NTP-PR AND P135-II MID-TERM REVIEW

TERMS OF REFERENCE OF
THE PUBLIC EXPENDITURES TRACKING SURVEY (PETS+)
FOR SELECTED NTP-PR AND P135-2 POLICIES/PROJECTS

I. NTP-PR
I.1. BACKGROUND

Funded by the Central Government, the National Targeted Program for Poverty Reduction (NTP-PR) is a national program with twelve (12) policies/projects that come under three (3) groups:

Group of policies and projects with facilitation to poor people for production development and income increase:
- Policy on preferential credit for poor households;
- Policy on provision of productive land for poor ethnic households;
- Policy on agricultural-forestry-fishery extension and support for development of production and occupation;
- Project on development of necessary infrastructure for communes with special difficulties in coastal line and island areas;
- Project on vocational training for poor people;
- Project on replication of good practices on poverty reduction.

Group of policies on facilitation to poor people to access social services:
- Policy on health care for poor people;
- Policy on education for poor people;
- Policy on housing and clean water for poor people;
- Policy on legal support for poor people;

Group of projects on capacity building and awareness increase:
- Project on enhancement of poverty reduction capacity (including training for officers in charge of poverty reduction and communication);
- Monitoring and evaluation.

The Steering Committee for NTPPRs has given guidance to MOLISA and CEGA to manage and implement a Mid-Term Review (MTR) for NTP-PR and P135-II respectively, in 2008. UNDP/MOLISA Project VIE/02/001 is providing technical and financial support for the implementation of the MTR.
The first and direct purpose of the MTR is to assess the progress made in the two major targeted programs on poverty reduction in Vietnam, i.e., NTP-PR and P135-II from January 2006 till mid-2008 and to provide short term recommendations for the rest of the period covered by both programs, i.e., 2009-2010. The second purpose of the MTR is to provide evidence-based medium and long term recommendations on future poverty reduction strategy after 2010.

The NTP-PR MTR includes the following modules:
- N1. Study of relevance and effectiveness of NTP-PR;
- N2. Qualitative Survey (QS) on Beneficiary Assessment of NTP-PR services;
- N3. NTP-PR Public Expenditure Tracking Survey + (PETS+);
- N4. Quantitative analysis of targeting efficacy of NTP-PR;
- N5. Thematic Study on Capacity-Building need assessment for NTP-PR selected policies/projects;

Additionally, the MTR includes a few common modules for NTP-PR and P135-II:
- C1. Thematic study on implications for NTPPRS of new economic context;
- C2. Thematic Study on appropriate poverty line;
- C3. Thematic Study on child poverty;

The current ToRs are for module N3.

I. 2. GLOBAL OBJECTIVE AND JUSTIFICATION

The PETS+ global objective is to provide an analysis of resource flows from the central level to the final beneficiaries in order to help evaluate the programme’s economy and efficiency. The study will examine issues of budget sources and allocation, expenditure management, procurement processes, and transparency. It is a PETS+ since it will also include questions on procurement which could represent significant challenges for NTP-PR implementation.

II. 3. SPECIFIC OBJECTIVES AND SCOPE OF WORK

The specific objectives of the study are the following:
1. Identify sources of funds at central, provincial, district and commune levels and their utilization during the period 2006-2007 for the selected NTP-PR and P135-2 policies/projects;
2. Analyze to what extent expenditures have been planned according to set priorities and targets at central, provincial, district and commune levels and, if not, identify why;

3. Assess to what extent actual expenditures have been made according to planned expenditures at central, provincial, district and commune levels and, if not, identify why;

4. Assess the extent to which the funds released at central level for the NTP/PR and P135-2 selected policies/projects actually reach the final beneficiaries,

5. Verify to what extent actual expenditures have been made on time and, if not, identify why;

6. Evaluate to what extent actual expenditures have been made with a perspective to minimize red tape and the costs of service delivery and, if not, why, including issues related to incentives and constraints faced by the various actors involved in service delivery from central to local level;

7. Identify key bottlenecks and issues in the procurement process (respect of official procedures and norms, alignment with international standards, timely process, transparency, fairness, cost-effectiveness, capacities to manage bidding process and contract, etc.).

8. Propose concrete and specific measures to improve the economy, efficiency, and transparency of public expenditures for the selected NTP-PR and P135-2 policies/projects in the short run (2009-2010) and the medium run (after 2010).

Given MTR objectives and time constraints, the PETS+ will be conducted only on four (4) NTP-PR policies/projects, i.e.:

- Policy on preferential credit for poor households;
- Policy on agricultural-forestry-fishery extension and support for development of production and occupation;
- Project on development of necessary infrastructure for communes with special difficulties in coastal line and island areas;
- Policy on health care for poor people.

and two P135-2 components, i.e:

- Production development;
- Infrastructure development.

Those policies/projects were selected either because they represented the most important budget amounts within NTP-PR and P135-2 (see Table 1 and 2) and/or they were considered as representing specific challenges.

