

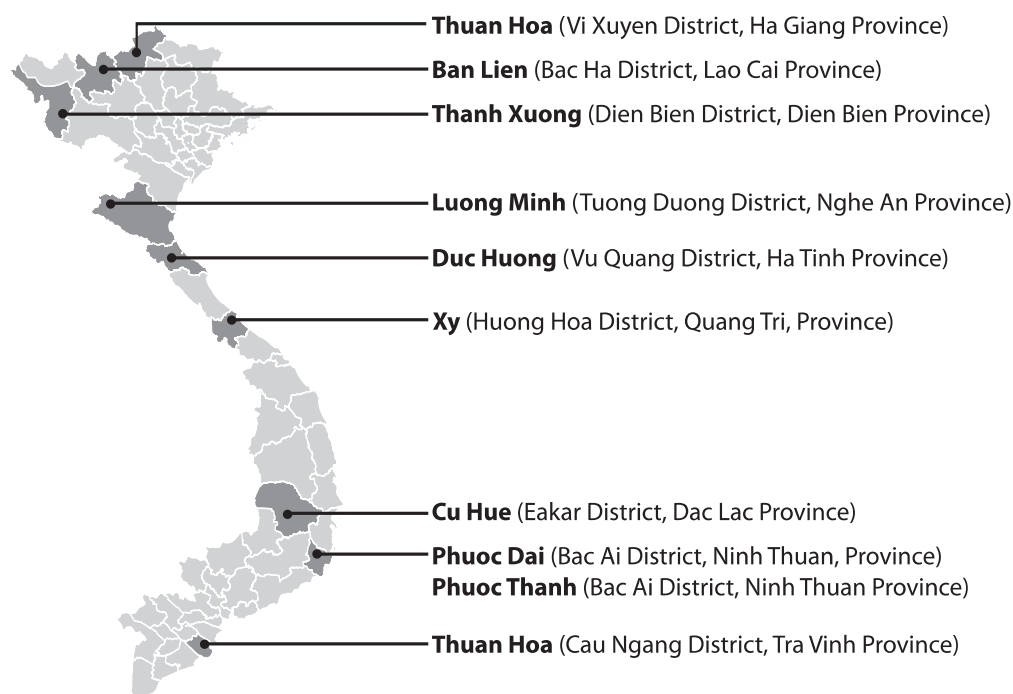
# Participatory Poverty Monitoring in Rural Communities in Viet Nam



Synthesis Report

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## Synthesis Report



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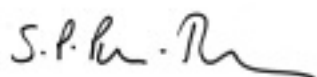
# Preface

In January 2007, Viet Nam was admitted as the 150th member country of the WTO. It was widely recognised that this would bring many new opportunities to Viet Nam, but would also pose many challenges, especially in ensuring that the full benefits of WTO membership are shared by the whole of Viet Nam's population, including poor and vulnerable people.

In this context, and as organisations that have a long history of working to support the poorest and most marginalized groups in Viet Nam, ActionAid Viet Nam (AAV), Oxfam Great Britain (OGB) and Oxfam Hong Kong (OHK) started the 'Post WTO' poverty monitoring initiative in early 2007.

The initiative is intended as a longitudinal study of poverty outcomes, linked with changes in livelihoods and market access of vulnerable groups, in selected communities throughout Viet Nam. Our intention is to provide analysis and recommendations for policy discussion as well as for the work of Oxfam, AAV and partners.

We hope you find this first annual synthesis report interesting and useful.



Steve Price-Thomas  
Country Director  
Oxfam Great Britain



Phan Van Ngoc  
Country Director  
ActionAid Viet Nam



# Acknowledgements

This synthesis report on rural poverty monitoring is a collective effort, which could not have been completed without the valuable contributions of many people.

We would like to thank the staff of Oxfam Great Britain, Oxfam Hong Kong, and Action Aid Viet Nam for their valuable comments through the whole design process, field work, workshops and report development. Some Oxfam and AAV staff took part in the field surveys and contributed considerable knowledge and experience to develop the research methodology and content. Andrew Wright and Dr Pamela McElwee were of great help in shaping and editing the final report.

We are grateful to the People's Committees, Department of Foreign Affairs and various government departments at provincial and district levels for approving and creating favourable conditions for our work. We thank the members of the nine provincial core groups, officials in the departments involved, mass provincial and district level organisations, and commune officials who devoted their time and effort working with us to complete field work and poverty monitoring in each province. We especially thank the village officers who accompanied and supported us during the field work in the 20 villages of the monitoring network. The active participation and smooth coordination among Oxfam's and AAV's local partners, including Coordinators, members of Development Programme Management Units at district level, and staff from other Vietnamese NGOs, such as HCCD, CCD and ACEP, have also been critical to the success of the outcome.

Last but not least, we would like to sincerely thank the men, women, young people and children in the villages selected for sharing with us through discussion and in-depth interviews their difficulties and achievements, their comments, plans and future expectations. None of this work could have been achieved without their lively and active participation.

Given the tight timeframe and the complex theme of the study, errors may exist. We would appreciate receiving comments from interested readers and would like to thank you in advance.

Your comments are highly appreciated<sup>1</sup>. Thank you very much.

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# Abbreviations and Terms

AAV	Action Aid Viet Nam
ACEP	Advancement of Community Empowerment and Partnership
ADB	Asian Development Bank
CCD	Centre for Community Development of Dine Bien province
DARD	Department of Agriculture and Rural Development
DOLISA	Department of Labour, Invalids, and Social Affairs
DPI	Department of Planning and Investment
GSO	General Statistics Office of Viet Nam
GOV	Government of Viet Nam
HCCD	Ha Tinh Centre for Community Development
HS	High school
LSS	Lower secondary school
MOLISA	Ministry of Labour, Invalids and Social Affairs
NGO	Non-Governmental Organisation
OGB	Oxfam Great Britain
OHK	Oxfam Hong Kong
PA	Poverty alleviation
Programme 132	A Government programme that supports production and residential land for ethnic minority people in Tay Nguyen (Based on Decision No. 132/2002/QD-TTg dated 8/10/2002)
Programme 134	A Government programme that supports production and residential land, and water for domestic consumption for ethnic minority people (Based on Decision No. 134/2004/QD-TTg dated 20/7/2004)
Programme 135	A Government programme that supports socio-economic development for especially difficult communes (Based on Decision No. 135/1998/QD-TTg dated 31/7/1998)
Reflect	Regenerated Freirean Literacy through Empowering Community Techniques (implemented by AAV and its local partners)
VHLSS	Viet Nam Household Living Standards Surveys
WB	World Bank
WTO	World Trade Organization

1 USD = 16,600 VND (exchange rate applicable in August 2008)



# EXECUTIVE SUMMARY

## ***The survey***

From April 2007 to January 2008 Oxfam Great Britain (OGB), Oxfam Hong Kong (OHK), and Action Aid Viet Nam (AAV), working with local partners, carried out a poverty monitoring survey in ten communes, involving 600 households in nine provinces across Viet Nam. A core working group was formed in each province. Data were gathered through group discussions, in-depth interviews, and questionnaire-based household interviews.

## ***Findings***

In recent years the principal drivers of poverty reduction have included promotion of commodity production, upgrading infrastructure, increasing access to markets and wage labour, better schools and health care and wider access to credit. While poverty is indeed reduced compared to 10 years ago, the results show that, despite this downward trend, high rates of poverty persist in remote, mountainous areas. In many places some two out of three households still face poverty. Although poverty levels are lower than three to five years ago, it should be noted that income alone cannot measure poverty rates; for many poor, food quality is still low and nutritional levels frequently inadequate. Furthermore, rates of poverty reduction in many places seem likely to slow in the near future, as progress reaches down to the hard core of the most disadvantaged, whom have not always been reached by poverty target programmes. These are people who face extreme difficulties because of lack of land, labour, capital, or market access, and people with particular vulnerability factors such as old people, those living alone, people with disabilities, or poor female-headed households.

The notion of poverty used in the report covers both income and non-income components, and poor people are disadvantaged in both: they lack land, quality housing, livestock, durable assets, and sources of income. With less education and technical knowledge, they have less capital and Most poor people report they are not generally optimistic about improving the quality of their lives.

The survey found striking differences in poverty rates and incomes between different groups living in the same commune. Although different ethnic groups experience features common to the area such as climate, topography or availability of water, incomes and poverty rates turned out to be markedly different. The trends are that Kinh people had the lowest rates of poverty; Khmer, Tay, Thai, and Ede groups had mid-levels of poverty; and Van Kieu, Raglai, Kh'Mu and H'Mong groups had the highest levels of poverty. The application of technical know-how and farming intensity, access to market and schools, creditworthiness, paid employment and proficiency in the national language appear to be significant features accounting for differentials in poverty between households of different ethnic groups.

Clear and important findings emerged: there is close correlation between the ability to farm productively and getting out of poverty, and with easy access to markets and escaping poverty. Human resource capacity, or lack of it, is a critical determinant of economic status among rural populations; associated with this, extension training services were often rated poorly as they did not take into account the needs of non-Kinh speakers or their indigenous knowledge and practices. Finally but crucially, a comprehensive system of social protection is called for.

In accessing important trends in poverty reduction, this report focuses on four major aspects of the problem: the growing gap between rich and poor, the vulnerability of poor households to shocks and risks; the challenge of gender equality and the barriers to participation and empowerment of poor people to take larger roles in deciding their own lives.

## **Challenges to narrowing the gap between rich and poor**

Despite the State's various pro-poor policies, there are limitations to their effectiveness. Even where there has been investment in infrastructure, if conditions for good agricultural productivity such as irrigation, farm equipment and technical support do not exist then the poorest people will not be able to improve their quality standard of living.

The report highlights the differentials between better off and poorer households. Agricultural production is compromised by lack of land for the poor. Subsidies for production materials have not yet reached the majority of the poor and there are still only weak links between commercial enterprises and farming to help them take advantage of new world markets under the WTO. Some poor and near-poor people are unable to access concessionary credit or else are not able to use it effectively to boost their incomes. While increased access to education, health care and other services like agricultural extension have been beneficial, in most cases it is the better-off who have reaped the most benefit. Poor people still suffer from inability to take advantage of new policies and programmes to help improve their lives.

With resetting of the poverty line in 2006 defining more people as poor in the study communities, the poorest of the poor continue to find it difficult to benefit adequately from policies of support, leaving them at risk of falling deeper into poverty. The near-poor group is also vulnerable to risk, but being neither 'poor' nor 'well-off' they cannot afford to raise loans on a commercial basis, yet do not qualify for loans on favourable terms as the poorest do. The near-poor group also has difficulties in accessing education and health care as they do not benefit from subsidy programmes such as the "green card".

## **Vulnerability to shocks and economic insecurity**

There has been a failure to adequately open up better access to markets for poor people, to ensure quality of agricultural production and equip vulnerable communities to deal with shocks and emergencies. Poor people in Viet Nam are still vulnerable to shocks and risks, and in some cases these are increasing. The main shocks facing poor people include harsh, unpredictable weather, lack of labour, insect pests and disease and volatile markets. Other risks include family members with disability, loss of land to debt or development projects; impoverishment of soil and environmental degradation; and risks associated with wage labour, especially long distance migrant labour.

Minority people have applied a variety of solutions to overcome economic risk, finding different ways of making their living, applying newer technologies, diversifying their options for upland farms, or buying on credit. High community cohesion in ethnic minority mountainous areas provides a safety net in times of food shortage or risks but such crisis intervention operates only in the short term. Inter-family groups and local organizations have proved to be effective grass-roots techniques for spreading risk.

Support from state and mass organisations can also help people cope with risk. The poor and near-poor people need easier access to markets and social services to help them cope with risk and avoid falling back into poverty. There is a perceived failure to integrate systems which could mitigate the impacts of disasters into development programming and execution, however, and much more could be done in terms of social safety nets for food security and health and wellbeing for the most vulnerable populations.

## **Gender**

Within the monitored sites, divisions of labour and decision-making between men and women still tend to follow traditions and customs, although there are signs of change. Most minority communities follow patriarchal traditions. Labour divisions still tend to the traditional with women doing so-called 'easy jobs', men doing the so-called 'heavy jobs'. Men are more socially engaged outside the home, attending village meetings, trading in the market and doing 'technical work' such as choosing seeds, fertilisers or farming equipment. However, migration as spouses seek paid work outside the commune has become a factor in altering traditional gender-roles at work and in the home.

State policies are increasingly requiring attention to gender equity as well, such as in access to

schooling or health care. Women now raise loan capital more easily which has enhanced their standing and level of participation in the community. There is increased appreciation of the value of education and more children go to school, with almost equal numbers of boys and girls attending. Women are also becoming increasingly involved with community affairs through increased participation in meetings and projects. These are all likely to have positive impacts on poverty reduction efforts, as the empowerment of women has been shown to have improved impacts on households.

## **Participation**

The survey results pointed to some improvement in community involvement and empowerment. However, overall, village and Women's Union meetings are the main conduits of information about programmes and projects, but information flow tends to be one-way, in an atmosphere of passivity, particularly among women and the poorest people. Ethnic minority people often do not have a clear grasp of issues of importance to them such as finance or legal rights and obligations. Engagement with project planning and design remains limited and is restricted mainly to providing labour. The survey identified many examples of unsatisfactory outcomes to projects resulting from lack of participation.

Institutions such as cooperatives and interest groups in general have not been effective in promoting participation, their function often being limited to being contact points for external support. Other formal and informal institutions that might help to serve poor people are underdeveloped in rural areas, and there is need for more creative attention to organizations, like marketing cooperatives, that could help buffer risks of post-WTO changes likely to hit rural areas in the next few years.

## **Other Future Problems in Need of Monitoring**

Inflation has been a major pressure on poverty reduction efforts in the past year. Price inter-relationships between produce sales and costs of food staples, agricultural raw materials and services have been fluctuating sharply during this time. Higher price yields from produce have been more than offset by steep increases in the cost of household and farm necessities. Such contingencies undermine household security and highlight the challenges for an economy in transition. The current global financial crisis, combined with the rampant inflation Viet Nam has already experienced throughout 2008, especially in food prices, threaten to undo some of the poverty reduction achievements to date.

Another serious threat that demands close attention and monitoring is climate change. Viet Nam is likely to be one of the most vulnerable nations in the world, due to its very long coastline, dependence on agriculture, and relatively low levels of development. The rate of climate changes that are predicted under most future scenarios indicate Viet Nam will have millions of people who will need to deal with increased hazards, such as more extreme weather events, rising sea levels, and increased droughts and floods. Adaptation to climate change will require high levels of capacity, as changes in production, lifestyles, planning and policy making are required at all levels. While the Government of Viet Nam is increasingly recognizing the threats facing it from climate change, there have been few government programmes focused on identifying social vulnerability and addressing adaptation to climate change that will be needed in the 21st century in order to protect the poorest from the harshest impact of climate change.

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## Recommendations for Discussion

We conclude with some recommendations for achieving real, long-term, and sustainable poverty reduction.

