

FACTSHEET



JOINT PROGRAMME ON GREEN PRODUCTION AND TRADE TO INCREASE INCOME AND EMPLOYMENT FOR THE RURAL POOR

The issue:

Viet Nam has achieved impressive economic progress since the *doi moi* (renovation) process was launched in 1986. Since 1993, real GDP growth has averaged 7.5% per year and the poverty rate has been reduced from 58% in 1993 to 13% in 2008. Growth has been driven by accelerated international integration, market liberalization and job creation in the private sector.

However, persistent inequalities and poverty remain, particularly in rural areas where more than 90% of the poor reside. In many areas, the income generated from farming is not sufficient for smallholder farmers to reach an income level above the national poverty line of VND 200,000 per month.

The collection and processing of natural raw materials from forest areas and handicraft production constitute the most important sources of additional income for rural households. In fact, it is very often the additional income generated from handicraft production or the collection of raw material that determine whether or not rural households can lead a life below or above the national poverty line.

The joint programme:

- The joint programme works to increase income and employment opportunities for raw craft material growers/collectors and grassroots handicrafts and furniture producers.
- In accordance with Decree No 66/2006/ND-CP on the development of rural trades, the programme targets about 4,500 poor farming and craft-producing households in four northern provinces of Viet Nam: Thanh Hoa, Nghe An, Hoa Binh and Phu Tho. These provinces were selected due to: (i) the high incidence of poverty, especially among ethnic minorities; (ii) the concentration of raw materials and local production of crafts; and (iii) the possibility to build synergies with past and ongoing development activities.
- Within the four targeted provinces, the programme will focus on the five following value chains: (i) bamboo/rattan; (ii) sericulture and weaving; (iii) sea grass; (iv) lacquerware; and (v) handmade paper. The programme's approach is to develop better integrated, pro-poor, and environmentally sustainable

KEY FACTS

BUDGET: USD 4,120,000

Of which:

- MDG Fund (Spain): **USD 4,000,000**
- Government contribution: **USD 120,000**

PROGRAMME DURATION: 2010 – 2012

UN PARTICIPATING AGENCIES:

FAO, ILO, UNIDO, UNCTAD and ITC

NATIONAL IMPLEMENTING PARTNERS:

- Ministry of Industry and Trade (MOIT)
- Ministry of Agricultural and Rural Development (MARD)
- Ministry of Labour, Invalids and Social Affairs (MOLISA)
- National Trade Promotion Organization (VIETRADE)
- National Handicrafts Exporters Association (VIETCRAFT)
- Viet Nam Cooperative Alliance (VCA)
- Viet Nam Chamber of Commerce and Industry (VCCI)
- Viet Nam Cleaner Production Centre (VCPC)
- Rural Development Centre (RUDEC)

DIRECT BENEFICIARIES:

- 4,500 poor households in four northern provinces of Viet Nam

“green” value chains, enabling poor growers, collectors and producers to improve their products and link them to more profitable markets.

- The joint programme will train smallholder farmers in improved, sustainable planting of raw material for the handicrafts sector and aims to stimulate enterprise development and introduce new ‘green’ technologies at the household and SME level. It will also develop the direct export capacity of provincial wholesalers and link them to international markets.
- All project outputs are directed towards changing the systemic competitiveness of the value chain, which should lead to higher incomes for beneficiaries. Improved productivity in gathering raw material and processing, production and trade will lead to higher prices and increased sales volume and thus higher incomes.

Unique features:

- The complex challenges faced by the five value chains, ranging from sustainable raw material production, entrepreneurial skills development and cleaner production to market linkages and trade information deficits, can best be addressed by a joint programme which combines the core competencies of the relevant UN agencies: FAO, ILO, ITC, UNIDO and UNCTAD.
- The design of the programme is based on the government-endorsed sector strategy for the arts and crafts sector and the government’s Resolution No. 30A on rapid and sustainable poverty reduction.
- Viet Nam’s provincial master plans for economic development emphasize the predominant role of the handicraft sector in poverty alleviation. During the design phase of the programme, government entities at the provincial level have been extensively involved and contributed their ideas and expertise to the process. This has ensured government commitment and support, further enhancing the prospects for engagement at the policy level and future sustainability.

Key outcomes:

1. Improved understanding of the value chains for handicrafts and small furniture products.
2. Sustainable increases in the incomes of craft, small furniture and raw material growers and collectors.
3. Sustainable increases in the incomes of rural craft and small furniture producing households and enterprises.
4. Improved policies and regulatory frameworks at the provincial and national levels for the pro-poor promotion of handicrafts and small furniture production.

The programme will contribute to the achievement of MDG 1 on ending poverty and hunger, MDG 3 on promote gender equality, and MDG 7 on ensuring environmental sustainability.

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