A reminder on the selected policies/projects taken from the NTP-PR and P135-2 strategic plan is provided in Annex 1.
Table 1: Budget allocation for NTP-PR policies/projects

<table>
<thead>
<tr>
<th>No.</th>
<th>Policies, projects</th>
<th>Total Billion VBD 2006-2010</th>
<th>PETS+</th>
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<td>Agricultural, forestry, fisheries extension policy</td>
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<td>Project on vocational training for the poor</td>
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<td>Model duplication project</td>
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<td>I.4</td>
<td>Project on infrastructure in coastal and poor communes</td>
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<td>I.5</td>
<td>HEPR capacity enhancing project</td>
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<td>Credit policy</td>
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<td>II.2</td>
<td>Policy on productive land for ethnic households</td>
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<td>II.3</td>
<td>Health care assistance policy</td>
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<td>Education assistance policy</td>
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<td>II.5</td>
<td>Housing, drinking water assistance policy</td>
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Table 2: Budget allocation for P135-II policies/projects

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<tr>
<th>Number</th>
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<th>Investment budget (bil)</th>
<th>Percentage (%)</th>
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<td>Capacity building</td>
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<td>Support to increase people’s  lives</td>
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III. REQUIREMENTS FOR CONSULTATION ASSIGNMENT

1. SPECIFIC TASKS

The consultant team will conduct the following activities:

1. Prepare methodology of PETS+ (a preliminary methodology is provided in Annex 2);
2. Organize the PETS+ with the support of MOLISA, CEMA and Project VIE/02/001;
3. Conduct the PETS+ data collection, entry, validation, and processing with the support of MOLISA, CEMA and Project VIE/02/001;
4. Analyze the PETS+ data;
5. Write a PETS+ Key Issue Paper (KIP);
6. Write the NTP-PR MTR report sections related to the PETS+;
7. Present the key results in the MTR validation workshop.

2. EXPECTED OUTPUTS

Expected outputs are as follows:
1. Methodological note on PETS+, including sampling plan, key informant interview questionnaires (central, provincial, district, commune), administrative forms to collect financial data (central, provincial, district, commune);
2. Preliminary Key Issue Paper (KIP) (with key results in bullet points);
3. Revised KIP;
4. Preliminary NTP-PR and P135-2 MTR Report sections related to PETS+;
5. PowerPoint presentation of key results at MTR validation workshop;
6. Final NTP-PR and P135-2 MTR Report sections related to PETS+ in English and Vietnamese

3. TEAM COMPOSITION AND ORGANISATION

The team will include:

a) 1 senior national consultant that will play the leading role in conducting the PETS+;
b) 1 international consultant that will provide mainly technical backstopping at a distance;
c) 2 national consultants at central level that will work with the senior national consultant;
d) 5 national consultants at provincial level, one per sampled province.

The central level consultants (a and c) will conduct the central level interviews and support the provincial level consultants (d) who will conduct the provincial level interviews.

The national consultants will report to the Director of ILSSA and the National Project Deputy Director VIE/02/001 Project – NTP-PR component and work under the direction of the National Project Manager and STA.

The team leader would also share the progress and key products to the MTR consultancy team, who are recruited to design the MTR Framework, supervise and backstop all sub-components of the MTR. He will prepare every two weeks a short status report (maximum 1 page) presenting current status and respect of work plan and possible issues that deserve attention.

The VIE project at MOLISA will support such coordination amongst the parties.

The consultant team will also conduct the P135-II PETS+ and the two PETS+ will be coordinated technically and logistically for cost-effectiveness.
4. CONSULTANTS QUALIFICATIONS

Senior national consultant

- University degree in public administration, economics, project management or relevant area;
- Significant knowledge and experience of public administration, public program management, public financial management, and public procurement in Vietnam at central, provincial, district and commune levels (ideally in MoF);
- Previous experience in public financial management studies and surveys;
- Knowledge of NTP-PR and P135-2 policies/projects a plus;
- Contact network of other national consultants in this area a plus;
- Fluency in Vietnamese and English

International consultant

- Graduate university degree in public administration, economics, project management or relevant area;
- Significant knowledge of public administration, public program management, public financial management, and public procurement in various developing countries;
- Previous experience in technical support to public financial management studies and surveys within a result-based management approach;
- Work experience in South-East Asia and particularly in Vietnam a plus;
- Fluency in English.

Other central level national consultants (2)

- University degree in public administration, economics, project management or relevant area;
- Knowledge and experience of public administration, public program management, public financial management, and public procurement in Vietnam at central, provincial, district and commune levels (ideally one in MoF and the other in MOLISA and CEMA);
- Previous experience in public financial management studies and surveys;
- Knowledge of NTP-PR and P135-2 policies/projects a plus;
- Fluency in Vietnamese and intermediate level in English.

All consultants should be available for the desired period according to the work plan.
5. WORKPLAN AND ROLES AND RESPONSIBILITIES

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<th>September</th>
<th>October</th>
<th>November</th>
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### 3. Data analysis and report writing

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6. ESTIMATED LEVEL OF EFFORT

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3. Data analysis and report writing

3.1 Preliminary data analysis and writing of draft Key Issue Paper (KIP) 5
3.2 Comments on data analysis and draft KIP 3
3.3 Revised KIP 2
3.4 Integration of KIP in overall NTP-PR MTR Key Results Brief to Government and submission 4
3.5 Elaboration of MTR draft report sections related to PETS+ 3
3.6 Comments on MTR draft report sections related to PETS+ 3
3.7 Revision of MTR draft report sections related to PETS+ 2
3.8 Integration of MTR draft report sections related to PETS+ in overall NTP-PR MTR Report to Government and submission 2
3.9 MTR report validation workshop 1
3.10 Finalization of MTR draft report sections related to PETS+ 2