1. Alleviating poverty and attempting to narrow the gap between rural rich and poor people, especially in ethnic minority areas, will be most effective when it focuses on human capacity and resources, especially of the poorest, through schooling, job training, and developing the social capital of community institutions. This enables poor people to better access support from the State and other donors, make better use of market opportunities, and cope with risks likely to be encountered in getting out of poverty.
2. There is a clear need for the continuation and upgrading of infrastructure linked to farm production, particularly in ethnic minority communes with the highest poverty rates, from 50-60% upwards. Irrigation and access roads into production areas need to be improved, and agricultural extension services need to be more effective and relevant. Agricultural extension for ethnic minority people should be carried out in a manner appropriate for people who may not be literate or do not speak the Kinh language, especially women. There are already good models to promote the socialisation of extension services.
3. Improving access to micro-credit for poor and near poor households, with particular attention to specific poor groups, should be a priority. Extending credit on favourable terms should be linked to establishing farmers' groups whose members are poor. It could be combined with an agricultural extension series, sharing knowledge and support among group members. Emergency loans for vulnerable populations to survive crop losses and other disasters should also be considered.
4. Operating in a market economy, farmers' organisations should provide more flexible modes of support, such as through cooperatives, clubs or interest groups, to help implement services that cannot be done by individuals. They should do this by promoting participation in policies, programmes and projects. The 'Community Development Fund' could be a good model to empower communities in decision-making and taking their own initiatives to reduce poverty in the most disadvantaged communes. Additionally, links between business enterprises and farmers should be strengthened in order to develop market chains that benefit the poor.
5. There is a need to implement a coordinated system of social protection to respond to natural disasters and economic stress, acting broadly as a safety net and directed at the most vulnerable people. It is therefore recommended that vulnerability mapping and assessments, including climate change challenges, are integrated into development planning. Food security and contingency plans for disasters are top priorities to address key vulnerabilities identified in this report. Existing safety nets and social assistance policies for vulnerable groups should be strengthened both through re-design and expanded funding. These policies and mechanisms need to be integrated and 'socialised' to be effective.
6. In terms of the targeting of safety nets and social assistance policies it is clear that the calibration of the poverty standard should be based on people's food and non-food needs, especially in times of high inflation, and take into account regional differences in prices. It is recommended to review poverty line annually and adjust accordingly to take into account inflation rate.
7. Suggestions for better inclusion of the poor in community life, and on empowering them to make more decisions involving not only their own livelihoods but government policies and projects, include the encouragement and promotion of traditional community activities and practices through expansion of existing models of groups and/or organisations like the "Inter-Family Groups"; building capacity of grassroots level leaders through better training in participatory leadership; provision of support to literacy programmes with community development to increase access to information; and development of a strategic plan to get adequate representation of ethnic minority communities and of women into the local elected and administrative systems.

# INTRODUCTION

## ***Objective of the Report***

Viet Nam has been rapidly changing over the last 25 years. Once one of the world's poorest nations, Viet Nam has seen tremendous achievements in economic growth and poverty reduction in recent years. The percentage of the population living in poverty in 1993 was nearly 60 percent; that had been reduced to 16 percent in 2006, according to the Viet Nam Development Report 2008.

The Government of Viet Nam (GOV) is continuing to undertake comprehensive reform policies during the 2007 - 2010 period, with the objective of moving the country out of underdevelopment and lifting the remaining households out of poverty. As part of the overall economic plans, the country officially acceded to the World Trade Organization (WTO) in January 2007, marking Viet Nam's greatest move towards integration into the global economy. Viet Nam's new role in the world economic order brings both opportunities and challenges, especially to poor communities and to ethnic minority peoples living in mountainous areas.

In order to monitor the changes that Viet Nam will be experiencing over the next few years as WTO accession takes hold and economic transformations deepen, a group of International NGOs decided to get together to follow these changes and their impacts over time. The group, including OGB, OHK and AAV, in cooperation with local partners in provinces where these NGOs have established programmes, has set up a participatory poverty monitoring network, whose goal is to:

***“Carry out periodical poverty monitoring of vulnerable groups in some specific communities, in the context of WTO accession and the government's projected reform policies up to 2010, to provide analysis and recommendations for policy dialogue and implementation of programmes and projects by Oxfam, AAV and their partners”.***

The goals of the annual monitoring exercises are to:

- Provide significant qualitative information on poverty and development to be used in conjunction with statistical and survey data collected from other sources, such as by the government and other stakeholders.
- Establish an 'early warning' network to identify any negative impacts, especially on poor and vulnerable people, in the wake of accession to the WTO.
- Improve local capacity and enhance people's participation in monitoring, with an eye to making poverty alleviation more effective and equitable.

## ***Methodology***

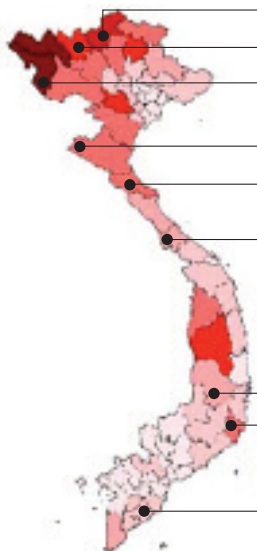
### **Study Site Selection**

Based on discussion between local partners and Oxfam and AAV, nine provinces have joined the monitoring network. One typical commune in each province was selected for the fieldwork, with the exception of Ninh Thuan province where two communes were selected. In each commune two villages were chosen, one near the commune centre, and the other further away and in more difficult conditions. (Previous involvement in an Oxfam or AAV project was not a precondition for a commune being chosen.) A total of ten communes and twenty villages were involved in monitoring (see Table 1). The goal of the monitoring network is not aimed at generating representative statistical data; rather, the goal is to provide qualitative evidence and people's own testimony as a platform for policy dialogue and programme formulation. Thus

monitoring locations were specifically chosen to sample typical livelihood conditions cutting across multiple challenges of poverty, while reflecting the complex diversity of conditions across the areas surveyed.

TABLE 1. The Survey Monitoring Points

Commune	District	Province	Main Ethnic groups	Distance to district centre (km)	In Prog 135 phase 2 ?	Commune poverty rate by end of 2006 (%)
Thuan Hoa	Vi Xuyen	Ha Giang	Tay, H'Mong	42	Yes	69.49
Ban Lien	Bac Ha	Lao Cai	Tay, H'Mong	28	Yes	60.97
Thanh Xuong	Dien Bien	Dien Bien	Kinh, Thai	3	No	22.80
Luong Minh	Tuong Duong	Nghe An	Thai, Kh'Mu	17	Yes	74.70
Duc Huong	Vu Quang	Ha Tinh	Kinh	10	No	23.87
Xy	Huong Hoa	Quang Tri	Van Kieu	36	Yes	70.10
Cu Hue	Eakar	Dak Lak	Ede, Kinh	2	No	24.70
Phuoc Dai	Bac Ai	Ninh Thuan	Raglai	0.3	No	51.67
Phuoc Thanh	Bac Ai	Ninh Thuan	Raglai	14	Yes	69.16
Thuan Hoa	Cau Ngang	Tra Vinh	Khmer, Kinh	2	No	37.10



Source: Commune information sheet

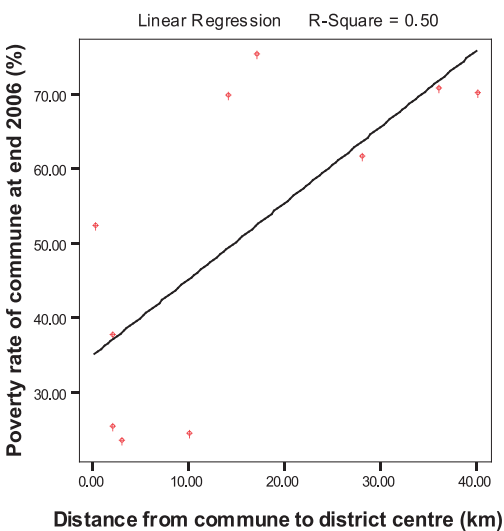
Note: The maps used in the various tables of this report are from “Poverty Map of 2006”, based on 2006 VHLSS data. Darker colours indicate higher poverty rates. Source: Viet Nam Development Report 2008.

The communities chosen for the monitoring reflect the strong diversity of Viet Nam. For example:

- **Geographical diversity and topography:** the monitoring points are located throughout the country from northern mountainous areas, passing through the north central and coastal south central regions, central highlands, to the Mekong Delta. A range of topographies is represented, from high mountains (Ban Lien, Luong Minh, Thuan Hoa-HG), hills (Thanh Xuong, Duc Huong, Xy, Phuoc Dai, Phuoc Thanh), highlands (Cu Hue) and delta areas (Thuan Hoa).
- **Ethnic diversity:** The monitoring areas included numerous ethnic groups, such as Kinh, Tay, Thai, H'Mong, Kh'Mu, Van Kieu, Ede, Raglai and Khmer.
- **Remoteness:** The monitoring took place both near district centres and at distant sites some 30 to 40 kilometres from the centre. Distances between communes and district centre were found to correlate positively with poverty rates. (See figure 1.)
- **Poverty situation:** The monitoring points include some communes doing relatively well, with poverty rates below 30% (Thanh Xuong, Duc Huong and Cu Hue), as well as some very poor communes being targeted under the second phase of Programme 135, where poverty rates were above 70% (Luong Minh and Xy).

A core monitoring group of 15 to 20 people was established in each selected province,

Figure 1: Correlation between poverty rates and distance from commune to district centre





comprising:

- Representatives of provincial Departments, including Foreign Affairs, Planning and Investment, Agriculture and Rural Development, Committee for Ethnic Minorities, Statistics Office, Farmer's Association, Women's Union and Youth Union.
- Representatives of district Divisions, including Labour, Invalids and Social Affairs, Agriculture and Rural Development, Finance and Planning, Statistical division, Fatherland Front, Farmer's Association, Women's Union, Youth Union and collaborators of Oxfam and AAV programmes in the localities.
- Commune and village representatives.

Core groups were responsible for monitoring in their own locality, collecting data and drafting field reports. They received technical support from consultants of the Ageless Company and Programme Officers from Oxfam and AAV.

## The framework: themes and hypotheses

The core groups formulated a data collection framework based on four key questions, articulated as four themes and hypotheses. The report is structured around these four key themes.

**THEME 1: The gap between the rich and the poor.** Poverty, disadvantage and inequality such as exclusion and lack of opportunity are often a result of power imbalances that poor people face. The gap between the rich and the poor can be based quantitatively on differences in income, expenditure and assets, as well as qualitative assessments based on differences in people's voice and representation, and access to resources, services and markets. The research hypothesized that ***in the context of global economic integration and government reform, people who are better educated and better skilled, and who have access to social networks and supporting services, are more likely to progress faster than those who do not enjoy such advantages.***

**THEME 2: Vulnerability.** Poor people and communities often face serious and sustained risks. Poverty is often linked with lack of food security and unstable livelihoods caused by market changes, insecure employment opportunities, lack of social security support, and natural disasters and disease. The research hypothesized that ***with larger cash-commodity production and better access to expanded global markets, some people can take better advantage of market opportunities, and cope with changes in prices and other economic circumstances. Other people who cannot adjust in this way are likely to encounter difficulties or fall back to, or below, the poverty line.***

**THEME 3: Gender Relations.** Poor women have different roles and voices than men. They face challenges in the division of labour, rights, discussion and negotiation between men and women during decision-making, access to services, participation in community activities and in children's education. The research hypothesized that ***associated with a general improvement in living conditions, women's roles in decision-making, division of household labour, involvement in community activities and decisions about children's' education, will be significantly improved.***

**THEME 4: Participation and Empowerment.** Strengthening the role and voice of poor people is important to allow them the opportunities and possibilities to access information, participate and take a lead in all stages of development, including monitoring and evaluation, of local poverty alleviation programmes and projects. The research hypothesized that ***in the new economic conditions, local authorities will face challenges in bringing higher levels of decentralisation, participation, transparency and accountability to bear on managing and monitoring sustainable poverty alleviation.***

## Field work

The first phase of field work was carried out between April 2007 and January 2008. Monitoring, conducted on a participatory basis, took seven or eight days at each field location. The main methods used were:

**Household questionnaires:** In each village 30 households were selected, for a total of 60

households from two villages in each commune. A simple random technique (e.g. card drawing) was used to select the households for interview. The questionnaire focused on information about household members, criteria for the households' living standards, changes in livelihoods and assessment of their access to services, markets and degree of community participation. **600** household questionnaires were completed at 10 monitoring points, providing data from 270 poor households and 330 non-poor households. . (The 'poor' and 'non-poor' households are based on the list of poor household assessment, following the new income poverty line of the Government (below 200,000VND/person/month in rural area) at the monitoring time). Of the 600 respondents 507 were men and 93 were women; 143 were Kinh and 457 people from ethnic minority groups, including H'Mong, Thai, Tay, Kh'Mu, Van Kieu, Ede, Raglai and Khmer.

**In-depth interview for case studies:** Eight to ten typically poor and near-poor households from each village were interviewed to obtain detailed information about trends of poverty, disadvantage and risks faced, gender relations, and their voice and level of participation in programmes and projects. **246** in-depth interviews were conducted with households.

**Group discussion:** Group meetings were conducted with key informants in the communes and villages, with participation of local people, men's groups, women's groups and poor groups. PRA tools, e.g. household wealth ranking, time lines, cause – effect diagrams, listing and ranking exercises were used to gain a deeper understanding of poverty gaps, community history, livelihood trends, impact of price changes and feedback about implementation of local programmes and projects. **143** group discussions involving 748 village people and officials, 470 men and 278 women, 165 Kinh people and 583 ethnic minority people were held.

**Information sheets:** Monitoring personnel provided statistical data about the communes and villages selected. On-site observation and taking pictures (with permission where necessary) provided additional information.

**Official interviews:** In addition, **41** interviews were carried out with officials from provincial and district level departments in the nine provinces.

The first round of field work aimed to collect base-line information and identify emerging issues. Surveys will be repeated in the coming years in order to observe changes in the poverty situation over time. This synthesis report brings together the survey findings from all nine provinces. Table 2 summarizes household survey and commune information data for the 20 monitored study villages.

