



**BAN ĐIỀU PHỐI NGÀNH HÀNG CÀ PHÊ VIỆT NAM**  
**VIETNAM COFFEE COORDINATING BOARD (VCCB)**



## World Bank support for Vietnam's Coffee Sector

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**WORLD BANK GROUP**

# **World Bank support for Vietnam's Coffee Sector**

**2015 Vietnam Coffee Outlook**

**December 2, 2015**

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**Lead Economist, World Bank**

# Outline

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## How is the World Bank supporting the coffee sector in Vietnam?

- Vietnam Sustainable Agriculture Transformation Project (vnSAT)
  - Project (sub-)components
  - Strategic orientation
  - Key interventions
  - Activities for 2016
- Support for the Vietnam Coffee Coordination Board
- Concluding Remarks

# Vietnam Sustainable Agriculture Transformation Project [1]

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- Vietnam Sustainable Agriculture Transformation Project (vnSAT)
  - \$238m IDA-financed project (IPF)
  - Implemented by MARD
  - Closing date: December 31, 2020
- Project development objective:
  - to improve farming practices and value chains in the targeted project areas, and promote institutional strengthening of relevant public agencies to effectively support implementation of the Agricultural Restructuring Plan.
- Results framework:
  - Direct beneficiaries:
    - 140,000 rice-producing households (i.e. over 550,000 people) in the MKD
    - 62,000 coffee-producing households (i.e. 250,000 people) in the Central Highlands (with a similar number benefiting indirectly from continued seasonal employment opportunities).
  - Target around 30 leading rice-producing districts in eight provinces in the MKD
  - Target 8 – 12 leading coffee-producing districts in five provinces in the Central Highlands

# Vietnam Sustainable Agriculture Transformation Project [2]

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- Component A: Institutional Strengthening to Support Agricultural Transformation
  - (a) capacity development for MARD; (b) capacity development for the provincial level, and (c) capacity strengthening for value chain partners.
- Component B: Supporting Sustainable Rice-Based Systems
  - (a) supporting a large-scale program on improved agronomic practices and management; (b) supporting private sector investments in upgrading rice processing technology and facilities for high value and quality rice; and (c) improving public services delivery.
- Component C: Supporting Sustainable Coffee Production and Rejuvenation
  - (a) supporting an intensive coffee program on improved farm agronomic and management practices, (b) supporting sustainable coffee rejuvenation/ replanting, and (c) improving public services delivery.
- Component D: Project Management, Monitoring and Evaluation
  - (a) project management; and (b) monitoring and evaluation.

# Vietnam Sustainable Agriculture Transformation Project [2]

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- **Component C: Supporting Sustainable Coffee Production and Rejuvenation**
  - (a) supporting an intensive coffee program on improved farm agronomic and management practices, (b) supporting sustainable coffee rejuvenation/replanting, and (c) improving public services delivery.
- **Component D: Project Management, Monitoring and Evaluation**
  - (a) project management; and (b) monitoring and evaluation.

# Vietnam Sustainable Agriculture Transformation Project [3]

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- Coffee Sector Component: Strategic Orientation
  - Promote improve sector planning
    - Evidence based / analytical
    - Broaden stakeholder participation
    - Facilitate improved sector monitoring
  - Support improved agricultural practices
    - Address key sustainability challenges – not driven by certification
    - Focus on proven and cost effective methodologies – farmer field school (FFS)
    - Integrate into existing interventions
      - Follow proven curriculum
      - Build state capacity for extension while harnessing private sector/ NGO activities
  - Support rejuvenation
    - Promote improved planting material
      - Promote high-quality seedling industry
    - Leverage the finance sector
      - Identify financing constraints – specifically targeting market failures
      - Avoid disincentive to commercial bank lending
      - Link loan disbursements to proven adoption of improved practices
  - Assist exit from coffee

# Vietnam Sustainable Agriculture Transformation Project [4]

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- Key interventions
  - To support the adoption of improves agricultural practices
    - 12 core districts among 5 provinces
    - 62,000 coffee growers
    - over 69,000ha
    - 1,000 demonstration sites
    - Matching grants for water saving technologies (60%)
    - Matching grants for essential infrastructure
    - Strengthening 1,600 coffee grower clusters (FO
  - To leverage finance for coffee rejuvenation
    - Line of credit managed by BIDV and open to all commercial banks
    - 9,000 coffee growers
    - Over 10,000ha
    - 600 demonstration sites
  - Support coffee sector governance
    - Recognizing that coffee is part of landscape
    - Improve sector planning/ strategy
      - Including capacity building for key agencies
      - Including regulatory functions (certification/ quality assurance/ surveillance)

# Vietnam Sustainable Agriculture Transformation Project [5]

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- Activities for 2016
  - vnSAT to be launched in December 2015 (once ‘effective’)
  - Prioritization of focus provinces/ districts
  - Finalization of project implementation manual and plans
    - Manuals should not re-invent the wheel – build on existing practices that are proven effective
    - Include space for experimentation/ alternative approaches with robust evaluation where there is uncertainty
  - Launch of the Line of Credit
    - Legal agreements (on-lending agreements) and manuals/ procedures
    - Identifying participating financing institutions (PFIs)
  - Support for VCCB
    - Contribute to the implementation of the workplan for 2016
      - Operational funding
      - Technical assistance for specific agendas
    - Support longer-term evolution
      - Organization development
      - Technical assistance for longer-term policy issues

# Support to the VCCB [1]?

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- vnSAT Component A: Institutional Strengthening to Support Agricultural Transformation
  - Includes technical assistance for capacity strengthening of value chain partners (including VCCB)
- Objective: to support VCCB to transition to an effective coordinating body for the coffee sector
  - What would “an effective coordinating body for the coffee sector” look like?
  - Is it already functioning as such?
  - If not, how should it evolve?
  - What is the time-frame for such an evolution?
  - What is needed to support this evolution?
    - From existing stake-holders?
    - In terms of external assistance?

# Support to the VCCB [2]?

- VCCB is an important development in coffee sector governance
- Compared to similar organizations in coffee and other sectors around the world, it could do more

- Demands from stakeholders

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| <ul style="list-style-type: none"><li>• policy consultations with all stakeholders</li><li>• coordination between all relevant ministries</li><li>• coordination through the coffee value chain</li><li>• promote producer organizations</li><li>• generic promotion and trade development</li><li>• adaptation to climate change</li><li>• management of a coffee development fund</li><li>• price stabilization and risk management</li></ul> | <ul style="list-style-type: none"><li>• research and development</li><li>• extension</li><li>• input delivery and credit programmes</li><li>• infrastructure development</li><li>• capacity development</li><li>• quality improvement</li><li>• promotion of value-added production</li><li>• reporting to the Prime Minister's office</li></ul> |
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- Currently essentially a 'platform'
  - Useful
  - Limited
- Lots of models of inter-professional bodies, apex farmer organizations, etc.

# Support to the VCCB [3]?

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- Is the VCCB sufficiently robust to manage some of the innovations being proposed
  - Development and oversight of sector policy
    - How does it leverage responsible state agencies?
    - Can it coordinate across the whole range of stakeholders?
      - Local and international companies
      - National level agencies
      - Provincial authorities
  - Is it well positioned to make decisions on priorities and trade-offs?
    - Technical competence
    - Legitimacy
  - Coffee Development Fund
    - Legal structure viz. public financial management procedures
    - Governance and oversight of resource allocations
  - Sector Monitoring and Reporting
    - Task of monitoring ≠ task of reporting
      - Drawing on MARD, Provinces, private sector actors

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**Thank you for your attention!**