Total number of days 33 52 85 150 10

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3.1 Preliminary data analysis and writing of draft Key Issue Paper (KIP) | 5 | 10 |
3.2 Comments on data analysis and draft KIP | 3 |
3.3 Revised KIP | 2 | 4 |
3.4 Integration of KIP in overall NTP-PR MTR Key Results Brief to Government and submission | |
3.5 Elaboration of MTR draft report sections related to PETS+ | 3 |
3.6 Comments on MTR draft report sections related to PETS+ | |
3.7 Revision of MTR draft report sections related to PETS+ | 3 |
3.8 Integration of MTR draft report sections related to PETS+ in overall NTP-PR MTR Report to Government and submission | |
3.9 MTR report validation workshop | 1 |
3.10 Finalization of MTR draft report sections related to PETS+ | 2 | 2 |

7. ANNEXES

ANNEX 1: MAIN CHARACTERISTICS OF SELECTED POLICIES/PROJECTS FOR NTP-PR AND P135-2 PETS+
ANNEX 2: PRELIMINARY METHODOLOGY
ANNEX 1: MAIN CHARACTERISTICS OF SELECTED POLICIES/PROJECTS FOR NTP-PR AND P135-2 PETS+

1. NTP-PR


Policy on preferential credit for poor households

1.1. Objective: Providing credit for poor households with working capacity and demand for capital to production development, increase income and self-overcome poverty.

1.2. Target group and scope: Target group is poor households, especially ones having female householders, disabled people and ethnic minorities with working capacity and in need of borrowing capital for business and production, construction of house-base in flooded regions, redemption of land for cultivation. Households who newly escape from poverty shall be benefited from this policy for additional 2 years after being recognized by the community that they are in non-poverty. This policy is carried out nationwide.

1.3. Managing agency: The State Bank of Vietnam

1.4. Implementing agency: Social Policy Bank

1.5 Implementation Period: From 2006 to 2010

1.6. Activities:
Providing preferential credit, especially micro-credit for poor households with procedures of application and return of fund in a simple, convenient, rapid and suitable way for the poor. Loans provision is flexibly applicable, mainly through trustee fund like groups of credit-savings, voluntarily reciprocal groups of the poor and mass organizations. Process of application and getting loans does not exceed 15 days. Levels of loans and duration are appropriate to the circle of business and production, with an average of about VND 4-7 million per household, but not exceeding VND 15 million and 5 years. Assistance for poor households, depending on regions, can be in cash or in kind (such as the model of Cow Bank or provision of agricultural materials) Closely linking credit with savings activities to facilitate poor households to escape from poverty with sustainability. Monitoring, at the same time, is needed to control the loans using through groups of credit-savings with the aim to limit outstanding loans and ineffectiveness.
Integrating provision of credit with agriculture extension, vocational training, land for cultivation, and outcome arrangement, etc., to ensure that loans for the poor are used effectively.
Increasing both qualitatively and quantitatively the number of credit staff for Social Policy Bank, especially in isolated and far-flung areas; enhancing skills of community approach and providing the poor with micro-finance services.

1.7. Implementation Mechanism:
Directly providing loans or trustee fund through mass organizations such as Women’s Union, Farmers’ Union, Youth Union, etc., with close guidance and approval of commune people’s
committees. A mechanism of rewards and punishment for individuals or organizations with successful or unsuccessful implementation is included.

Applying an interest rate lower than the market one of about 25-30%, then gradually reaching market level, ensuring stability on finance for credit organizations. However, preferential interest rate is also applied for poor households of ethnic minorities and specially difficult areas.

1.8. **Expected outcome:** By the end of 2010, 6 million turns of poor households would have been provided with preferential credit capital from Social Policy Bank to overcome poverty, an average of about 1.2 million households annually.

1.9. **Demand for capital:** Total capital necessary for preferential credit for poor households is about VND 26,000 billion, of which available capital is VND 12,000 billion. Therefore, it is needed to mobilize more VND 14,000 billion. Central State budget of VND 3,864 billion would be provided in 5 years, mainly for compensation of interest rate changes.

**Policy on agricultural- forestry- fishery extension and support for development of production and occupation**

3.1. **Objective:** Assisting the poor to improve knowledge and skills for planning, reasonably arranging for production, applying advanced technique into production and business, and marketing to increase income with sustainability.

3.2. **Target group and scope:** Poor households with working capacity, productive land, but lack of knowledge, experiences on doing business, and have conditions to apply advanced technique into production. Poor women and ethnic minority people are given priority in this area. Households, who newly escape from poverty, are also the beneficiaries of this project in 2 years. This project is carried out throughout the country, especially in mountainous and ethnic minority areas.

3.3. **Managing agency:** Ministry of Agriculture and Rural Development.

3.4. **Implementing agency:** Provinces and central-affiliated Cities.

3.5. **Activities:**
Improving knowledge and skills in decision making on business and production, making plans appropriate to markets and natural conditions and local competitiveness.

Improving knowledge and skills of agriculture-forestry-fishery extension through the application of participatory extension, field meetings, and practical training. Closely link recommendations of advanced technique with introduction of organizational production method, preservation, costing and marketing.

Supporting for establishment and operation of self-managed organizations of agriculture extension, such as extension clubs, credit-savings groups, groups of farmers with common interest, and integrated pest management (IPM).

Providing information on technological science and market for farmers, especially poor people in isolated and far-flung areas.

Increasing number of extension staff for poor communes, communes with special difficulties and villages. It is needed to have a suitable mechanism on organization, training, using and
supporting for local extension staff. Training local extension staff with extension methods and community approach.