**TABLE 2. Characteristics of the 20 villages within the poverty monitoring network**

Province		Ha Giang		Lao Cai		Dien Bien		Nghe An		Ha Tinh		Quang Tri		Dac Lac		Ninh Thuan		Tra Vinh		
District	Vf Xuyen	Bac Ha	Dien Bien	Tuong Duong	Vu Quang	Huong Hoa	Eakar	Bac Ai	Cau Ngang											
Commune	Thuan Hoa	Ban Lien	Thanh Xuong	Luong Minh	Duc Huong	Xy	Cu Hue	Phuoc Dai	Thuan Hoa											
Village	Mich B Phong	Group 1 Tung 1	Pa Dong 2	Husbandry	Xop Mat Phung	Huong Tho	Dong lam	Ta Lu 1	Ma Hoa	Phuoc Thanh	Ma Du	Da Ba Cai	Thuy Hoa	Soc Chua						
Phase 2 of Programme 135	Yes	Yes	No	No	Yes	No	No	No	Yes	Yes	Yes	Yes	No	No	Yes	Yes	No	No	No	
	Valley	High mountain	Low mountain	Valley	High mountain	Low mountain	High land	Low mountain	Low mountain	Low mountain	High land	Low mountain	Low mountain	Low mountain	Low mountain	Low mountain	Low mountain	Delta	Delta	
Total number of households	96	45	26	30	77	92	34	138	137	95	42	27	221	124	136	114	75	240	344	
Main ethnicity	Tay (97%)	H'Mong (97%)	Tay (100%)	H'Mong (100%)	Kh'Mu (99.3%)	Kinh (100%)	Thai (100%)	Kh'Mu (99.3%)	Kinh (100%)	Kinh (100%)	Van Kieu (97.6%)	Van Kieu (100%)	Kinh (95%)	Ede (93%)	Raglai (56.9%)	Raglai (93.6%)	Raglai (87%)	Khmer (80%)	Khmer (67%)	
Distance to the commune centre (km)	2	4	2	15	3	1.5	0.4	12	1	2	0	1.5	6.5	2	0.5	1	0.5	3	1	3
Distance to the nearest car road (km)	0.5	0.5	2	5	0	0	0.4	12	0.2	0.5	0	0	0	0	0	0	0.2	0	0	0.6
Distance to the nearest market (km)	3	5	30	18	1	1	14.4	26	1.5	1	24	22.5	7	0.1	0.5	1.7	13	15	1	2.5
Average agri. land/hh (m <sup>2</sup> )	2,800	4,300	NA	NA	1,830	1,340	58,800	87,000	2,200	4,800	1,9048	8,519	9,000	4,800	NA	NA	NA	NA	3,400	11,400
Average agri. land/person (m <sup>2</sup> )	600	800	NA	NA	410	340	13,300	16,300	500	1,100	3,884	1,691	2,100	900	NA	NA	NA	NA	750	2,330
Average food production per capita for year (kg)	460	360	200	NA	150	650	180	200	202	99	220	220	720	415	NA	NA	NA	NA	295	182.5
Village main income sources	Wet rice, hybrid corn, livestock, wage labour	Upland rice, wet rice, local corn	Wet rice, wage labour, local corn, cassava	Wet rice, vegetable cultivation	Upland rice, local corn, wage labour, hybrid corn	Wet rice, hybrid corn, pea nut, livestock, Acacia trees, planting, migrant labour	Wet rice, hybrid corn, pea nut, fruit trees, Acacia trees, planting, migrant labour	Industrial cassava, upland rice, local corn	Hybrid corn, coffee, livestock, wage labour	Wet rice, hybrid corn, coffee, wage labour	Local corn, hybrid corn, livestock, cashew nut, forestry, wage labour, collection of cow muck	Local corn, hybrid corn, livestock, cashew nut, forestry, wage labour, collection of cow muck	Local corn, hybrid corn, livestock, cashew nut, forestry, wage labour, collection of cow muck	Local corn, hybrid corn, livestock, cashew nut, forestry, wage labour, collection of cow muck	Local corn, hybrid corn, livestock, cashew nut, forestry, wage labour, collection of cow muck	Local corn, hybrid corn, livestock, cashew nut, forestry, wage labour, collection of cow muck	Local corn, hybrid corn, livestock, cashew nut, forestry, wage labour, collection of cow muck	Local corn, hybrid corn, livestock, cashew nut, forestry, wage labour, collection of cow muck	Wet rice, shrimp culture, wage labour, migrant labour, small trading	Wet rice, vegetable, wage labour, migrant labour, small trading
Village poverty rate by the end of 2006 (%)	20.0	53.3	38.6	88.0	43.3	16.7	58.8	89.1	27.7	40.0	35.7	63.0	16.9	52.0	53.8	58.0	78.9	45.0	34.8	49.0

Province		Ha Giang		Lao Cai		Dien Bien		Nghe An		Ha Tinh		Quang Tri		Dac Lac		Ninh Thuan			Tra Vinh	
District	Vi Xuyen			Bac Ha	Dien Bien			Tuong Duong		Vu Quang		Huong Hoa		Esak		Bac Ai		Cau Ngang		
Commune	Thuan Hoa			Ban Lien	Thanh Xuong			Luong Minh		Duc Huong		Xy		Cu Hue		Phuoc Dai		Thuan Hoa		
Village	Mich B	Minh Phong	Group 1	Khu Chu Tung 1	Pa Dong	Husbandry 2	Xop Mat	Cham Phung	Huong Tho	Huong Tan	Huong Tan	Troan O	Xy La	Dong Tam	M'Hang	Ta Lu 1	Ma Hoa	Ma Du	Da Ba Cai	Thuy Hoa
Households using electricity % (*)	100	69.0	83.3	20.0	100	100	93.3	26.7	100	100	93.3	93.3	90.0	96.7	93.1	100	73.3	56.7	100	96.7
Households using piped water % (*)	46.7	62.1	30.0	63.3	0.0	0.0	96.7	93.3	0.0	0.0	0.0	50.0	100	0.0	0.0	73.3	20.0	26.7	3.3	23.3
HHS with manual/automatic flush toilet % (*)	0.0	0.0	3.3	0.0	6.7	50.0	0.0	0.0	53.3	43.3	0.0	0.0	0.0	26.7	17.2	16.7	6.7	0.0	0.0	23.3
Households with radio/ cassette % (*)	23.3	20.7	40.0	36.7	6.7	23.3	13.3	13.3	43.3	3.3	3.3	0.0	0.0	10.0	0.0	36.7	36.7	16.7	20.0	26.7
Households with TV % (*)	36.7	48.3	46.7	6.7	100.0	96.7	46.7	6.7	80.0	73.3	66.7	53.3	53.3	100.0	83.3	80.0	46.7	43.3	53.3	73.3
Households with motorbike % (*)	20.0	51.7	33.3	20.0	60.0	76.7	20.0	3.3	46.7	50.0	43.3	26.7	26.7	90.0	60.0	50.0	43.3	0.0	26.7	56.7
Households with telephone % (*)	3.3	10.3	0.0	0.0	23.3	73.3	0.0	0.0	26.7	10.0	6.7	6.7	3.3	66.7	23.3	23.3	10.0	0.0	10.0	13.3
Households with members engaged in local wage labour % (*)	43.3	31.0	6.7	0.0	80.0	46.7	43.3	3.3	6.7	10.0	40.0	40.0	30.0	40.0	53.3	40.0	53.3	26.7	40.0	53.3
Households with remittance from migrant labourers % (*)	3.3	0.0	6.7	0.0	0.0	13.3	6.7	0.0	33.3	23.3	6.7	6.7	0.0	6.7	3.3	0.0	6.7	0.0	6.7	30.0
HHS with income from trading and services % (*)	16.7	0.0	3.3	0.0	3.3	6.7	0.0	0.0	10.0	0.0	0.0	0.0	10.0	23.3	10.0	6.7	6.7	0.0	10.0	13.3
Households selling products in the last 12 months % (*)	60.0	55.2	100.0	83.3	50.0	50.0	6.7	0.0	76.7	80.0	96.7	96.7	43.3	100.0	86.7	46.6	30.0	23.3	40.0	33.3
Households buying materials in the last 12 months % (*)	96.7	82.8	76.7	80.0	73.3	93.3	6.7	6.7	93.3	90.0	3.3	3.3	0.0	100.0	86.7	33.3	26.7	20.0	30.0	66.7
Households benefiting from agri. extension services in the last 12 months % (*)	60.0	86.2	53.3	53.3	53.3	33.3	40.0	33.3	63.3	56.7	70.0	73.3	73.3	51.7	26.7	20.0	30.0	33.3	26.7	40.0
HHS borrowing capital in the last 12 months % (*)	76.0	41.2	30.0	26.7	77.3	72.0	94.1	46.7	53.8	54.2	41.2	26.3	26.3	19.2	10.3	NA	NA	NA	NA	83.3
Households with members not attending school % (*)	7.2	24.5	23.3	32.5	21.4	7.0	14.7	24.1	1.3	0.8	42.6	38.5	38.5	5.6	27.6	23.3	32.5	48.5	38.8	23.5
HHS with members not finishing primary school % (*)	17.6	35.7	29.3	34.4	37.1	15.7	38.2	45.7	7.3	18.1	23.5	41.3	41.3	16.0	38.5	35.2	31.1	31.5	34.9	45.2
Poverty rate in the study sample of 30 HHS by the end of 2006 (*)	30.0	37.9	38.3	83.3	43.3	16.7	53.3	76.7	26.7	26.7	56.7	60.0	60.0	13.3	30.0	53.3	66.7	40.0	40.0	66.7

# Part 1: An Overview of Poverty Trends and Poverty Reduction Efforts

## 1. OVERVIEW OF POVERTY TRENDS

### 1.1 Declining National and Local Poverty Rates

The national trend shows strong poverty reduction in the past 15 years throughout Viet Nam

National-level data show dramatic poverty reduction trends throughout most of Viet Nam (see Table 3). Yet as the table makes clear, not all areas are equally improving. Rural areas remain poorer than urban areas, and ethnic minorities remain poorer than Kinh and Chinese people.

TABLE 3. Percentage of People Living in Poverty in Viet Nam, 1993–2006

	1993	1998	2002	2004	2006
All of Viet Nam	58	37	29	24	16
Urban	25	9	7	4	4
Rural	66	46	36	25	20
Kinh and Chinese	54	31	23	14	10
Ethnic minorities	86	75	69	61	52

Source: Le Thuc Duc et al. 2006.

Overall, poverty rates fell in the monitored communes as well, although at different rates

Such disparities were noticed in the monitored communes as well. While there was overall a trend toward poverty reduction, such a trend was stronger in some places than in others.

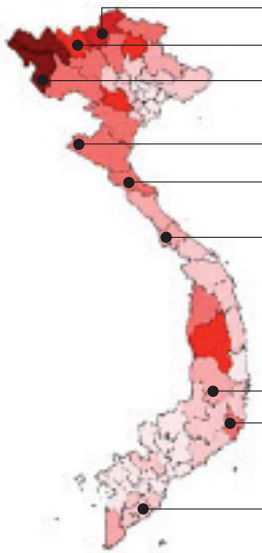
Poverty rates based on the new poverty line (an average per capita income of less than VND200,000 a month in rural areas and VND260,000 a month in urban areas) fell quickly in the study areas in the one and half years since the first review was carried out in mid-2005. All communes saw a reduction in poverty, and in some places the percentage reduction was in the double digits (Table 4). Yet Table 4 shows that poverty reduction at some survey sites was significantly slower than at others, indicating significant gaps in progress between localities.

There are various reasons for this, including disparities between localities in investment and support to households and differences in population and livelihoods. For example, under phase 2 of Programme 135, the average investment per poor commune was VND600,000,000 a year. In communes with larger populations (such as Cu Hue or Thuan Hoa), this meant a significantly smaller per household investment.

TABLE 4. Poverty Rates at the Monitoring Points, 2005-2006 (%)

Commune	Main ethnicity	Commune poverty rate by mid-2005 (%)	Commune poverty rate at end of 2006 (%)	Percentage change in poverty rate (%)
Thuan Hoa	Tay, H'Mong	78.68	69.49	9.19
Ban Lien	Tay, H'Mong	65.90	60.97	4.93
Thanh Xuong	Kinh, Thai	33.90	22.80	11.10
Luong Minh	Thai, Kh'Mu	77.40	74.70	2.70
Duc Huong	Kinh	39.60	23.87	15.73
Xy	Van Kieu	81.50	70.10	11.40
Cu Hue	Ede, Kinh	28.10	24.70	3.40
Phuoc Dai	Raglai	68.82	51.67	17.15
Phuoc Thanh	Raglai	74.34	69.16	5.18
Thuan Hoa	Khmer, Kinh	41.00	37.10	3.90

Source: Poor household review carried out in 2005-2006 at selected communes, based on the new poverty line



Poverty rates remain highest in many remote mountainous communes, and those with many ethnic minorities

As Table 4 shows, although all communes experienced some reduction in poverty, there were great disparities to begin with; Cu Hue started with a poverty rate of only 28% while in Phuoc Thanh it was nearly 75%. Thus despite these reductions, it is clear that poverty is still widespread in many of the monitored communes, with 6 out of 10 still maintaining a poverty rate over 50%. Poverty remains stubbornly persistent, especially in the remote northern mountains (e.g. Thuan Hoa and Ban Lien), communes in the west of the north-central region (e.g. Luong Minh) and those in the west of the central coastal areas (e.g. Xy, Phuoc Dai and Phuoc Thanh). Some two out of every three households are in poverty there, a major challenge for future policies and programmes.

Rate of poverty reduction expected to slow, as a group of 'hard core' poor remain behind

Furthermore, in the coming years the rate of poverty reduction is expected to slow. This is because recent readjustments of the poverty line have placed some people previously considered as 'average' under the former poverty line into 'poor' under the new line (the old line from the 2001-2005 period was an average per capita income of less than VND80,000 a month in rural areas, VND100,000 a month in rural delta areas and VND150,000 a month in urban areas). Although close to the poverty line, households in this category likely have the means to lift themselves out of poverty and become 'average' once again. As this happens, it is expected that a smaller, more 'hard core' group of the poor will remain behind. These are people who face extreme difficulties because of lack of land, labour, capital, or market access, and people with particular vulnerability factors such as old people, those living alone, people with disabilities, or poor female-headed households.

1.2 Drivers of Poverty Reduction

Most poor families feel better off today than five years ago, thanks to government programmes and improvements in production and educational access

Most informants agreed that poor people are now better off than compared to five years ago (see Box 1). Improved food security has meant fewer families facing hunger or going without meals. New seed types are producing higher yields and if there are shortages, diversification is possible: poor people can buy on credit at local shops, do paid work, or rely on relatives. Living and housing conditions have also improved. Many poorer households have received support from the Government's 134 Programme to rebuild or renovate their homes. Although assets of poor people are still simple and of low value, they are greater than in the past. Most rural homes now have blankets and mattresses, many have bicycles, a TV or motorbikes. Better roads make travel and access to information easier. Water and electricity supplies have been connected

to many poor villages through the investment of the 135 Programme. Children are more likely to go to school and the value of education is better understood among many. Most poor families try to have their children complete primary schooling at least. Local officials and teachers actively encourage children to come to school. Primary and even secondary school enrolments were very high at all points surveyed.

**Box 1. Feelings of Local People and Officials about the Past**

*"Life is easier than it was a few years ago, buying and selling goods is easier, rice yields are higher and we have received roofing material, There is enough fertiliser, clean water, there's better education for the children, more protection against the cold weather, and families are smaller".* --- H'Mong group, Kh'Mu Chu Tung 1 village, Ban Lien commune, Bac Ha, Lao Cai.

*"In 2001 people lived in houses with leaking house roofs, incomes were low and there was less social interaction. Their houses are now acceptable, incomes are better and they often have a TV and a motorbike. They are in touch with more information and can benefit from programmes and projects".* --- Group of officials, Xy commune, Huong Hoa, Quang Tri

*"Life is better than before. As it was difficult to travel by road we used to eat mostly salt and dried fish, but now we can buy food in the market. We get higher rice yields. We now have a house and can get technical information and better education".* --- Poor Ede group, M'Hang village, Cu Hue commune, Eakar, Dac Lac

*Positive changes can be seen in many areas as compared to the past*

A number of reasons were given for the poverty reduction effects that have been seen thus far, which are outlined below.

**Increasing productivity from farms**

*Commercial agriculture is a strong trend in monitored areas*

The survey teams noted a clear trend in changes from subsistence agriculture to commodity production in many areas. This included shifts to animal husbandry in Thuan Hoa/Phuoc Dai/Phuoc Thanh, tea growing in Ban Lien, cultivating high value rice in Thanh Xuong, peanuts in Duc Huong/Thuan Hoa-TV, industrial cassava in Xy, and hybrid corn and coffee in Cu Hue. What is interesting to note is that these trends appears to be increasingly driven by market demands, as Viet Nam becomes integrated into global commodity markets.

