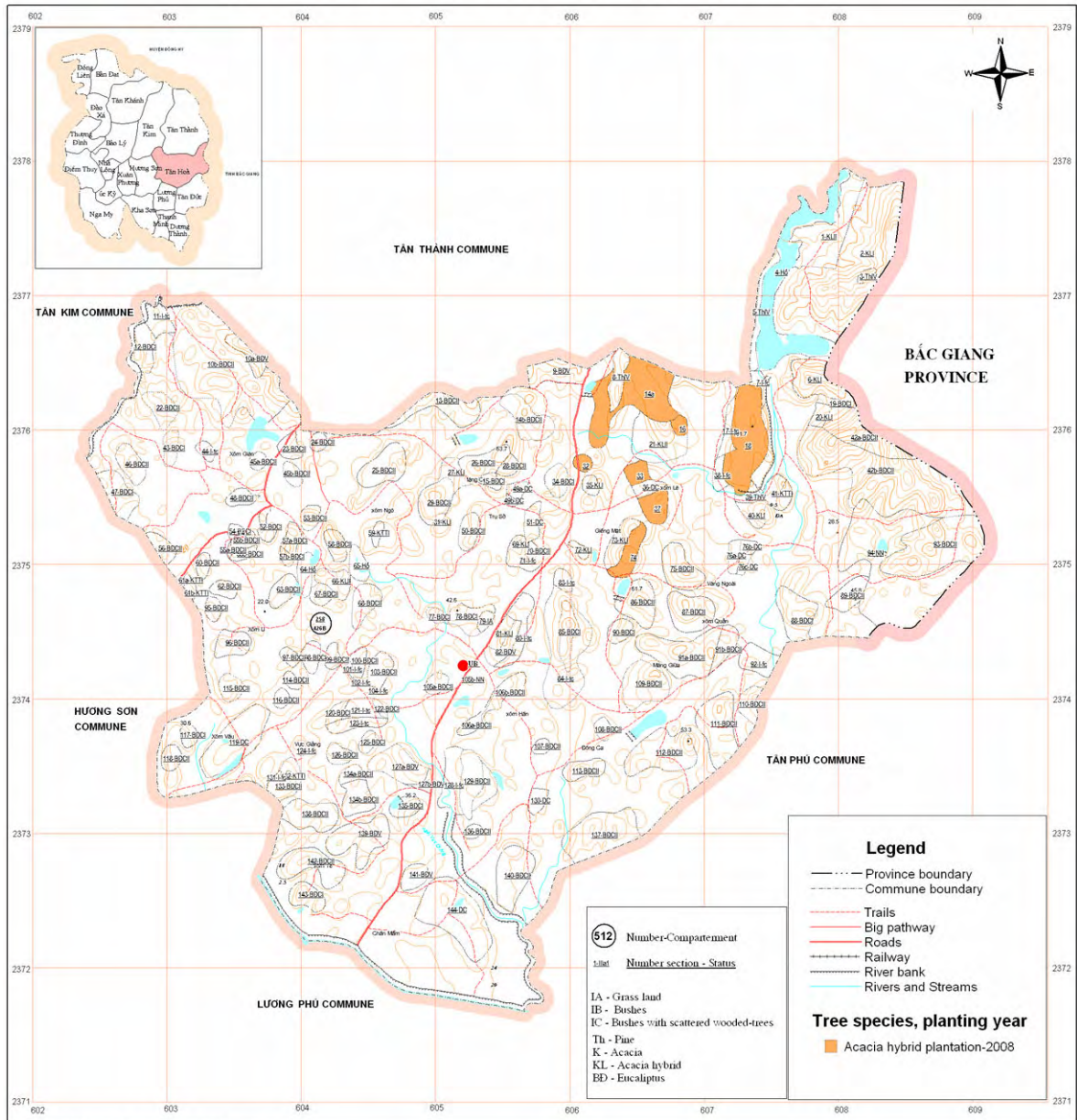
Commune: Tan Hoa

Year of plantation: Yr. 2<sup>nd</sup>

Year of harvesting: Yr. 9<sup>th</sup>

Village	Block	Plot no.	Status of land use	Selected specie	Area (ha)	No. of Seedlings	Standing volume (m3)	Sale volume (m3)	Distance skidding
Xóm Giếng mật	258	16	Euca. I	A.hybrid	1.46	2,666	210	147	100
Xóm giếng mật	258	14a	Euca. II	A.hybrid	21.05	38,437	3031	2122	300
Xóm giếng mật	258	18	Euca. II	A.hybrid	17.91	32,704	2579	1805	250
Xóm giếng mật	258	32	Euca. II	A.hybrid	1.47	2,684	212	148	50
Xóm giếng mật	258	33	Euca. II	A.hybrid	2.6	4,748	374	262	100
Xóm giếng mật	258	37	Euca. II	A.hybrid	4.36	7,961	628	439	200
Xóm giếng mật	258	74	Euca. II	A.hybrid	4.82	8,801	694	486	200
Total					53.67	98,001	7,728	5,409	

# Plantation plan for 2008 in Tan Hoa Commune



*(This map is the result of field modification (november 2005) of forest resource and forest land change monitoring in year 2004. Topographical map: GNM, scale 1:25,000 based on a contour line map from the Government Office. Village boundary is tentative drawing based on the information collected in 2005. Land parcel boundary is tentative drawing on the information collected in 2005 and based on status of ground truths with GPS check in february - 2006)*