3.6. Implementation Mechanism:
Ministry of Agriculture and Rural Development coordinates with other related ministries and agencies to build up training program on agriculture-forestry-fishery extension, and provide guidance for implementation.
Gradually reducing free assistance and increasing people’s contribution to application of advanced technique. Providing funding for demonstration materials of 80-100% in agriculture extension for poor ethnic minorities in highland and isolated areas, and 50% for poor people in other areas. The remaining is mobilized from local people.


3.8. Expected outcome: By the end of 2010, about 4.2 million turns of people would have been trained and attended field meetings on agriculture-forestry-fishery extension, transferred with technique, and 50% of communes would have enough local extension staff.

3.9. Demand for capital and financial sources: Demanded capital is VND 600 billion, of which VND 400 billion comes from central State budget, VND 100 billion from local budget, and VND 100 billion from community mobilization.

Project on development of necessary infrastructure for communes with special difficulties in coastal line and island areas

5.1. Objective: Providing support for development of infrastructure necessary for production and livelihood in communes with special difficulty in coastal line and island areas, making contribution to speed up poverty reduction in these areas.

5.2. Target group and scope: 157 communes with special difficulties (expected to be supplemented up to 300 communes) in coastal line and island areas under the Decision No.106/2004/QD-TTg by the Prime Minister.

5.3. Managing agency: Ministry of Labor- Invalids and Social Affairs.

5.4. Implementing agency: Provinces and cities with communes in special difficulties in coastal line and island areas.

5.5. Activities:
Reviewing with supplement of communes with special difficulties in coastal line and island areas to submit to the Government for approval, then building up a plan on investment for those communes in period 2006-2010.
Provinces review process in targeting poor communes and make plans on investment for those communes in period 2006-2010.
Providing support for new investment in necessary infrastructure, of which priority is given to facilities serving production and poverty reduction such as irrigation, commune roads, electricity for production, rural markets, anti-tide borders, embankments, pump stations for sea water supply for aquaculture, salt making, and roads to fish docks.
Upgrading existing facilities necessary for production development and livelihood improvement.
Building up a mechanism of decentralization to communal level to act as investment holders, and villages are in charge of maintenance and utilization of constructed facilities.

5.6. Implementation Mechanism:
VND 700 million per year is provided for each commune with special difficulties in coastal line and island areas. Implementation mechanism is similar to the Program 135. Decentralization to communes as investment holders is needed to link with capacity building. A motto for implementation is “communes have works, people have jobs and income”.

5.7. Expected outcome:
By the year 2010, basically, communes with special difficulties in coastal line and island areas, and poor communes would have enough necessary infrastructure (about 3,000 works).


5.9. Demand for capital and capital sources:
Total capital is VND 1,350 billion, of which VND 1050 billion from central State budget, VND 150 billion from local budget, VND 75 billion from international community and VND 75 billion from local community mobilization.

Policy on health care for the poor

7.1. Objective: Supporting the poor with illness to access health care services in a more convenient and equal approach, minimizing risks and difficulties for the poor.

7.2. Target group and scope: Poor people and people who escape from poverty for 2 years. This policy is carried out throughout the country.

7.3. Managing agency: Ministry of Health

7.4. Implementing agency: Ministry of Health and Viet Nam Social Insurance.

7.5. Activities:
Improving the network of grass-root medical stations, especially at communal and village levels. Comprehensively investing in material facilities for commune medical stations, providing training for doctors and nurses working at grass-root level. Carrying out integrated programs with “Plan on upgrading medical stations and investment for health education centers” to push up activities of socialization on community based health care.

Developing a mechanism to get private sector involved in provision of health care services for the poor. Encouraging international organizations to invest in construction of facilities, equipment provision and human resource development for grass-root health care network.

Waiving 100% of costs for medical check-up and treatment for the poor with illness whether they are inpatients or outpatients in public or private medical stations.

7.6. Implementation mechanism:
Free medical check-up and treatment for the poor are carried out through provision of medical insurance cards. A medical insurance card has validity within 2 years starting from the date of issuance, and is delivered at the beginning of the year.
Face value of the card is VND 60,000 per year. Level of treatment is equal to compulsory medical insurance for civil servants and employees who join social insurance. Local authorities are responsible for buying medical insurance cards for the poor, and identifying medical stations (including both public and private stations) with proper standards to deliver health care services for the poor. Sector of medical insurance is responsible for providing medical insurance cards and ensuring the balance between compulsory medical insurance fund and medical insurance fund for the poor.


7.8. Expected outcome:
100% of medical stations in poor communes are upgraded with facilities equipment and have enough trained staff to deliver good services of medical treatment. 15 million turns of poor people with illness are provided with free medical check-up and treatment in these stations where receive an average of 3 million turns of people annually.

7.9. Demand for capital:
Total capital is VND 3,918 billion from central State budget, with an average of VND 783.6 billion per year.

2. P135-2

Policy on Production Development

1.1. Contents of the activities
   a) To develop production programmes aiming at production structural shift, improved productivity, and production customs, including:
      • Agro-forestry extension programme aiming at improving production skills; food crop and cash crop cultivation skills; cash crops with high economic values.
      • High economic value livestock and poultry husbandry;
      • Market oriented afforestation and forest protection;
      • Support in provision of crop varieties and animal breeds;
      • Reclamation and extension of cultivation land;
      • Provision of subsidies for crop varieties and animal breeds, fertilizer, purchase of products;
      • Development of post-harvest processing and storage establishments by group of households.
   b) To develop pilot economic models: household economies, farms, cooperatives, etc.
c) To establish coalition of 5 ‘professions’, including businesses, farmers, scientists, the government, and creditors; encourage businesses to invest in extremely difficult areas;

d) To assist poor households in production inputs, reduce unit cost price, develop post harvest processing and storage technologies, purchase and distribute products in the market;

e) Training and fostering labor forces: labor forces in extremely difficult areas are very rich but mostly untrained. People in some areas are short of cultivation land. The best solution is to create more employment for people:
   - Provision of training for youngsters in industrial crop agricultural farms, hydro power plant construction sites, etc.
   - Provision of vocational training for young people.