*These production shifts have been market, not subsidy, driven*

This is markedly different from the 2001-2005 period, when much poverty reduction efforts focused on new seed types and higher yielding crops, which were seen as the best means of reducing poverty. Currently, survey results highlight the close relationship between the opportunities for getting out of poverty and ability to grasp commodity production opportunities, while at the same time successful households must be prepared to anticipate and mitigate the impact of shocks associated with this shift to market production.

*Upland rice is declining in importance, and being replaced or supplemented by cash crops like hybrid corn, tea and coffee*

There are a number of local strategies in this shift to commodity production (see Table 5). In many places, there has been a reduction in upland rice cultivation: people are replacing upland rice with hybrid corn, tea, and timber. The decreasing availability of upland rice land is now putting pressure on ethnic minority people, making them turn to more intensive cultivation. Hybrid corn cultivation was well developed at most survey points because it sells for a good price, is simple to grow and people can sell it locally as well as eat it. In Cu Hue commune, the main hybrid corn cultivation area in Eakar district (Dac Lac province), there are 2,700 hectares of hybrid corn which can produce 19,000 tons. In Thuan Hoa (Tra Vinh province) people have adopted a system of planting corn with the rice crop to sell seed corn.

*Combining cash crops with subsistence ones to diversity incomes*

In many local areas, commodity production has not replaced subsistence agriculture, but complements it. People called this 'use the short crops to serve the long-term ones', by intercropping perennial with short term annual crops in the same upland area, for example, tea with upland rice in Ban Lien commune, coffee with corn in Cu Hue, then stopping the annual crops after two or three years once the commodity crop was well-established. In the Kinh village



of Thanh Xuong (Dien Bien province), people have earmarked an area to grow summer rice, and part of the garden to grow morning glory to sell in the province or in nearby north-western provinces. In other areas, subsistence production remains strong, but has been aided by using new types of seed. Many areas produce two crops of high quality rice, Bac Thom, that can be sold for a higher price than the other species of IR64 previously used.

*Livestock development has grown in some areas, but is hampered by disease and the high price of animal feed in others*

The expansion of some types of animal husbandry and breeding, such as raising cows and goats, has developed in many places, assisted by collateral credit programmes from the Viet Nam Bank for Social Policies. However, price fluctuations and disease pose risks to this sector. Furthermore, the raising of pigs and poultry has not prospered because of disease and steep increases in the price of animal feed. Fish and shrimp farming has not been well developed in mountainous and remote areas. Few households make use of stream water to build fish ponds. For shrimp culture in the coastal areas (Thuan Hoa, Tra Vinh province) people often dig ponds and water channels without planning. They also face problems with the quality of stock breeds, disease control, irrigation and technical know-how on shrimp farming.

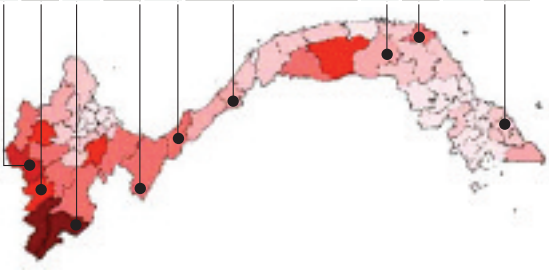
*The forest sector is of limited importance to households, despite being located in many mountainous areas*

Certain income sectors appear to be in decline. People in mountainous areas still collect firewood, vegetables, bamboo shoots, honey, mushrooms and leaves for roofing, and they may go hunting, but income from these activities is low, and forest resources are being depleted. Investments in timber on designated forest land was noted at some monitoring points (e.g. Thuan Hoa, Ban Lien, Luong Minh and Xy communes) but it is difficult for households to turn these into productive areas because of their remoteness and expensive transportation for processing, and the small amount of available timber.



TABLE 5. Changes in sources of livelihoods

Commune	Upland rice	Wet rice	Local corn	Hybrid corn	Cassava	Vegetables and beans	Short term industrial trees	Long term industrial trees	Livestock	Pig	Poultry	Fish, shrimp culture	Collecting from forests	Perennial trees	Handicraft, processing	Local wage labour	Migrant wage labour	Trading, agents, services
Thuan Hoa	---	+	±	+	±	±	+	+	+++	±	±	±	±	+	?	+	?	+
Ban Lien	---	±	±	+	-	±	?	+++	+	±	±	±	±	+	+	+	+	?
Thanh Xuong	?	+	?	?	?	+	?	?	±	±	±	±	?	?	?	+++	+	?
Luong Minh	±	?	±	+	±	±	?	?	±	-	-	±	±	+	?	+	?	?
Duc Huong	?	±	?	±	?	±	+	+	+	±	-	±	±	±	?	+	+++	+
Xy	-	?	±	?	+++	±	?	±	±	±	-	?	±	+	?	+	?	?
Cu Hue	±	+	?	+++	-	±		+++	+	+	±	±	?	?	?	+++	+	+
Phuoc Dai	-	±	±	+	±	±	?	+	+++	±	±	?	±	?	?	+++	+	+
Phuoc Thanh	-	±	±	+	±	±	?	+	+++	±	±	?	±	?	?	+++	+	+
Thuan Hoa	?	+	?	+	?	±	+	?	+	-	-	+	?	?	?	+	+++	+



Source: Data from village information sheet and household questionnaires

+++ Strongly increased + Somewhat increased  
--- Strongly reduced - Somewhat reduced  
± Maintained (some increased, some reduced)  
? N/A (or very rare, only carried out by few households)  
Main income source

*Integrating farmers with processing enterprises can help cushion them against shocks and help them integrate into the market better*

Shifting to commodity production can be associated with greater risks, given unstable prices in world markets for many basic agricultural commodities. But properly managed business enterprises can help develop market chains to benefit poor people, at the same time as helping to cushion them against shocks. Processing and exporting plants can play an important role in development and these business enterprises can engage or collaborate with farmers, for example by providing seeds, technical know-how, expanding cooperatives, providing semi-processing, improving transport links, and directly purchasing goods. This can help alleviate situations where producers grow crops but then face transport and marketing problems when they come to sell them. While some survey teams noted examples of failed 'contract farming', this may be due to people not being happy with the way enterprises buy raw materials and products, or problems with technical and capital support, and harsh weather conditions affecting certain new high yield crops. Despite these setbacks, overall, there were some good examples of how the market integration between farmers and enterprises can benefit both (Box 2).

*Market chains benefit both producers and enterprises*

**Box 2. How Integrated Market Chains Can Improve Household Income**

Ban Lien commune looks like an oasis in a remote part of Bac Ha of Lao Cai district. People of Tay ethnicity had been growing Shan Tuyet tea for some ten years but they sold it cheaply in the local market without much profit. Then Hiep Thanh Company established a tea processing plant in the commune in 2006 and formed nine cooperative tea producing groups. The company buys fresh tea from these growers at the going market price. They let growers borrow seeds for one or two years and provide free technical support. In return growers commit to selling their crop to the company. The average income of a tea growing household is about 500,000VND/month, with a poor household making VND100,000 – 300,000 a month, and a better-off household, VND800,000 – 1,200,000 a month. The work has boosted the wealth ranking of many households from 'poor' to 'better-off'.

The company now plans to develop an internal quality-control system for producing organic tea that conforms to international standards. Ban Lien tea is now reaching international markets in the context of "post-WTO". A fortunate combination of features have come together to make tea a key 'poverty alleviation plant': collaboration between local officials, the company and growers based on fair pricing, application of technical knowledge in developing quality products, and selling to speciality markets overseas for premium prices.

*Source: Poverty monitoring report, Ban Lien commune, Bac Ha, Lao Cai, October 2007*

*Generally high levels of satisfaction with extension services, especially among households poor*

Another source of support for farmers in their transition to commodity production are the agriculture and forestry extension services and the State's supporting policies, such as subsidies. Despite some limitations, agricultural extension and veterinary services appear to have been effective in helping local farmers understand, identify and deal with farm pests and diseases. Table 6 indicates that a high proportion of households are benefiting from at least one of the agriculture or forestry extension services. They report the greatest benefits from on-site workshops, training and vaccination programmes. A high percentage of people answered they have been 'satisfied' with agricultural extension services in the last 12 months, especially people in more accessible areas, or in communes near the district centres where the majority of people are Kinh. In most places, more poor than non-poor people expressed satisfaction with extension; they cited the vaccination of livestock (often their most valuable asset and one that is typically bought on credit) as a key benefit.

*Improvement in extension training and extending training to more people have been successes*

Reasons for being satisfied with extension included extension workers' improved knowledge and positive attitudes, better training methods, and use of audio-visual aids. As one Kinh men's group in Ha Tinh stated, "District and commune extension workers conduct training every year. It used to be mostly officials who attended, with few local people, even though they wanted to. In 2006 and 2007 courses were set up in villages so local people can come and take part."

TABLE 6. Percentage of households benefiting directly and satisfied with at least one of the agriculture extension services in the last 12 months (%)

Commune	Participating/benefiting directly from agriculture extension services			Satisfaction with agriculture extension services		
	Total	Poor	Non-poor	Total	Poor	Non-poor
Thuan Hoa	72.9	90.0	64.1	60.7	70.0	55.6
Ban Lien	53.3	60.0	44.0	60.6	66.7	50.0
Thanh Xuong	43.3	50.0	40.5	67.7	83.3	57.9
Luong Minh	36.7	28.2	52.4	29.6	33.3	25.0
Duc Huong	60.0	62.5	59.1	69.4	80.0	65.3
Xy	71.7	74.3	68.0	48.8	57.7	35.3
Cu Hue	39.0	30.8	41.3	65.2	25.0	73.7
Phuoc Dai (*)	-	-	-	-	-	-
Phuoc Thanh (*)	-	-	-	-	-	-
Thuan Hoa	51.7	44.1	61.5	82.1	69.2	93.3

Source: Household survey data

(\*) Data is not available.

Infrastructure improvements

Infrastructure investments have extended electricity and roads to previously remote locations

In recent years there has been heavy investment in bringing electricity, paved all-weather roads, health clinics and water supplies to remote communes. Much of this has come from Programme 135 investments ongoing since 1998. Roads now reach all the communes, and most of the villages, that were surveyed. Communes have reasonably good schools and clinics and many households have received State support for building houses under Programme 134. However, it was noted that much of the infrastructure remains of low quality. Many roads in the mountains may be damaged, blocked by landslide or flooded in wet weather.

While electricity is widespread in use, sanitation lags behind

Table 7 shows the high percentage of households with access to electricity, with the exception of some very remote communes and villages or households. In the areas without power, people use small hydro-electric generators, but they may have to do without electricity when the dry season comes. There is still a low percentage of households using piped water (pumped up from groundwater wells, or collected in a tank). Many water supplies do not work, or work only poorly, in the dry season. In some communes such as Thuan Hoa – LC, Ban Lien, Xy, and Thuan Hoa – TV, villages in more difficult conditions have received priority in providing a water system, so that more poor than non-poor households have piped water.

The majority of households still do not have proper toilet facilities

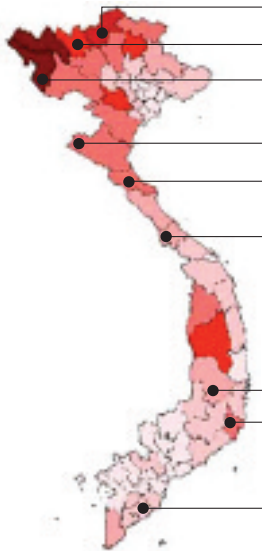
Sanitation remains a major concern in most areas. Very few households have toilets, flushing or non-flushed, and most ethnic minority people use primitive facilities, e.g. covered with leaves or nylon, or have no toilets at all. Facilities are better among Kinh people living in Thanh Xuong, Duc Huong, Cu Hue, Phuoc Dai and Thuan Hoa – TV. The wide disparity in access to basic household services like water and toilets is an indication of the uneven investments in this area.

TABLE 7. Percentage of households using electricity, piped water and flush/manual

Commune	Electricity			Piped water			Flush/manual toilets		
	Total	Poor HHs	Non-poor HHs	Total	Poor HHs	Non-poor HHs	Total	Poor HHs	Non-poor HHs
Thuan Hoa	84.7	80.0	87.2	54.2	80.0	41.0	0	0	0
Ban Lien	51.7	31.4	80.0	46.7	51.4	40.0	1.7	0	4.0
Thanh Xuong	100	100	100	0	0	0	28.3	11.1	35.7
Luong Minh	60.0	51.3	76.2	95.0	92.3	100	0	0	0
Duc Huong	100	100	100	0	0	0	48.3	37.5	52.3
Xy	91.7	88.6	96.0	75.0	80.0	68.0	0	0	0
Cu Hue	94.9	83.3	97.8	0	0	0	22.0	8.3	26.1
Phuoc Dai	86.7	83.3	88.9	46.7	29.2	58.3	11.7	12.5	11.1
Phuoc Thanh	78.3	75.0	83.3	15.0	13.9	16.7	0	0	0
Thuan Hoa	95.0	91.2	100	15.0	17.6	11.5	18.6	5.9	36.0

toilets (%)

Source: Household survey data



Better roads have made it easier to buy and sell from home

Improving access to markets

People are now more likely to have TV or radio, and means of transportation are improved, so are in a better position to keep in touch with market prices. With more shops open it is easier for traders and middle-men to visit families, and local people can sell products or buy needed materials more conveniently. A Khmer women's group in Cau Ngang noted, "Transportation in the past was very difficult, as the road from the National Road 53 to Soc Chua village was not asphalted. In the rainy season, the road was so muddy it was difficult to walk along. Local people had to transport their produce to the market. When traders came to buy at our place prices fell by VND500 – 700VND a kilo, but the good road is helping sustain our economy, as well as making travel easier and we have more time to spend at home on household work."

Proximity to markets and buyers impacts poverty rates

Table 8 indicates a significant percentage of poor people think that selling and buying has improved in the past 12 months. Reasons given for 'better selling of products' included more buyers for goods, higher selling prices, and better transport. The main reasons given for 'better buying of materials' were more sellers and improved transport. In Duc Huong, Cu Hue and Thuan Hoa – TV, people also mentioned the convenience of paying on credit for agricultural materials at local shops and agents then repaying the loan after the harvest.

It was found that proximity to markets, trading and service centres (district centres and wholesale markets) correlates closely with poverty. This is exemplified by the two communes of Luong Minh and Xy, located at a great distance from district centres and having very high poverty rates, of over 70%. Most Thai and Kh'Mu households in Luong Minh commune (Nghe An province) farm to provide only for their household needs so there is almost no buying and selling activity.

TABLE 8. Perceptions of Changes in Trading Conditions (%)

Commune	% HHs selling products Better	Better selling of products			% HHs buying materials	Better buying of materials		
		Total	Poor	Non-poor		Total	Poor	Non-poor
Thuan Hoa	57.6	82.4	75.0	84.6	89.8	50.9	52.9	50.0
Ban Lien	91.7	70.9	76.7	64.0	78.3	59.6	60.7	57.9
Thanh Xuong	50.0	46.7	28.6	52.2	83.3	22.0	7.1	27.8
Luong Minh	3.3	-	-	-	6.7	-	-	-
Duc Huong	78.3	31.9	30.8	32.4	91.7	41.8	46.2	40.5
Xy	70.0	19.0	21.1	17.4	1.7	-	-	-
Cu Hue	93.3	51.7	38.5	55.6	93.3	47.4	53.8	45.5
Phuoc Dai	-	33.3	16.7	44.4	-	20.0	12.5	25.0
Phuoc Thanh	-	23.3	19.4	29.2	-	16.7	5.56	33.3
Thuan Hoa	48.3	62.1	45.5	72.2	48.3	48.3	35.3	65.4

Source: Household survey data

Increased opportunities for wage labour

Local wage labour opportunities are growing and are paying better than in the past

Doing wage labour near home is an important income source and a significant change for poor people's livelihoods in most areas monitored. Table 9 indicates a remarkable percentage of poor households working in this way, except in remote Ban Lien commune. The average pay has been increased from VND20,000 - 30,000 a day two or three years ago, to VND30,000-50,000 a day now and this has significantly improved living standards, helping families confront the disadvantages of having neither productive land nor sufficient income from forestry or farming (see Box 3). At a time when cereal and food prices have been rising steeply, with harsh and increasingly unpredictable weather, and anxiety about pests and disease on the farm, money coming in from wage work enables poor people to cover living expenses as well as save money for children's education.

