

## ADB's Country Cooperation Strategy and Assistance Program for Agriculture and Rural Development

1. Following the resumption of Asian Development Bank (ADB) operations in Viet Nam in 1993, ADB's country strategy and assistance program has evolved in response to the changes in the country's development needs and the Government's development strategy. In consultation with the Government, ADB's country program and strategy (CSP)<sup>1</sup> was reassessed in 2001. This CSP has been updated since then on annual basis through CSP updates.

2. The CSP is based on Viet Nam's development goals and priorities for poverty reduction as articulated in the Government's Socioeconomic Development Strategy, the Comprehensive Poverty Reduction and Growth Strategy (CPRGS), and ADB's long-term strategic framework. It also reflects consultations held during CSP preparation with the Government, nongovernment organizations (NGOs), other funding agencies, and stakeholders. The overall objective is to help achieve poverty reduction targets by combining employment-generating economic growth with interventions aimed at reducing social and regional imbalances. Key areas for ADB assistance have been defined around the shared strategic priorities of sustainable growth, inclusive social development, and good governance (see Figure 1). In addition, ADB will support regional development by focusing on the relatively impoverished Central Region of Viet Nam.

3. In line with the CSP, ADB will assist Viet Nam in accelerating employment generation and growth through support for rural development and private sector development. ADB support for rural development will focus on (i) raising agricultural productivity and (ii) promoting agro-industrial development:

- (i) **Agricultural Productivity.** While the prospects for intensifying production by increasing inputs have reached their limit, raising the level and quality of public spending on agricultural research and extension is likely to have a strong impact on productivity. ADB is providing assistance for strengthening agricultural research and extension services and other institutional improvements (development of market information channels, quality controls). ADB also encourages better outreach to poor, female, and ethnic groups in extension activities and credit. Support is provided through sector development program lending and TA operations.
- (ii) **Agro-Industrial Development.** The agro-industrial sector, which is still relatively undeveloped in Viet Nam, can contribute significantly to diversifying demand for agricultural output, increasing agricultural value added, and creating opportunities for rural nonfarm employment. ADB is promoting linkages between suppliers and agroprocessors through support for growth of private agro-enterprises. The emphasis is on removing constraints to further development of these enterprises including access to land, credit, and information on technology and markets. Efforts are also be made to ensure access of women to these opportunities.

4. The emphasis of ADB support for rural development is thus on promoting linkages between the rural farm and nonfarm sectors, especially through production and processing of more diversified and higher value-added crops. The geographic focus on the Central Region will also reinforce ADB support for rural development, although the main objective of

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<sup>1</sup> ADB website for the full CSP and CSPU is <http://www.adb.org/Documents/CSPs/default.asp>

the geographic focus is to promote more balanced regional development by targeting one of the poorer areas.

5. As industrialization and urbanization increase in Viet Nam, efforts and resource reallocation will be needed to ensure that people living in more remote regions, in particular ethnic minorities, share in the benefits of growth and fully realize their development potential. By focusing a share of its assistance on the Central Region, particularly the poorer Central Highlands and North Central Coast, ADB will seek to ensure more balanced regional development. The geographic focus will increase the development impact of ADB interventions, improve implementation supervision, and build local capacity more systematically.

6. ADB Operations in the Central Region include community-level livelihood projects and infrastructure expansion. Community-level livelihood projects, focused on poor districts in a small number of contiguous provinces, aim to enhance food security, create income generation opportunities, and build small-scale infrastructure relying on participatory approaches. The link between resource depletion and poverty reduction will be addressed through forestry, watershed, and coastal resource management. Efforts will be made to address women's needs and ensure balanced gender access to activities under these projects. To complement the community-based approaches, ADB will support infrastructure expansion within the region, in particular, roads, water resources, and urban development in priority provincial and district towns.

7. Environmental sustainability of ADB operations is ensured by the natural resource focus of the livelihood improvement interventions in the Central Region. These are designed to take into account the relevant environmental constraints and issues: forestry-related in the Central Highlands and coastal resource-based in poor seaside lowlands. In addition, support for provincial and district town development in the Central Region will help reduce migration to large urban centers and related environmental stress. Moreover, the dispersed nature of agricultural, agroprocessing, and nonfarm SMEs, supported through the rural and private sector development strategy, will tend to diffuse the environmental impact of economic development.

**Figure 1: Viet Nam Country Strategy and Program at a Glance**