1.2 Implementing mechanism

For production development project, local authority is decentralized in making sub-projects, action plans, contents and targets of activities and integrating resources. Central ministries will only direct and supervise the performance.

a) As far as for extremely difficult communes are concerned: The Government will provide an average fund for commune in order to fund activities according to proposed portfolio (which will be specified under the Programme). Provincial and district authorities will guide the preparation of commune production planning, formulation of production development projects, identification of activities and investment needs through democratic discussion at grassroots level. Based on approved projects, funding structure will be defined, including government’s support, credit borrowing, etc. Implement through sub-projects with specific premises. Selection of activities will base on actual conditions and conducted at village level to exercise grassroots democracy. Annual and multi year objectives and activities will be identified using this approach, for example cultivation, livestock, training, assistance in crop varieties and animal breeds, etc.

b) As far as Zone II extremely difficult villages are concerned, project implementation and management will be assigned to commune authorities and villages as identified by the programme.. Villages will be involved in planning and implementing, while commune authorities assume the role of state administration according to existing provisions.

1.3. Specific solutions through production development projects and assistance policies

a) Production Development Project is managed by CEM, and implemented by People’s Committee at provincial level, and may consist of following activities

   1) Training of village extension workers and vocational training for youth

      - Provision of basic professional training for at least one extension worker in each village in order to assist village households in production skills, trading and marketing of products. Training duration will be 3 months and more with a refreshment course in at least 15 days per year. Compensation for village-based extension worker will be decided by the community and supported by the project in the first 3 years.

     2) Agriculture, forestry, and fishery extension
The purpose is to assist poor households, which have labor and cultivation land but lack knowledge, production skills or in difficult conditions. Priority will be given to ethnic minority people, focusing on knowledge and skills on production, business, marketing, planning, and production arrangements based on application of technological advances to improve cultivation and livestock productivity.

Expected outputs will be transfer of knowledge and skills on agriculture, forestry, and fishery production and business, selection and application of suitable science and technology in the local conditions, investment feasibility, local support services, market and community’s demands, production organization methodologies, product processing, storage, and distribution.

It is estimated that 70% of households will benefit from knowledge improvement in extension projects.

3) Development of effective production models

Development of effective high-income production models, such as high productivity crop production model, herbal medicine plantation, industrial crops, livestock, etc. Provision of training and rollout through these models. It is expected that one model will be developed in each village.

4) Development of processing and preserving industries

The Government will provide support in terms of equipment, instruments, facilities, and technical instruction for group of households based on identification of quantity, quality, and type. Commune People’s Committee will be responsible for ensuring the effective use of equipment and facilities.

Target beneficiaries will consist of group of households and villages, which have products but are difficult in processing and preserving.

5) Production development: forest economic development, high productivity crop and high value animal and poultry production

The purpose is to provide financial, varieties and breeds, and technical support in order to develop production of high yield crops, medicinal herbs, industrial trees in large area with high potential but lack of investment funds and techniques. Support high value animal and poultry production in potential areas, such as cattle and goat raising, etc.

Target beneficiaries will be poor households, who are short of production capital, possibly in form of household or farm production.

b) Household support policies

- Carry on price subsidies, i.e. for crop varieties and animal breeds with high productivity, production materials and tools, pesticide, fertilizer. Production input and output subsidies.
- Credit support for the poor to borrow funds for production development.
- Support for services, such as irrigation, electricity for production, etc.
- Adjustment and supplement policies on rights to benefits, obligations of the households and individuals who are transferred, hired, contracted forest and forestry lands in accordance with the Decision No. 178/2001/QD - TTg dated November 12, 2001 by the Prime Minister.
- Financial support for agro-forestry farms in order to provide vocational training for ethnic minority children and people. Link training effectiveness with financial support. Provide support to economic institutions that employ seasonal workers.

- Provide incentives to economic sectors to buy and distribute products. Adopt preferential policies for ‘professions’ to set up coalition with farmers.

Target beneficiaries will be the poor and marginalized households.

1.4 Investment fund in production development

The Government will provide an average of 200 million VND per year for each extremely difficult communes and 30 million dong per year for extremely difficult villages in Zone II communes.

Total production development investment fund: 1,850 communes, 2,500 villages: 2,225 billion VND.

2. Policy on Infrastructure development

2.1 Infrastructure planning

It is necessary to revise infrastructure planning in extremely difficult communes and villages with scattered population in order to develop resettlement and production plans toward establishment of new villages suitable to specific conditions of each area. 30 households or more are planned to be suitable to a new village in the Northern mountainous areas. The planning for a new village in other areas should be based on the population size guided by the Ministry of Home Affairs. This will help increase effectiveness of the infrastructure investment, undertake resettlement, contribute to successful sendentarization. The planning will focus on potential communes appropriate to become sub-region centers. It is necessary to prepare facilities with scale adequate to commune cluster level: markets, boarding schools, regional clinics, irrigation works, agro-forestry extension.