Box 3: Why the Poor and Landless Turn to Waged Work

"We can only have food from the field work after a successful harvest. If the crop fails we have to borrow for food. My husband is in poor health and two of the children are still small. I have to take responsibility for everything. I had to sell 2,000m<sup>2</sup> out of our total of 4,000m<sup>2</sup> of land to buy medicines for my husband and repay the loan. I decided to sell the remaining 2000 m<sup>2</sup> of land and used some of the money to buy medicines and the rest to buy a motorbike to make some money as a 'xe om' driver.

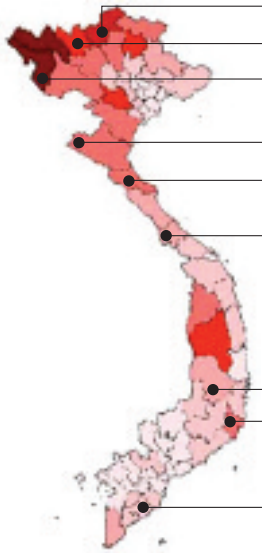
Life is easier now though my husband is no better. My two daughters have grown up and work in HCMC, they send me VND500,000 – 700,000 a month. Also there are now only two of us in the house. I earn VND20,000-30,000 a day with the motorbike and that is enough for us. I worry because my health is not as good as before. I cannot drive the motorbike as before and fewer want this service. In the future my daughters will get married and live on their own so I am saving to change my work. Perhaps I'll raise pigs or cows".

Ms. T. T. L., a Khmer woman, Thuy Hoa village, Thuan Hoa commune, Cau Ngang, Tra Vinh.

TABLE 9. Households Deriving Income from Wage Labour (%)

Commune	Local wage labour			Remittances from relatives working out of the community		
	Total	Poor	Non-poor	Total	Poor	Non-poor
Thuan Hoa	37.3	55.0	28.2	1.7	5.0	0
Ban Lien	3.3	2.90	4.0	3.3	2.9	4.0
Thanh Xuong	63.3	83.3	54.8	6.7	0	9.5
Luong Minh	23.3	23.1	23.8	3.3	2.6	4.8
Duc Huong	8.3	12.5	6.8	28.3	25.0	29.5
Xy	35.0	37.1	32.0	3.3	0	8.0
Cu Hue	46.7	53.8	44.7	5.0	7.7	4.3
Phuoc Dai	46.7	58.3	38.9	3.3	4.2	2.8
Phuoc Thanh	26.7	38.9	25.0	0	5.6	0
Thuan Hoa	56.7	73.5	34.6	46.7	52.9	38.5

Source: Household survey data



Typical local wage labour includes agricultural farm work and construction

Typical wage work includes labouring on the farms of better-off neighbours, weeding, seeding, harvesting (rice, coffee or cashew), taking care of fish ponds, and work on construction sites. Projects such as upgrading infrastructure nearby also create a demand for labour. Thai people from the poor villages of Thanh Xuong commune go to nearby Dien Bien city and wait at a 'labour market' hoping for work (known as 'shovel driving' by local people). However, as much wage labour is seasonal, dependent on the progress of a project or at the mercy of severe weather, it is not stable.

Long distance migrant labour opportunities are growing as well

There is also now a tendency for some younger people from minority communes to look for work outside their local area and to migrate farther away for wage labour. As Table 9 shows, in delta and hill areas (e.g. Duc Huong, Thuan Hoa - TV) the number of young people migrating away for paid work is dramatically increasing, and becoming a significant source of income for poor people. Lack of land, dense populations, and low incomes in farming are the triggers for this exodus while better communications and high demand for labour have made it easier for people to migrate.

In Duc Huong commune the number of young people 18 to 25 years old leaving for migrant wage labour has increased in recent years. Most of them become factory workers in the south. Married or middle-aged people often work picking coffee, work on other farms or on building sites. According to local people, *'in the leisure time after harvest, people of working age leave and look for other work. Only the elderly, women and children stay behind in the village'*. In Thuan Hoa commune of Tra Vinh, most people are of Khmer ethnicity, and there is a long standing custom of migrating for work due to a lack of productive land. Every year more than 600 people leave the commune; in the first six months of 2007 alone more than 400 people, most of them young or middle-aged, left looking for work in the provinces and cities of the south-east.

**Better access to education and health services**

Access to primary education is more widespread than in the past

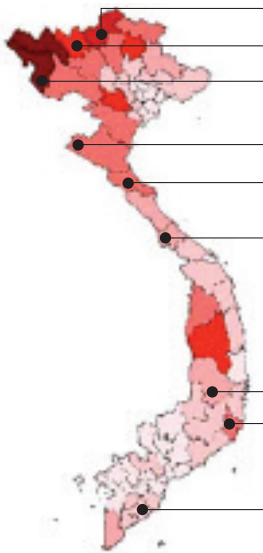
Kindergarten, primary and secondary education are available in all the communes monitored. The fact that primary classrooms are available even in the remotest villages has enabled more children to attend school. Table 10 shows that more than 90% of children within the 6 – 11 year age range are now attending school.



TABLE 10. Percentages of Children Currently Attending School

Commune	6-11 years old			12-15 years old			16-20 years old		
	Total	Poor	Non-poor	Total	Poor	Non-poor	Total	Poor	Non-poor
Thuan Hoa	92.9	93.8	92.3	95.7	81.8	100	87.1	66.7	95.5
Ban Lien	92.9	96.2	100	80.5	66.7	95.0	23.4	38.1	11.5
Thanh Xuong	100.0	100.0	100.0	100.0	100.0	100.0	56.0	62.5	52.9
Luong Minh	94.1	96.3	85.7	85.7	85.5	93.3	40.5	52.0	16.7
Duc Huong	92.9	90.9	94.1	100	100	100	74.3	66.7	78.3
Xy	69.8	71.4	66.7	84.6	83.3	86.4	28.6	25.0	33.3
Cu Hue	97.0	88.9	100	78.9	66.7	82.8	50.0	28.6	57.1
Phuoc Dai	83.0	78.3	86.7	83.3	83.3	83.3	53.6	22.2	68.4
Phuoc Thanh	84.1	84.0	84.2	65.8	57.9	73.7	34.8	21.4	55.6
Thuan Hoa	96.9	100	92.9	66.7	52.9	84.6	15.4	0	30.8

Source: Household survey data



Minority households have benefited from targeted educational subsidies

Minority people have been targets of many educational policies, and are now more aware of the benefits of schooling and often expect their children to finish at least lower secondary school (grade 9). Poor ethnic minority pupils receive support for tuition, books, textbooks and stationery through various government subsidy programmes. Teachers and local officials have made great efforts to encourage children to go to school, particularly to higher grades which often requires them to go to school outside their village or commune. A model of ‘full day schooling and fed by the local people’ [*mô hình ban trú dân nuôi*] has been developed in some rural areas, such as Lao Cai and Nghe An, which helps to reduce drop-outs rate.

Satisfaction with education is fairly high, although there is still some concern about quality of education for minority children

Local people and officials both note with approval the improvements in education in recent years, and the implications for enhancing the potential of the coming generations of young people. The surveys showed quite high percentages of poor and non-poor respondents answering they are satisfied with education services, mainly because of teachers’ positive attitudes, improved facilities and monetary support for buying books and stationery (Table 10). However some ethnic minority parents (e.g. Luong Minh and Xy communes) say they are not ‘satisfied with the education system’ mainly because, as one said: “my child has attended school for several years but still cannot read and write the Vietnamese language fluently”.

The expense of secondary school (grade 9 and up) remains a major concern

Furthermore, enabling children to continue study after finishing secondary school is still a matter of concern among most families in remote and mountainous areas. At present children who want to enrol at high school often have to go to a boarding school (either at their own expense or subsidised by the State) in the district centre, some distance from their commune. Most families interviewed say they cannot afford to send their children to high school. In Thuan Hoa commune, Tra Vinh province, Khmer people have the custom of taking the children with them when they work away from their homeland, making it much more difficult for them to receive higher education. Table 10 shows the low percentage of children in the 16-20 year age range who attend school (e.g. Ban Lien, Xy, Thuan Hoa – TV). More poor children of this age are at school than non-poor because poorer children often begin their schooling late so, despite their age, they are still at lower secondary school, while non-poor children are more likely to be at high school. As several families noted:

-- “I am so worried. When my children grow up, how can I send them to high school? Even though we don’t have to pay tuition fees we still have to buy clothes, rice, and salt. Rich households send their children to high school. I don’t have buffalo, but only a small piece of land so my children will only be

able to study up to grade 9 though I'd like them to get higher education". -- Vang A Ch., Ban Lien commune, Bac Ha, Lao Cai

-- "I'll certainly let my children finish secondary school but sending them to high school in the district centre will be difficult as it costs VND200,000VND a week for each child. Children can only do this if the State supports them". -- Lam A M., poor householder, Ban Lien commune, Bac Ha, Lao Cai

-- "Only one family here sends their child to the high school in Dong Ha town. They are poor and have a member with disability so receive some support from the State. The child comes back to visit every three or four months. Most of the children here only finish grade 9" -- Key informant group, Troan O village, Xy commune, Huong Hoa, Quang Tri

This is a clear demonstration of the need for a stronger policy to support poor ethnic minority children at high school. Such a policy should enable poor families to be able to get scholarship for their children to go to high school.

Expansion of health clinics and free insurance cards has increased access to health care

Like improvements in education, better quality clinic facilities, doctors and nurses are now available to provide health care services. Almost everyone in poor mountainous communes is given free health insurance cards (though some complain about administrative delays or their names being mistyped). At most survey points increasing numbers of people now go to clinics for health checks or treatment. There are effective family planning programmes which have helped reduce the number of families with three or more children. In mountainous and ethnic minority areas more women now give birth at clinics, more than 80% in many places.

Table 11 shows that more than 50% of people say they are 'satisfied' with the health care services at most monitoring points. In some places (e.g. Thuan Hoa – HG, Duc Huong, Xy), more poor than non-poor say they are satisfied with the services, mainly because of the free insurance cards and adequate supplies of basic medicines.

TABLE 11. Levels of Satisfaction with Education and Health Care (%)

Commune	Levels of satisfaction with education services			Levels of satisfaction with local health care services		
	Total	Poor	Non-poor	Total	Poor	Non-poor
Thuan Hoa	66.1	83.3	57.9	59.5	80.0	53.1
Ban Lien	75.6	78.3	72.3	71.4	65.0	77.3
Thanh Xuong	80.0	64.3	88.5	57.5	71.4	50.0
Luong Minh	50.0	48.1	53.8	34.4	28.6	45.5
Duc Huong	65.2	58.3	67.7	48.1	64.2	42.5
Xy	36.6	40.9	31.6	54.9	67.9	39.1
Cu Hue	50.0	30.0	55.6	56.8	50.0	58.6
Phuoc Dai	75.0	54.2	88.9	53.3	33.3	66.7
Phuoc Thanh	73.3	69.4	79.2	63.3	69.4	54.2
Thuan Hoa	83.3	90.0	75.0	60.4	61.3	58.8

Source: Household survey data

Diseases and malnutrition remain a problem, however

Nevertheless, the quality of health care in remote areas is still low. Poor people often get sick due to malnutrition and hard living conditions. Malnutrition levels in children under five years are high: 38% in Luong Minh commune, Nghe An province, 47% in Phuoc Dai commune, Ninh Thuan province, and 57% in Xy commune, Quang Tri province. Some half of Xy commune inhabitants drink river water and this frequently causes digestive trouble. Malaria is on the increase, for



various reasons such as lax control of mosquitoes and their larvae (despite the use of insect spray and grants for mosquito nets), or long times working in the forest. Some women still give birth to many children and infant mortality is high.

Other problems include lack of coverage of some diseases by insurance and problems with doctors

Other problems include the fact that the free health insurance card that poor people are given does not guarantee them sufficient care for certain conditions that need more advanced treatment. In these cases it is difficult for them to pay for transportation, food and care-givers who accompany the patient. Other complaints about the health services included some poor people who commented that some clinical staff have a bad attitude. As one Raglai woman noted, “The health staff often scold. When I arrived they scolded me for not arriving earlier; when I came earlier they complained about that too. Sometimes if I reach the clinic at 12 o’clock, I’m told to go home ‘as it is not the working time now’. In fact I don’t want to go there, I only go there because I am ill”.

Increased access to credit and financial services

Access to and use of the concessionary credit system has improved, and loan sizes are more substantial.

Access to credit is important for rural economies and poor people are able to raise loans more easily from various sources, such as the Viet Nam Bank for Social Policies, Bank for Agriculture and Rural Development, or from projects or mass organisations such as the Women’s Union or Veterans’ Association. The size of loans is getting larger: while formerly they averaged VND3-5 million, now they are typically VND7-10 million per household.

Most households have been able to borrow loans in recent years.

Table 12 shows the high percentage of poor households borrowing from a bank during the past 12 months. But there is significant disparities between sites: at some monitoring points, e.g. Thuan Hoa – HG, Thanh Xuong, Luong Minh, Thuan Hoa – TV many people had raised loans, while in other communes, people borrowed less (in some case likely because they had borrowed money in previous years). Most households had applied for loans to buy livestock on favourable terms through the Bank for Social Policies.

TABLE 12. Percentage of Households Raising Bank Loans During the Past Year

Commune	Total	Poor households	Non-poor households
Thuan Hoa	61.9	71.4	57.1
Ban Lien	28.3	28.6	28.0
Thanh Xuong	74.5	66.7	77.1
Luong Minh	90.9	88.9	93.3
Duc Huong	54.0	69.2	48.6
Xy	33.3	40.9	21.4
Cu Hue	14.5	15.4	14.3
Phuoc Dai (*)	-	-	-
Phuoc Thanh (*)	-	-	-
Thuan Hoa	70.8	78.6	60.0

Source: Household survey data

(\*) Data was not available

Some households still remain out of the concessionary credit system, however.

However at most monitoring sites, up to a third of households still were not able to access credit on favourable terms, especially the near-poor groups: they cannot access capital at commercial rates, yet because they are not officially ‘poor’ they do not qualify for the concessions that the poor are entitled to. They may therefore have to borrow at higher interest rates even though there is a State policy that households who have recently got out of poverty are entitled to receive the same concessions as ‘the poor’ for a two year period.

### 1.3 Remaining Poverty Problems

Despite these overall positive trends, the monitoring data from our field sites confirms that while poverty has been reduced in many areas, it remains high in others. This disparity can be seen in numerous areas. Mountainous communes still experience high rates of poverty, as do ethnic minorities. Food poverty remains high for some groups. Further, while people often stated that their lives have improved in the past 5-10 years, there is a sense of concern that many people are pessimistic that they will see dramatic improvements in their lives in the future.