2.2 Essential infrastructure facilities to be developed in the most difficult communes

a) General situation

At present, there are still many communes under Program 135 lacking basic infrastructure facilities: car roads to commune center, electricity from national power network, telephones, schools, irrigation, etc. The Government has directed line ministries to make efforts to ensure that all these communes will have all basic facilities by 2010.

However, above line ministries have mainly conducted projects that are focused, large scale, being driving force and locate in center areas. Projects having special features, village-scale projects and projects not qualified for national level have not been assigned to any ministries in spite of resource constraints of local levels. Therefore, the Program will pay attention to basic infrastructure facilities in the commune and village levels.

b) Project items to be invested in the most difficult communes
• To build roads from villages to commune centers and inter-village roads. Upgrade existing road access to commune centers where necessary;
• To build small scheme irrigation works, including dykes, grade-one and grade-two canals, pump stations, and concretize irrigation works to combine agriculture production watering and clean water supply;
• To build low voltage power system to villages. Where power grid is not available, to develop alternative energies if possible;
• To build houses and other related facilities for the pupils living in primary and secondary semi-boarding schools at the commune centers in the areas where needed;
• To build communal common houses in communes, villages or commune complexes with necessary equipment according to traditions of each ethnic group, for example play yard, Rong houses, incinerators (Kh’mer tradition), cultural houses;
• To build permanent clinics and upgrade clinics in bad conditions with necessary equipment and accessory facilities;
• To build markets or trade malls of essential commodities where required;
• To build clean water supply facilities in residential quarters; and
• To build commune cluster extension stations in proposed commune cluster centers in order to disseminate information and provide training in production knowledge. To upgrade scale of some communal facilities, such as markets and boarding primary schools, to meet demands at inter-communal level.

2.3. Essential facilities to be developed in extremely difficult villages in Zone II

• To build access road from villages to commune centers with scales adequate to availability of mobilized funds;
• To build small scheme irrigation works, including dykes, grade-one and grade-two canals, pump stations, and concretize irrigation works to combine agriculture production watering and clean water supply;
• To build low voltage power system to villages. Where power grid is not available, to develop alternative energy sources if possible;
• To build clean water supply facilities in residential quarters; and
• To build common houses in villages (in accordance with traditions and customs) where necessary.

The above include projects to be developed under the programme. Based on actual conditions of communes and villages and funding sources, investment will be prioritized to meet specific local demands.

2.4. Infrastructure development investment funds

It is complicated to evaluate infrastructure investment needs in communes and villages since extremely difficult communes and villages have different investment needs at different ratios, while Government’s resources are limited. On the other hand, the guiding principle of the
Programme is to provide assistance; therefore, lessons learnt from Programme 135 demonstrate that it would be better if central agencies specify assistance rate and local authorities select projects based on actual conditions. It is necessary to define average assistance rate for communes and villages. It is proposed that the Programme will provide 700 million VND per year from state budget for each commune, 100 million VND per village in Zone II extremely difficult communes, 2 billion VND in two years. During the project implementation, the living standards of the inhabitants are still very low and they are unable to contribute to the cost of maintaining and repairing the construction work. Therefore, support required should include fund for maintenance, repairing which equals 2% of initial investment of each year from the second year until the conclusion of the program. After the completion of the program, the maintenance and repairing will be funded by resources that commune authorities mobilize from the local people.

Investment capital:

\[
\begin{align*}
1,850 \text{ communes} \times 700 \text{ million VND} \times 5 \text{ years} & = 6,475 \text{ billion VND} \\
2,500 \text{ villages} \times 150 \text{ million VND} \times 5 \text{ years} & = 1,875 \text{ billion VND} \\
200 \text{ commune cluster centres} \times 2 \text{ billion VND} & = 400 \text{ billion VND} \\
\text{Operation and Maintenance} & = 875 \text{ billion VND}
\end{align*}
\]

**Total:** \( 9,625 \text{ billion VND} \)
2.5. Solutions to implement

2.5.1 Operational mechanism

a) For extremely difficult communes

Infrastructure development will be implemented through investment projects in accordance with Construction Law. Most of projects, however, are proposed with simple scale and not very big investment capital. Therefore, management of most of projects will be assigned to commune authorities based on actual conditions. The proposed mechanism will be simple and easy to adopt.

b) For extremely difficult communes in Zone II

Management of infrastructure development projects will be assigned to commune authorities, which are legitimate administration bodies, and projects will be implemented in named villages as planned.

c) For effective but incompletely built inter-commune centers, continuing investments will be made: Central authority will provide financial support to local levels to complete within 2 years 2006-2007.

2.5.2. Solutions to implement infrastructure development projects

- To review settlement and production development planning in communes and villages;
- To renovate management mechanism toward empowerment of commune authorities and local people, and transparency; Some projects will have investment costs whose amount is appropriate to delegate to community level: roads within villages community meeting house, level 1 and level 2 irrigation canals;
- To establish Community development fund or commune investment fund under management of commune People’s committees with participation of village representatives in order to: be responsible for management of Government’s assistance funds for project operation and maintenance and contribution made by organizations and individuals, organization of community’s participation in planning, prioritizing, operating and maintaining communal and village facilities, supervision of construction and investment in the area according to Decision No.80/2005/QD - TTg of 18 April 2005, and supervision of Community development Fund, which may also acts as commune supervision boards.
- To communicate and disseminate information on construction planning, funding, progress in communes and villages.
- To establish technical supporting units at provincial and district levels to assist commune level in investment management.
- To strengthen capacity of grassroots cadres.
ANNEX 2: PRELIMINARY METHODOLOGY

The PETS+ will include interviews with key informants from various organizations involved in the processes of fund allocation and management as well as procurement from central level to local levels: central → provincial → district → commune/town → local.