#### **Food poverty and poor nutrition remains serious for some**

*Malnutrition and food shortages remain a serious concern for the poor*

One indicator of a poor quality of life is the lack of ability to provide enough food with quality nutrition for all members of a household. Despite some improvement, nutritional levels in survey points were low, as evidenced by striking malnutrition levels in some villages.

People's perception of what constituted a 'food shortage' varied from village to village. In better-off villages (e.g. Tay people in Thuan Hoa – HG and Ban Lien - LC, Khmer people in Thuan Hoa - TV, and Kinh people in Thanh Xuong - DB, Duc Huong – HT and Cu Hue – DL) a 'food shortage' meant people did not have enough rice to eat and would have to eat less preferred foods. In other villages (e.g. H'Mong people in Thuan Hoa – HG and Ban Lien - LC, Van Kieu and Kh'Mu people in Xy – QT and the Raglai people in Phuoc Dai and Phuoc Thanh - NT) having a 'food shortage' meant having no corn or cassava as a replacement for rice and indicated real food poverty. For many poor households, staple foods in remote mountainous areas depend on what is locally available, and meals often lack vegetables and variety. Many poor families eat cassava during periods of the year that they have no other alternatives. The poorest people rarely buy fish or meat, perhaps once or twice a month, and this is frequently of the cheapest kind. Hunting animals in the forest or catching fish are rarely regular supplements to mealtime, as these are resources that are now in decline.

Families indicated some of their dietary limitations:

--"A family meal often includes ground corn boiled with water, cassava, rice, bamboo shoots, sweet potatoes (*Dioscorea esculenta*), and beans. Soup could be taken separately or cooked with corn and then eaten with boiled jackfruit. When we work on projects and get paid we can buy meat, fish, and vegetables once or twice a month"-- Raglai men's group, Phuoc Dai, Ninh Thuan

--"On average, households lack food for three to four months a year. During these times most people eat cassava, some have to cut the number of meals from three to two, or even one. Some households have meat, fish or eggs but poor families can enjoy good food like this once every one or two months, but for better-off families, once or twice a week" -- Van Kieu household, Xy commune, Quang Tri

#### **Difficulties in identification of the poor**

*Clear MOLISA guidelines has made the identification of poor households easier and more transparent*

The Ministry of Labour, Invalids and Social Affairs (MOLISA) produced guidelines in 2007 for the estimation of household incomes based on clear, easily understandable scoring criteria. These guidelines were to be used in the selection of which households are to be designated as 'poor households' and thus entitled to various government subsidy programmes. The new guidelines were appreciated by officials as they are simple, easier to use and involve less detailed calculation. The annual review of poor households is increasingly carried out in an open, transparent manner at most monitoring points. After completion of questionnaire surveys, village meetings are organised to agree on a list of poor households. According to local officials and people the procedures for annual review have been improved and there are fewer complaints about incorrect identification of poor households.

*However, the identification of poor households remains unclear and troubled in some areas*

However there are still problems with the household review process that were noted in the field sites. The limited capacity and knowledge of officials in mountainous village areas makes it difficult for them to take full responsibility for the income survey as guidance requires. Training in managing the review process was weak. District officers provided one-day training to commune officials who in turn gave a half day training session for village officials, although they themselves had not fully understood the procedures. The Vice Chairman of Ban Lien commune said: "The

forms to calculate household incomes are complicated. None of the households could fill them in. Village officials who finished only grade 2 or 3 schooling couldn't complete them properly so commune officials and heads of mass organisations had to do it for them.” This may in turn lead to less accurate and less participatory designation of poor households.

**Box 4. Difficulties in Producing Accurate Lists of Poor Households**

Based on the experience in Luong Minh commune in Nghe An province and discussion with supervising officials, some problems with the assessment of the poor can be noted. First, there was often **inconsistency in the statistics on number of poor households among provincial, district and commune levels**. For instance, according to the data from the Nghe An DOLISA, the 2006 poverty rate for Tuong Duong district was 73.96%; however data from the review of poverty alleviation work from the same district indicated a rate of 71.3%. The same thing happened at the commune level: in 2006 leaders listed 74.7% of households as poor while district level data showed 82.9% were. This disparity was explained by the lack of feedback from the primary survey, and the official data that had been verified was adjusted at higher administrative levels, due to the difference in the total number of households (e.g. if migrated or resettled households have been included or not). At village level no copy of the list of poor households was filed after submitting it to the commune authority. There was no feedback on official data to the village level. Village officials say it was only based on memory, hence the inaccuracies.

**Secondly, there was inadequate preparation for undertaking the assessments of the poor.** With low levels of education and capacity among local officials, there were many problems. Tuong Duong district leaders said: *“provincial authorities gave one day's training to district level staff who then gave a half-day training session to commune level authorities, who in turn trained village officials: and by then most of the knowledge was lost. How can commune and village level staff understand what to do when even district level officials don't understand it properly?”*. Officials in Xop Mat village could not develop review formats according to current guidelines. *“We understood very little and could not work with the State format”*. Subsequent checks by DOLISA officials revealed many errors in a table grading poor village households, for example omitting certain items that weren't understood so that incomes appeared to be lower than they actually were.

**Third, the scoring methods for income estimation have not been adjusted to take into account local conditions.** According to recent MOLISA guidance, localities can estimate incomes either by a specific income survey (carried out in 2005) or by scoring methods based on easily recognised criteria. In fact Tuong Duong (and the whole province) opted for grading, as it is simpler. However due to lack of time, Nghe An province used grading criteria developed by the General Statistics Office, based on an analysis of VHLSS (2004) at national level, that did not take local conditions into account. The grading method were not consistent with local conditions, for example high-value household assets only included beds, not other furniture or criteria for electrical appliances which were inappropriate for villages without electricity.

There is a clear need for significant improvement in running the poor household reviews. The difficulties include a limited budget, working over very large areas, difficult transportation and insufficiently trained and experienced staff. There is also the need for external support to improve running the review process and managing the information collected, as well as involving the local community in a participatory manner.

*Source: Poverty monitoring report of Luong Minh commune, Tuong Duong, Nghe An, March 2008*

<i>Some households try to remain on 'poor' lists even though their situation has improved</i>	Further, once designated as poor, many households wanted to remain as 'poor' to qualify for various types of support, such as free health insurance, loans on favourable terms, reduced or exempted tuition fees. Village officials were sometimes said to be indulgent and 'flexible' when reviewing poor households. While the poor designation is meant to assist the poorest with a variety of government subsidises, it is not meant as long-term social security, and thus people who improve after assistance are supposed to be moved off of the poor roles. If this is not happening, resources will become diluted and many not reach those who are truly neediest.
<i>The number of poor households is sometimes inaccurate</i>	Another common trend is for households to divide into new families in order to be listed as the 'newly arising poor households' and then qualify for State support. In still other places, though, newly formed households were not eligible to be designated as 'poor', even though they might have qualified, as the localities wanted to retain the total number of poor households at current levels. For example, in Thuan Hoa commune (Tra Vinh), officials have not listed any newly formed households as 'poor' in the last two or three years.
<i>Public involvement in and approval of poor lists is limited</i>	In some places officials did not follow required procedures to publicly discuss and approve the lists of poor households in a participatory manner. For example, in Dong Tam village (Cu Hue commune) only 25 out of 221 village households had attended a meeting by the end of 2007. People did not get the announcement through the louds speaker system while non-poor households were not interested in attending. Cu Hue commune officials remarked: " <i>non-poor households are not interested so only 20-30% of villagers attend meetings</i> ". In Pa Dong village (Thanh Xuong commune) meetings were organised only during crop times. The poor household review there often was carried out by village officials and to the higher authorities. People were then informed about the revised lists at the next meeting, but no one had had a chance to raise any comment about the list of poor households the village officials had made.
<i>The income assessments can be complicated to carry out</i>	There also have been problems in the actual calculation of income figures for households. Some localities used the easy-to-recognise criteria for income estimation as proposed by MOLISA in 2007; however scoring criteria and coefficients for income estimation (based on the 2004 living standards survey) have not been adjusted to local conditions and this has caused inaccuracies. It was often difficult to calculate household incomes accurately as people claimed they 'did not remember', 'did not weigh or measure such-and-such' or they underestimated figures. In many cases income calculation was replaced by voting on who was perceived as poor, not on their actual income assessment (Box 4).

**The national poverty line is inaccurate**

<i>The government poverty line for 2006-2010 is already out of date due to inflation and differences in local conditions</i>	The new GOV poverty line for the 2006-2010 period is an average per capita income of less than VND200,000 a month in rural areas and VND260,000 a month in urban areas. Yet in the current economic conditions of late 2008, the poverty line of an average income VND200,000 a month per capita in rural areas is out of date, especially so at monitoring points where many people have paid employment. Pay of VND40,000 a day, a common figure for poor people, represents VND1,200,000 a month. However this is a very low income for a family of any size, and would make life very hard, particularly in these times of high inflation. It is also not clear if a national poverty standard line is as effective as different lines to take into account regional differences in wages, inflation and living standards.
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**Strong pessimism for the near future among the poor**

<i>Optimism for the future remains limited for many</i>	Poor people characteristically face the multiple challenges of lack of labour, land, education and technical knowledge, and financial capital, making it difficult for them to take advantage of opportunities for development and cope with risks, though in general life is gradually improving. Table 13 shows there is a very low percentage of people, especially poor groups, feeling that life this year is much better than last year, or feeling it will get much better next year.
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TABLE 13. People’s Feelings about their Lives Now and in the Coming Year

Commune	Life has gotten better in the past 12 months (%)			Life will be better in the next 12 months (%)		
	Total	Poor	Non-poor	Total	Poor	Non-poor
Thuan Hoa	64.4	60.0	66.7	61.0	61.0	71.8
Ban Lien	38.3	32.0	42.9	56.7	57.1	56.0
Thanh Xuong	28.3	16.7	33.3	21.7	22.2	21.4
Luong Minh	11.7	7.7	19.0	16.7	12.8	23.8
Duc Huong	25.0	12.5	29.5	40.0	25.0	45.5
Xy	13.3	5.7	24.0	8.3	8.6	8.0
Cu Hue	23.3	15	31.7	30.5	7.7	37.0
Phuoc Dai	31.7	12.5	44.4	35.0	12.5	50.0
Phuoc Thanh	15.0	12.5	16.7	10.0	4.2	13.9
Thuan Hoa	53.3	38.2	73.1	28.3	17.6	42.3

Source: Household survey data



# Part 2. Key Themes in Addressing Poverty

## 2. THE GAP BETWEEN RICH AND THE POOR

*Qualitative assessments help evaluate the differences between the rich and poor*

The monitoring project aims to assess local perceptions of challenges and disadvantages faced by the poor compared to the rich. While surveys like the VHLSS can tell us if the quantitative income gap between the rich and the poor is growing, based on measurement of Gini coefficients and other tools, such figures do not show the complete picture of income inequality. We focus here on qualitative assessment of poverty and the differential relations between rich and poor, obtained through household wealth ranking exercises, group discussions and in-depth interviews carried out in every village.

### 2.1 Reasons for Inequality

*Inequality is a problem with many dimensions*

For poor people, disadvantage wears many faces and our monitoring project has a particular interest in capturing some of the more subjective, qualitative dimensions of poverty, such as sources of labour, quality of education, ability to harness technology, obtaining credit, market access or having voice in the running of community affairs (see Box 5). Such dimensions are very much part of the ‘difference’ between the rich and poor. This section explores some of the major areas where we see gaps emerging between the poor and the non-poor.

#### Box 5. What it Really Means to Be Poor

Mrs. P. N. B., born in 1954, is from a poor woman-headed household in Ma Hoa village, Phuoc Da commune of Ninh Thuan. She lives in a small house of about 24m<sup>2</sup>. She talked about some of her family problems:

- we have neither rice field nor flat land, only four saos of rocky ground
- we only cultivate local corn but this year it's dried out.
- we have some peach trees but fruit prices have fallen.
- we don't grow hybrid corn, we don't buy seeds from the State
- we don't have money to buy cows or a motorbike. Our chickens all died of disease. We had to get rid of our only pig.
- once a week my daughter collects bamboo and firewood from the forest for our own use.
- my son-in-law earns VND30,000 a day and we all rely on that. He worked a whole year at Song Sat otherwise we could not have bought rice.
- we are so poor we cannot buy on credit.
- we have no money to buy fish or meat as we have to save to buy rice.
- we don't want to borrow from the bank because we are worried about how we'll pay it back
- my daughter and her husband attend village meetings, but not me. We asked them why we had not received a house (under Programme 134)
- we don't know about the future. Things are getting worse because of drought and education expenses.

Source: Poverty monitoring report at Phuoc Dai and Phuoc Thanh communes, Bac Ai, Ninh Thuan, August 2007



Poor People Have Fewer Income Sources

The official poverty classification used in Viet Nam relies primarily on income evaluation to assess poverty and to classify households into three or four groups: the ‘well-off’, ‘better-off’, ‘average’ and ‘poor’. To be poor, then, by definition is to have less income than other people. But total amounts of income are not the only thing that differentiates the rich from the poor. Types of income and diversification of income is important as well.

*The better-off often have diverse sources of income, including wages and salaries*

Overall, the better-off are people who trade or work in service activities, or produce commodities at a much higher level than others, and receive a stable salary for their work. The average better-off and average groups often include those who produce agricultural commodities e.g. hybrid corn, livestock, and who have the land to do it. The average and better off households are usually those who rely on diverse and flexible combinations of livestock, wages/salary, trading, and other activities to make a living. Substantially higher incomes were secured by the households that had access to salaried state positions (in the commune, district and provincial government and Party committees) and business income (trading, work with enterprises, etc). Households with regular state salaries or business income can reach yearly incomes many times more than the poorest households.

*Incomes for the poor tend to be smaller and from less diverse sources*

Poor people usually have more limited income sources, relying mainly on agriculture and wage labour work due to their limited resources, as they often lack land, education, technical skills or financial capital. While most households have increased their total incomes over the past few years, poor households have not been able to increase incomes at the same rate as those who are better off, and it is clear that there is a widening income gap between the very richest and the very poorest.

*The “poorest of the poor” face specific challenges*

Raising the state poverty standard to VND200,000 per person per month, as was done in 2006, means there are now significantly more “poor” people in the communities surveyed than in the 2001-2005 period. Those households that were poor under the former criteria now belong to the very poorest group, people who may face specific challenges when compared to others, such as in poor health, elderly people, people with disabilities or mental illnesses. This group is likely to encounter the greatest difficulty in accessing supporting policies, and so benefits least from development processes. These ‘poorest of the poor’ should be a special focus in development efforts, as they will need the most help to survive (see Box 6).

Box 6. Focusing on the Poorest of the Poor

As the poorest households face specific disadvantage they may have difficulty in benefiting from programmes and projects. In Luong Minh commune, for example, most better-off households joined the Acacia planting programme while also benefiting from a subsidy programme for cultivation of hybrid corn. The poorest households have not been able to access these favoured loan programmes using their own collateral for a number of reasons. Some are worried about making repayments or are constrained from applying as it might harm the group’s reputation if they default; there may be perceptions of unreliability if a household member is a drug addict or has a disability. Recommendations for additional supporting measures are needed to help the poorest groups derive greater benefits from programmes and projects.

Source: Poverty monitoring report at Luong Minh commune, Tuong Duong, Nghe An, March 2008

Poor People Have Less Land and Lesser Quality Land

*Lack of productive land is a major factor in poverty*

Poor households typically have less productive land than the non-poor (Table 14), with fewer rice fields, garden and forestry land. Poor households’ lack of productive land was mainly the result of factors such as newly formed young households where parents have no land to pass on (found in all communes); households lacking labour to clear upland ground for cultivation (found in



mountainous communes); households with members born after land allocation has been carried out in the north (Thanh Xuong, Duc Huong); resettled households that lack productive land in new residential areas (Xy commune); new households or recent arrivals in new economic zones (Cu Hue); and households that have sold land or used it as collateral against a loan (Thuan Hoa - TV, Cu Hue). In some cases, some better-off Kinh households whose members work for government departments or are traders in mountainous areas may have little or no productive land either, but their wage opportunities offset a need for land.

Poor people have lesser quality land

There are also differences in quality of land as well as in quantity: the land of poor people is often of low quality, poorly irrigated, a long way from a road or their homes, and poor people often lack manpower which prevents them from cultivating the land as effectively as their better-off neighbours. Such factors lead to low productivity. A major factor in this is where lands are located. Upland slopes and terraces are the traditional agricultural lands of ethnic minority people, which were used in complicated cycles of fallowing and use to allow the land to regenerate. However, population increases have led to greater pressure on land in mountainous areas so fallow periods for upland fields are being shortened, or cut out altogether. Households in the northern mountains, particularly H'Mong people who own less land, are trying to build more terraces but face a lack of available free land and the problems of irrigating it. The government has invested in policies for supporting production land in difficult areas (Programmes 132 and 134) but in practice these have not been very effective because of poor land quality, irrigation problems and sometimes very long distances between homes and farmland: in Cu Hue commune the allocated farmland is 30 to 40 kilometres from farmers' homes (see Box 7).

TABLE 14. Average Area of Land for Annual and Perennial Crops, Per Capita (m<sup>2</sup>)

Commune	Area of annual cropland			Area of perennial cropland		
	Total	Poor	Non-poor	Total	Poor	Non-poor
Thuan Hoa (*)	944	827	1005	-	-	-
Ban Lien (**)	-	-	-	-	-	-
Thanh Xuong (*)	656	587	685	-	-	-
Luong Minh	2,353	2,152	2,726	1,076	1,005	1,220
Duc Huong (**)	-	-	-	-	-	-
Xy	1,827	1,581	2,170	453	185	668
Cu Hue	1,690	1,390	1,773	1,001	662	1,078
Phuoc Dai	1,568	1,161	1,839	787	960	682
Phuoc Thanh	1,514	1,367	1,734	610	609	611
Thuan Hoa (*)	1,123	491	1,949	-	-	-

(\*) Samples are so small      (\*\*) Data unavailable

Source: Household survey data

*Programmes 132 and 134 have run into roadblocks as there is little land to be redistributed*

**Box 7. Why Programmes 132 and 134 Haven't Been As Hoped Effective**

According to the Prime Minister's Decision 134, provinces can receive a budget for upgrading productive land used by poor minority people. Eligible households were to receive a minimum of 0.5 hectare of swidden fields, or 0.25 hectare of single-cropped rice fields, or 0.15 hectare of double-cropped rice land. Eligible households were also to get 200 square metres for residential land, and people without houses or with temporary ones would receive around VND5 million per household to build new houses, as well as half a ton of cement or VND300,000 to make water wells and tanks. There was also extra money from the central budget to increase the number of community water systems in minority areas, and VND5 million per hectare would be paid for any land clearance activities or compensation for any land that was taken for redistribution. Localities were to try to come up with 20 per cent of the funds for all these activities, with the central government supplying the rest. The overall goal was to allocate 120,500 ha of land to poor ethnic minority households for housing and farming purposes.

However, officials say that in practice this programme has been difficult to implement. During a three year period, Lao Cai province has been working to upgrade the productive land of 408 poor households supported by an area of 135.5 hectares. However, this is only 10.2% of the target plan, because of the limited arable land in the locality. In many places, the areas suitable for upland farms or rice fields are already owned by specific people and there is no more land to give out. Given this problem, support for production land in mountainous areas needs to be applied flexibly and carried out in more appropriate ways, such as converting the support for production land into animal husbandry and other appropriate occupations as approved or helping poor households to irrigate their terraces. This could be done by providing cash support based on the registered terrace areas.

*Source: Poverty monitoring report, Ban Lien commune (Bac Ha, Lao Cai), October 2007*

**Poor People Have Fewer Assets**

*Poor people have fewer household assets*

Another distinct difference between the rich and the poor is in asset ownership. Many households have received State support for building homes or re-roofing their houses, but in general poor people's houses are simpler and smaller than non-poor peoples. Data shows that many people live in 'poorly built houses', with walls made of bamboo or leaves, and roofs of aluminium sheeting.

*Poor people have fewer livestock*

Table 15 shows that few poor household have permanent concrete houses, motorbikes and other moveable assets like TVs or fans. Further, the number of livestock, such as buffaloes, cows and goats is a significant criterion for distinguishing between poor and non-poor households. Owning cows and buffaloes means having draught animals for ploughing and manure, as well as an asset that could be sold to raise cash in time of need. Better-off households usually own more livestock as they have more money to invest and can pay people to look after them. In some flat areas, farmers use tractors and other machinery rather than livestock assets (e.g. Thanh Xuong, Cu Hue, Thuan Hoa - TV).

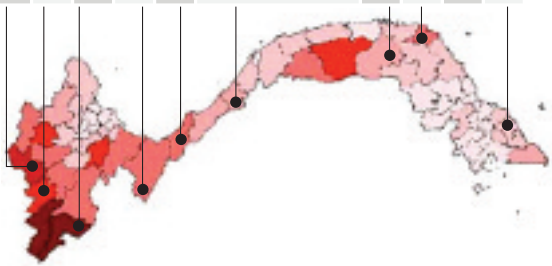
*Lack of assets translates into direct impacts on incomes*

The differential in assets can make real differences in households' ability to pull themselves out of poverty. Without assets like transportation, it is difficult for households to sell goods and to travel to get information about markets and prices. Without livestock it is difficult for households to have adequate labour for working fields. All of these add up to make it difficult for poor households to get ahead.

TABLE 15. Asset Types held by Households

Commune	Poorly built house (%)		House area (m <sup>2</sup> )		Livestock (%)		Average amount of livestock (count)		Bicycle (%)		TV (%)		Motorbike (%)		Electric fan (%)		Telephone (%)	
	Poor	Non-poor	Poor	Non-poor	Poor	Non-poor	Poor	Non-poor	Poor	Non-poor	Poor	Non-poor	Poor	Non-poor	Poor	Non-poor	Poor	Non-poor
Thuan Hoa	20.0	25.6	69.0	79.7	85.0	100	1.8	2.8	30.0	59.0	20.0	53.8	20.0	43.6	50.0	79.5	10.0	5.1
Ban Lien	0	20.0	83.0	100.0	94.3	80.0	2.8	6.2	2.9	16.0	14.3	44.0	14.3	44.0	0	20.0	0	0
Thanh Xuong	44.4	9.5	73.3	41.1	22.2	16.7	2.3	1.6	100	97.6	100	97.6	55.6	73.8	72.2	85.7	33.3	54.8
Luong Minh	71.8	38.1	51.7	79.2	41.0	66.7	2.7	3.4	5.1	9.5	12.8	52.4	5.1	23.8	17.9	38.1	0	0
Duc Huong	6.3	6.8	46.8	64.4	100	88.6	1.4	2.1	87.5	93.2	43.8	88.6	25.0	56.8	68.8	100	6.3	22.7
Xy	80.0	52.0	24.2	37.8	48.6	64.0	1.9	4.4	2.9	40.0	48.6	76.0	14.3	64.0	11.4	40.0	0	12.0
Cu Hue	0	4.3	34.7	54.2	23.1	23.4	1.3	3.1	46.2	78.7	61.5	100	38.5	85.1	15.4	59.6	15.4	53.2
Phuoc Dai	25.0	8.3	29.8	34.9	79.2	88.9	2.9	9.9	37.5	69.4	54.2	69.4	20.8	63.9	16.7	50.0	0	27.8
Phuoc Thanh	36.1	4.2	26.4	30.6	63.9	75.0	3.5	6.3	27.8	50.0	36.1	66.7	5.6	25.0	5.6	37.5	0	12.5
Thuan Hoa	67.6	38.5	39.7	53.5	23.5	42.3	2.9	4.5	82.4	80.8	61.8	92.3	29.4	69.3	2.4	80.8	2.9	46.2

Source: Household survey data



Poor People Participate Less

Poor people have lower levels of public participation	Better-off people are more active and likely to attend village meetings than poorer people. The head of Mach B village (Thuan Hoa commune, Ha Giang province) said: “village meetings are held for specific purposes. People are invited to the meeting by sounding a wooden bell. By 8 o’clock most have arrived. There are often three or four households absent. The better-off people usually attend”.
Poor people often have no free time to spare for meetings	Why don’t the poor participate as much as the better off? There are many reasons for this. Due to their work, or working land a long way from the village, poor people have little time for meetings. For example, in Cham Puong village (Luong Minh commune), it is very difficult to organise a meeting with poor people attending because they live away on their terrace farms, returning to the village only when the need arises. They need three days notice to attend, and still they often do not do so.
Poor people also speak up less in meetings	Poor people are also not confident about taking part in meetings because of their lower education level. Meetings often lack an inclusive atmosphere, encouraging everyone to speak up and be involved. The involvement of the poor, if any, is mainly their physical presence. They do not raise comments, especially poor women. In some places, e.g. Luong Minh commune, poor people with relatives who are drug addicts hesitate to attend meetings because drug prevention is often discussed and it makes them feel they are being criticised.
Poor people find many reasons for not being more engaged in meetings	Poor people are concerned with matters that affect them directly, saying they do not attend because they think “there is nothing new there”. They are more likely to take part if benefits rather than obligations, like contributing money or labour, are discussed. Other times the poor do not show up because they did not receive clear and complete information about the meeting. People often said ‘they were often not invited’ or did not attend meetings because they could not understand the minority language used in most discussions.

Poor People Have Fewer Social Assets

Poor people have more problems in generating social assets	Limitations in human resources are a key contributor to rural poverty. Poor households are often those with more children, smaller children (newly formed households), women-headed, or having old-aged or sick members. Lack of labour, large numbers of dependents, low proficiency in Kinh and little application of knowledge and technology in life at home and at work all put people at risk.
Poor people are less likely to have high educational levels	Table 16 shows there is a significant difference in educational levels between poor and from non-poor groups. More children (of six years old and upwards) from poor families than from non-poor parents fail to complete primary school. Very few poor children finish high school: almost nobody from the poor households in minority areas (e.g. Thuan Hoa, Ban Lien, Xy, Cu Hue, Phuoc Dai, Phuoc Thanh) had finished high school or higher education. There are many, mutually reinforcing reasons for people to not attend school or to drop out early. The quality of education in minority areas is still a matter of concern. Some interviewees complained: ‘my children still cannot read and write even though they have been attending school for years’. Others say their children dropped out because of the demands of study and having to help with farm work.

TABLE 16. Percentages of People Completing Formal Education (%)

Commune	Never attending school		Not finished primary school		Finished primary school		Finished secondary school		Finished high school		Finished college and university	
	Poor	Non-poor	Poor	Non-poor	Poor	Non-poor	Poor	Non-poor	Poor	Non-poor	Poor	Non-poor
Thuan Hoa	18	12	30	17	37	45	15	21	0	5	0	18
Ban Lien	30	26	31	29	25	26	14	19	0	1	0	30
Thanh Xuong	12	6	48	20	15	27	17	30	6	12	2	12
Luong Minh	20	15	40	38	31	26	7	15	2	6	0	20
Duc Huong	0	1	22	9	24	14	42	39	13	27	0	0
Xy	45	30	33	32	17	16	5	18	0	5	0	45
Cu Hue	20	10	36	27	34	32	11	24	0	5	0	20
Phuoc Dai	21	31	43	27	31	32	5	10	0	0	0	21
Phuoc Thanh	49	37	36	28	14	23	1	10	0	2	0	49
Thuan Hoa	20	11	49	32	24	34	5	15	1	6	1	20

Source: Household survey data

Box 8. Making Sacrifices so That his Children Can Go to School.

Mr. N. V. Ph., a Kinh man, settled in Dong Tam village in 1990. His family is typical of a poor family, who have made great sacrifices for their children's education. There are six children, three daughters and three sons. Mr. Ph said: *"I am poor because I could not get an education but I have to send my children to school."* All nine family members rely on a piece of land 5,900 m<sup>2</sup> in area. As he has no rice field, corn farm, or coffee bushes, if the children stay at home then marry there will be no land to give them, so they must go to school.

After his first son got to university, Mr. Ph. worked on various projects to finance the children's education. He sends all of his VND2,000,000 – 3,000,000 pay to his wife for the children's education. He has had to borrow from all possible sources, the Bank for Social Policies, commercial banks, from loans for poor students, and from private sources at a high interest rate: he now owes VND80,000,000 and pays VND8M interest a year. *"I always repay loans on time and I will be poor for some years more".*

The village listed his household as 'poor' two years ago. *"The poor certification has helped a lot. Our children can get 50 percent off tuition and we all have free health insurance cards".* Despite high outstanding debt, Mr. Ph. is optimistic that *"things will get better now. The hardest time is over, as two of my children are already earning money"*. He has a solution for the worst case: selling half of the land to repay the loan.

Mr. Ph. plans to get out of poverty in two or three years. He is thinking of growing peppers and planting coffee on his land and by that time the older children will be able to help finance the continuing education of the younger.

Mr. N. V. Ph., Dong Tam village, Cu Hue commune (Eakar, Dac Lac)

*Education can be unaffordable for poor households*

While it is good news that more and more families value education, realising it will give children better chances in life, they still have to work hard to pay for it. The survey noted examples of families making major sacrifices so that children could attend school, running up large debts and making themselves poorer in the process (Box 8).

**Poor People are Susceptible to Drug Abuse**

*Drug abuse can cause households to decline into poverty...*

A social problem causing great alarm is drug abuse in some ethnic minority communities. In Xop Mat village, poor families often lack manpower because the main source of labour has become addicted to drugs, dealing in them, or been sent away for rehabilitation. The household welfare ranking exercise revealed that seven out of nine of the poorest households in Xop Mat village had at least one addict in the family. There are also poor households in Pa Dong village (Thanh Xuong commune) becoming poor because they have drug-addicted family members. In these households the material and emotional well-being of the rest of the family, particularly women and children, are under serious threat. Some better-off households have sunk into poverty because of an addicted member.

*...but drug rehabilitation programmes are raising awareness of the problem*

Drug abuse has been a long term problem in some minority communities, often linked to growing opium, a traditional crop. The government has carried out a number of programmes to destroy opium crops while encouraging people into other livelihoods. In recent times however there are ample opportunities for cross-border trading of drugs, which has led some to dependence on opium which can proceed to heroin addiction, especially among people who have moved away from their commune to find work. Local authorities and mass organisations play a key role in preventing drug abuse as an arm of poverty reduction. They can help raise awareness of the problem and provide support and encouragement for those at risk. They also need to take strong measures to stamp out dealer networks.