Those individual interviews will help complement and validate the information gathered through administrative forms that will track selected expenditures from central to local levels.

Since this PETS+ is part of a global MTR including other modules, when the final beneficiaries are poor individuals or households, the Qualitative Study (QS) on Beneficiaries Perceptions of NTP-PR services (module N2) and P135-2 (P2) will interview those beneficiaries and the PETS+ will benefit from the analysis of those data.

I. NTP-PR

1. SAMPLING PLAN

Sampling and data collection for the PETS+ will take into consideration the MTR Qualitative Study Sample. There are two reasons for this: first, this should enable to link information from the beneficiaries survey to the expenditure tracking survey results to provide triangulation of results and a more comprehensive perspective of the whole results chain (inputs, activities, outputs, outcomes, and impacts to the extent possible). Also, this can speed up the data collection process and reduce the cost of both studies. However, the PETS+ sample will be smaller than the QS sample since it is more time consuming.

The preliminary sampling plan for the NTP-PR PETS+ is as follows:
1. First level: 5 provinces selected purposively to represent different types of conditions for NTP-PR selected policies/projects administrative and financial implementation. These provinces are a sub-set of the 9 provinces selected for the NTP-PR QS (see Table 1).

<table>
<thead>
<tr>
<th>Province #</th>
<th>Provinces selected for NTP-PR QS</th>
<th>Province main characteristics</th>
<th>Provinces selected for NTP-PR PETS+</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Hà Nam</td>
<td>North, delta</td>
<td>Hà Nam</td>
</tr>
<tr>
<td>2</td>
<td>Bac Can</td>
<td>North, mountainous</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Lào Cai</td>
<td>North, mountainous</td>
<td>Lào Cai</td>
</tr>
<tr>
<td>4</td>
<td>Sơn La</td>
<td>North, mountainous</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Hà Tĩnh</td>
<td>Center, hilly</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Quang Nam</td>
<td>Center South; mixed hilly/coastal</td>
<td>Quang Nam</td>
</tr>
<tr>
<td>7</td>
<td>Kon Tum</td>
<td>Center South; highland</td>
<td>Kon Tum</td>
</tr>
<tr>
<td>8</td>
<td>Ninh Thuan</td>
<td>South; coastal</td>
<td>Ninh Thuan</td>
</tr>
</tbody>
</table>
2. Second level: 1 commune (rural area) selected randomly using pps measure of size in each selected province for a total of 5 communes. This commune will be one of the two communes selected for NTP-PR QS. The district corresponding to this commune will be identified.

3. Third level: In each sampled commune, a rural village will be randomly selected for a total of 5 rural villages. This village will be the selected village for NTP-PR QS.

This sampling plan will be finalized by end of August 2008.

2. INTERVIEWEES

The PETS+ will interview the following key informants:

Central level

MOLISA
- SPD Director

MPI
- General Issues Department
- Financial Department

MoF
- Financial Administration Department
- Budget Department

Policy on preferential credit for poor households

- Official of SPB Director level
- Official of the SBP in charge of deciding on fund allocation for this policy to provinces
- Official of the SBP in charge of ordering fund transfers for this policy to provinces

Policy on agricultural- forestry- fishery extension and support for development of production and occupation

- Official of MOLISA Director level
- Official of MARD Policy Department
Project on development of necessary infrastructure for communes with special difficulties in costal line and island areas

- Official of MOLISA Director level

Policy on health care for the poor

- Official of MOLISA Director level
- Official of MoH Policy Department

Total number of interviews at central level: 13

Provincial level (in the sampled provinces)

DOLISA
DPI
DoF

Policy on preferential credit for poor households

- Official of SPB Provincial Office Director level
- Official of the SBP Provincial Office in charge of deciding on fund allocation for this policy to districts
- Official of the SBP Provincial Office in charge of ordering fund transfers for this policy to districts

Policy on agricultural- forestry- fishery extension and support for development of production and occupation

- Official of DARD Director level
- Official of Agricultural Extension Center

Project on development of necessary infrastructure for communes with special difficulties in costal line and island areas

- Official of DOLISA Director level
- Official of DPI Director level
**Policy on health care for the poor**

- Official of DOH Director level
- Official of DoF

Total number of interviews at provincial level: 12 per province or 60 interviews nationwide

**District level (corresponding to the sampled communes)**

**Policy on preferential credit for poor households**

- Official of SPB District Office
- Official of the SBP District Office in charge of deciding on fund allocation for this policy to communes
- Official of the SBP District Office in charge of ordering fund transfers for this policy to communes
- Commune coordinator

**Policy on agricultural- forestry- fishery extension and support for development of production and occupation**

- Official of Agricultural Extension Division

**Project on development of necessary infrastructure for communes with special difficulties in costal lien and island areas**

- Official of Division of Planning and Extension and/or District Infrastructure/Construction Board
- District Treasury

**Policy on health care for the poor**

- Official of Division of Planning and Extension
- Official of District Health Care Center

Total number of interviews at district level: 9 per district or 45 interviews nationwide

**Commune level (in the sampled communes)**

- Chairman of CPC.
**Policy on preferential credit for poor households**

- Representative of 1 mass organization.

**Policy on agricultural- forestry- fishery extension and support for development of production and occupation**

- Extension worker
- Representative of 1 mass organization.

**Project on development of necessary infrastructure for communes with special difficulties in coastal line and island areas**

- Official of Commune Infrastructure/Construction Board
- Representative of 1 mass organization.

**Policy on health care for the poor**

Representative of 1 mass organization (Women’s Association)

Total number of interviews at commune level: 7 per commune or 35 interviews nationwide

Interviews at village level and final beneficiary (individual or household) will be done within the NTP-PR QS.

### 3. Survey Instruments

A number of short semi-structured key informant questionnaires will be developed for the PETS+ according to the following criteria:

a) Selected policies/projects:
- Policy on preferential credit for poor households
- Policy on agricultural- forestry- fishery extension and support for development of production and occupation
- Project on development of necessary infrastructure for communes with special difficulties in coastal line and island areas
- Policy on health care for the poor
b) Level:
- Central level;
- Provincial level
- District level
- Commune level

c) Type of informant
- Official in charge of deciding on fund allocation
- Official in charge of the procurement process
- Official in charge of making fund transfers
- Representatives of fund recipients

Each key informant questionnaire will be accompanied by a key data fact sheet collecting data on financial flows (sources of funds, uses of funds).

The PETS team will coordinate with the QS Team to make sure that the QS Beneficiary Assessment questionnaire includes questions related to the process of fund allocation, private costs of public services, etc., to be able to use the QS information to enrich and triangulate the PETS+.

II. P135-2

1. SAMPLING PLAN

Sampling and data collection for the PETS+ will take into consideration the MTR Qualitative Study Sample. There are two reasons for this: first, this should enable to link information from the beneficiaries survey to the expenditure tracking survey results to provide triangulation of results and a more comprehensive perspective of the whole results chain (inputs, activities, outputs, outcomes, and impacts to the extent possible). Also, this can speed up the data collection process and reduce the cost of both studies. However, the PETS+ sample will be smaller than the QS sample since it is more time consuming.

The preliminary sampling plan for the P135-II PETS+ is as follows:
4. First level: 5 provinces selected purposively to represent different types of conditions for P135-II selected policies/projects administrative and financial implementation. These provinces are a sub-set of the 6 provinces suggested to be selected for the P135-II QS (see Table 1).1

1 Those 6 provinces are themselves a sub-set of the 9 provinces selected for the NTP-PR QS. This design allows for cost-effectiveness and gains in time while preserving global representativeness.
Table 1: Province selection for P135-II QS and PETS+

<table>
<thead>
<tr>
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<tr>
<td>1</td>
<td>Bac Can</td>
<td>North, mountainous</td>
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<tr>
<td>6</td>
<td>Sóc Trang</td>
<td>South, Mekong delta</td>
<td>Sóc Trang</td>
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</tbody>
</table>

5. Second level: 1 commune (rural area) selected randomly using pps measure of size in each selected province for a total of 5 communes. This commune will be one of the two communes selected for P135-II QS. The district corresponding to this commune will be identified.

6. Third level: In each sampled commune, a rural village will be randomly selected for a total of 5 rural villages. This village will be the selected village for P135-II QS.

This sampling plan will be finalized by end of August 2008.

2. INTERVIEWEES

The PETS+ will interview the following key informants:

Central level

CEMA
- Director

MPI
- General Issues Department
- Financial Department

MoF
- Financial Administration Department
- Budget Department

Policy on production development

- Official of CEMA Director level
- Official of MARD Policy Department
Project on infrastructure development

- Official of CEMA Director level

Total number of interviews at central level: 8

Provincial level (in the sampled provinces)

DPI
DoF

Policy on production development

- Official of DARD Director level
- Official of Agricultural Extension Center

Project on infrastructure development

- Official of DPI Director level

Total number of interviews at provincial level: 5 per province or 25 interviews nationwide

District level (corresponding to the sampled communes)

Policy on production development

- Official of Agricultural Extension Division

Project on infrastructure development

- Official of Division of Planning and Extension and/or District Infrastructure/Construction Board
- District Treasury

Total number of interviews at district level: 3 per district or 15 interviews nationwide

Commune level (in the sampled communes)

- Chairman of CPC.
Policy on production development

- Extension worker
- Representative of 1 mass organization.

Project on infrastructure development

- Official of Commune Infrastructure/Construction Board
- Representative of 1 mass organization.

Total number of interviews at commune level: 5 per commune or 25 interviews nationwide

Interviews at village level and final beneficiary (individual or household) will be done within the P135-II QS.

3. Survey Instruments

A number of short semi-structured key informant questionnaires will be developed for the PETS+ according to the following criteria:

a) Selected policies/projects:
   - Policy on production development
   - Policy on infrastructure development.

b) Level:
   - Central level;
   - Provincial level
   - District level
   - Commune level

c) Type of informant
   - Official in charge of deciding on fund allocation
   - Official in charge of the procurement process
   - Official in charge of making fund transfers
   - Representatives of fund recipients

Each key informant questionnaire will be accompanied by a key data fact sheet collecting data on financial flows (sources of funds, uses of funds).
The PETS team will coordinate with the QS Team to make sure that the QS Beneficiary Assessment questionnaire includes questions related to the process of fund allocation, private costs of public services, etc., to be able to use the QS information to enrich and triangulate the PETS+.