**Box 9. When Drug Abuse Leads to Poverty**

Pu Lom mountain at the centre of Luong Minh commune is the main drug dealing area. From here large consignments of drugs come in from Laos. People are addicted and many work as dealers. The drug explosion has damaged many people's lives, especially in Xop Mat village. Before 1997 the village had a good life; however, since 2001 it has become known as 'a village without a husband' because so many men were either in rehabilitation centres or prison, and some have men died of HIV/AIDS. Xop Mat people now talk openly about drug use and dealing, and HIV/AIDS. Ms. L. T. T., a Tay woman said: *"My husband has been addicted since 1999. When he became addicted he sold our animals, our rice, even our blanket and cooking pots. The two children and I could only cry as we would be beaten if we spoke out. I had to borrow a kilo of rice for my children who were crying because they were hungry."*

To deal with this tragic situation, a special task force with representatives from different departments was formed in 2003 and launched an awareness raising campaign in Xop Mat and Minh Phuong villages. This coordinated intervention has almost stopped drug abuse in the villages, if not the whole commune. There have only been a few new cases of addiction and since 2006 most of the addicts have been in rehabilitation. In Xop Mat village drug abuse among young people has been reduced and this is helping to improve life in many households. Only two people under 25 years of age have become addicted and there have been no new cases in the past two years.

*Source: Poverty monitoring report, Luong Minh commune (Tuong Duong, Nghe An), March 2008*

**Poor People are Less Successful in Applying Science and Technology**

Every year agriculture extension staff organise one or two technical training courses, such as on growing wet rice or hybrid corn, or raising livestock. Each village can send five to ten people, and

*Poor people are less likely to be successful in applying new science and technology training*

the people who are chosen are mainly officials and key farmers (as they ‘know how to work and how to speak’), who then pass the training on to other villagers. In communes with many programmes and projects, more sessions with more participants are organised. In Xy commune (Quang Tri), poor people commented: “*everything is trained*”, with everyone attending at least two or three courses.

*Poor people lack confidence in applying what they learn in extension*

Yet even if training reaches the poorest, after training poor people are often not confident about applying what has been taught, but continue to rely on the traditional and familiar, saying they lack suitable land or financial capital. Many people comment there is too much theory in extension training, that teaching is one-way with a lack of hands-on learning, and little regard for people’s indigenous knowledge and practice. Due to language problems minority people often did not grasp what had been said and then could not apply it, and the sessions often do not take into account people’s different levels of knowledge, especially of minority women who cannot speak Kinh. As some households noted,

-- “*My household is one of ten that received goats. Twenty people attended the one-day training on goat rearing but we understood very little, and as we can’t read we couldn’t understand the materials they brought.*” S. T., of H’Mong ethnicity, Khu Chu Tung 1 village, Ban Lien, Bac Ha, Lao Cai

-- “*Rice gets infected with disease and insect pests every year, and so do our livestock, buffaloes, cows, pigs and chickens. Officers came to talk to us about crop spraying and vaccination, but it didn’t help. It’s not because the training staff are weak but because insects and diseases are so strong.*” -- H’Mong men’s group, Minh Phong village, Thuan Hoa, Vi Xuyen, Ha Giang

**Box 10. Application of Reflect for “Socialisation” of Agriculture Extension at the Local Level**

According to a government decree of April 2005 “a network of local extension collaborators” is to be formed in villages with the decision to form the network to be decentralised to district level. Obstacles to implementation of such a network have been lack of budget and human resources. However, in the past year AAV has successfully implemented the Reflect approach in various places in poor, densely populated provinces such as Tra Vinh, Ha Giang and Dien Bien.

Reflect is an approach initiated by ActionAid International, and stands for ‘**Re-generated Freirean Literacy through Empowering Community Technique**’. It has been implemented successfully in many countries and has received a UNESCO medal for its contribution to boosting adult literacy in the context of poverty alleviation. A full set of Reflect materials in Vietnamese has been published, based on the extensive experience of using the approach. The Ministry of Education and Training has been appreciative and encouraging about this work.

The core of Reflect is ‘illiteracy eradication for adults combined with development of the community: teaching reading and writing, and linking it to building life skills through participatory social action.’ Reflect classes are led by facilitators who are local primary and secondary school teachers, as well as local people with good indigenous knowledge active in the community. This programme draws on the resources of local people, for example teachers or retired people with tried and tested experience of agricultural production. ‘*When mobilising parents to send children to school, teachers could also give advice about treatment of poultry disease, for example.*’ Facilitators are trained in the knowledge and skills to encourage learners to articulate their needs so they can feed into activities for learning, combined with acquiring literacy.

It has been very well received by provincial partners. Reflect groups are now linked with community learning centres. In the coming time it should be possible to develop additional participatory extension services based on farmer’s groups to engage with local people, so that they can speak up and take a more active part in community decision making.

Source: Poverty monitoring report, Ban Lien commune (Bac Ha, Lao Cai), November 2007



*Extension workers are overextended and receive little pay*

Every commune has a local extension worker, responsible for a very large area and many have other work responsibilities, making it difficult for them to visit every village. The low allowance, less than VND100,000 a month, is scarcely an incentive for them to work. A further problem is that positions rotate often, and it is difficult to find someone suitable to do the work as education levels are so low. As Bac Ha district officials said: *"it is very difficult to raise the minimum level of education for commune extension workers to grade 12 because if anyone reaches that level they will be recruited for positions in the commune instead."*

*Making extension more relevant and accessible should be a key goal*

There are many demonstration models and on-site workshops available but their effect has been limited. Poor people are not fully aware what extension services can offer. Crop yields from poor farms are often only half that of better-off people, mainly due to remoteness, lack of water and fertilisers. They also lack expertise in disease and pest control, a cause of great concern, especially as veterinary and plant protection services are seen as ineffectual in caring for animals, the key asset for many poor people, or in protecting crops from infestation and disease. There is a strong need for more effective extension services, with their impact enhanced through links to farmers' organisations. Linking village extension services with Reflect approach, as demonstrated by AAV programmes in several provinces in Viet Nam, is a promising direction (see Box 10).

**Poor People Have Less Access to Capital**

*Credit has rapidly expanded due to many preferential policies*

Credit in rural and poor areas has expanded considerably over the past 10 years as the Government of Viet Nam has targeted concessionary credit to households through the Bank for Agriculture and Rural Development (VBARD), and the Bank for Social Policy (VBSP). These credit policies included incentives for the poorest and for 'social policy' households to borrow at special interest rates, loan terms and with little collateral. In addition to these improvements, the Prime Minister has approved a new Decision No. 32 (March 5<sup>th</sup> 2007) regarding the provision of loans from the Bank for Social Policies to ethnic minority people to enhance productivity. Families with members whose incomes are below VND60,000 a month can borrow up to VND5,000,000 interest-free under this new policy.

*Yet challenges remain for the poorest in accessing credit*

These credit policies have had an impact; a recent study noted that credit has expanded very widely, even among remote ethnic minority communities (Hoang Cong Dung et al 2006). Yet the monitoring teams found that there are numerous challenges remaining in the credit system. One of the biggest obstacles continues to be that the very poorest people are reluctant to borrow as they lack income security and worry about repayment. Some poor households have also borrowed money in the past, and were then hit by an economic shock of some kind, such as a health emergency or death of livestock. Such households can face serious debt and be barred from raising any further loans, through no fault of their own. Some individuals cannot access loans because they are not members of credit groups, which in other cases officials are often reluctant to act as guarantor for poorest households, particularly for families of poor standing, e.g. if there are drug addicts in the family. Officials are concerned they may squander the money or default in paying it back. Yet these poor households were precisely the ones that needed a chance to improve their financial situation through access to concessional credit (see Box 11).

**Box 11. Why Poor Disadvantaged Families are Still Often Unable to Get Loans**

In Luong Minh, Nghe An, some households face a number of disadvantages in securing loans, e.g. having a drug-addicted husband or one with a disability. Such people are often ignored when they try to apply for a loan, as officials think they will misuse the money or not repay it. While this may seem fair and commercially justifiable, it does nothing to help people overcome their problems. In Xop Mat village no families with drug addicted members have been allowed a loan, and families with the disabled are also discriminated against. Mr. L. V. Y. from Cham Puong village suffers from myasthenia gravis and he and his family do little productive work. He said: *"I wanted to borrow VND7-10 millions to buy livestock so I contacted the Farmers' Union but they refused, saying we lacked labour and wouldn't be able to repay it"*.

*Source: Poverty monitoring report, Luong Minh commune, Tung Duong, Nghe An, March 2008*



*Credit is sometimes not put to good productive use*

Other credit problems include the fact that some people do not use loans for the stated purpose of production, spending it instead on a motorbike or building a house. Repayments to the bank sometimes then become a matter of ‘debt conversion’ rather than a return from profitable activity. Households will borrow from a private money lender (at higher rate of interest) to repay the bank loan, then borrow from the bank to repay the money lender, and so on.

*Credit must be combined with training on how to invest properly in production activities*

These problems imply that lack of access to capital is no longer the biggest hurdle for most rural people in studies sites, but supporting households in using capital effectively still poses significant challenges. Credit must be combined with efforts on how to improve people’s knowledge to farm productively, invest the money prudently, and run the household so that it really helps to raise living standards, while ensuring the principal will be repaid in due course. Leaders of Lao Cai Committee for Ethnic Minorities said: *“it is very difficult to make this policy work. Poor people cannot make an effective investment proposal and there is a real possibility of losing the capital”*. Survey feedback suggested that a workable solution may be to form loan applicants into farmers’ groups and link the loan programmes to extension activities, with people sharing their knowledge and supporting one another (see box 12). If capital that is raised is not used effectively then the borrowers find it more difficult to borrow next time round, giving them an incentive to try to do well.

**Box 12. How to Enable the Poorest Households to Borrow Capital**

Implementation of Decision 32 began in August 2007 in Ban Lien commune (Bac Ha, Lao Cai). Village meetings were held to identify and approve a list of the poorest households to apply for loans and disbursement was expected to begin during 2007. Oxfam GB ran a project in the commune; four groups were formed and 57 applicants borrowed a total of VND175,000,000, as well as receiving training and supplies of veterinary medicine cabinets. This was highly appreciated by local partners: *“this is the first project implemented in Bac Ha, particularly in Ban Lien commune, that has brought positive results. Local people have improved their understanding of effective extension activities. Both husbands and wives can attend training and apply what they have learned as well as forming self-help groups to support each other”*. The project experience showed that project outcomes are better when better-off people are involved alongside poorer beneficiaries.

*Source: Poverty monitoring report in Ban Lien commune (Bac Ha, Lao Cai), October 2007*

**Poor People Have Less Access to the Market**

*Poor households are hampered from getting to markets*

Better-off people have cash, commodities, access to means of transport and benefit from networking with bigger trade agents, and therefore have shorter chains of intermediaries to deal with between production and market. This gives them cost benefits as well as greater choice. But poor people in remote villages are hampered from getting to market by poor infrastructure and communications, meaning they often have to sell their produce low, and buy other goods at high prices. The predominantly Kh’Mu village of Cham Puong, for example, is a long way from the centre of the commune and difficulties with transport have led to significant price increases of raw materials. While a kilo of rice costs VND6,000 in the commune it rises to VND9,000 in the village. Some Kh’Mu people in Cham Puong village do basketwork, making various kinds of handicraft but there are no buyers; some farmers grow pumpkins but taking them to a convenient point of sale is too costly.

*Creditor shops have power over the vulnerable, guaranteeing sources of income while locking the poor into dependence*

When households have no access to a market, and are limited by transportation, they can be vulnerable to predatory credit lending from local or itinerant traders. The practice of loaning credit at local shops, but at exorbitant rates or unfair barter trades, creates dependence and indebtedness which limit poor people’s ability to trade. As poor people do not have reserves of cash, they often have to borrow agricultural inputs like fertilisers right at the beginning of the crop cycle. In order to pay back these loans, they also have to sell products right after harvest when prices are at their lowest so that they can make early loan repayments. Interest rates of far in excess of bank loan rates were noted in many areas; in other places, some poor households

who need cash urgently have to sell their products early for only 40-50 percent of the price they could later achieve if they were able to wait for the market to rise. Thus poor people buying on credit are in a position of weakness in bargaining prices down, or taking their business to other outlets. The poorest households cannot raise credit but have to work for the shops to earn cash to buy what they need.

Practices like these put creditor shops in a double position of power over the economically vulnerable: they guarantee themselves sources of income while locking them into a dependent relationship (see Box 13). The core group in Huong Tho village commented: *"Borrowing from shops has both good and bad sides... When shops allow people to buy on credit they will limit them from selling to other buyers from Duc Tho, however people generally accept this as they know if emergency strikes shops are more flexible than mass organisations about scheduling repayments. They can also get household staples such as cooking oil, rice or sugar from shops then pay for them after the harvest"*.

**Box 13. How Difficult Transportation Creates Serious Disadvantages**

The Kh'Mu men's group from Cham Puong village, Nghe An, said: *"local people like to cultivate corn as it only needs to be weeded once. They grow it all the year round, unlike rice. People can make good money but the problem is nobody comes here to buy it and it costs VND700,000 to rent a vehicle to take it to Xop Mat. Some people grow pumpkins but it's the same story. We can sell sticky rice for only VND3,000 a bag here. If we take it to Xop Mat we can get VND6,000, or VND8,000 -9,000 if we take it to Hoa Binh. But because of the difficult roads we have to sell it here so we make very little money."*

Most poor families buy rice on credit but have to pay high interest rates - again caused by transport difficulties. Mr. L. V. N. from Cham Puong village said, *"We have to buy rice every year because droughts mean crop failure. We have to buy 50 -75kg of rice on credit. For every 25kg of ordinary rice we buy on credit we have to repay 170kg of unhusked sticky rice, equivalent to 110kg of rice after the next harvest"*. Non-poor families can buy on credit from local shops, typically up to or above VND1,000,000 while poor people can only raise a few hundred thousand dong, equivalent to one or two sacks of rice. The poorest people often cannot get any credit at all, as shops are worried about them defaulting.

*Source: Poverty monitoring report at Luong Minh commune, Tuong Duong, Nghe An, March 2008*

*Alternatives to private credit shops need to be found*

Some cooperatives or mass organisations have arranged for people to raise credit on favourable terms for hybrid seeds and fertilisers, with the principal repayable at harvest time, in order to avoid the dependence on private traders and shops. However many poor households do not use this service because they believe there is an inconvenient payback scheduling, while others do not use hybrid seeds and fertiliser at all and thus have no use for these programmes.

**Poor People Tend to Be Ethnic Minorities**

*Ethnicity appears to be a major factor influencing poverty rates*

Each of the 20 villages surveyed is a self-contained community with most people being of one ethnic group. While different groups may inhabit the same commune and are influenced by a common topography, their living standards are materially affected by settlement patterns, quality of land, productive capacity and diversity of livelihood. This allows comparison between localities in terms of poverty, and a clear pattern emerges: **there are considerable and significant differences between ethnic groups in terms of poverty rates** (see Figure 2).

Based on the 2006 poverty standard the villages surveyed can be divided into three main groups:

**Kinh villages** have the lowest poverty rates, at 15-40 percent. Kinh people often reside in the delta or lowland areas where infrastructure and irrigation are good. They are better educated so are in a better position to access and apply new technologies to farming, as well as greater

confidence in looking for work outside their village. While they do have some limitations like restricted land area, dense populations and little work to do after harvest time as off-farm opportunities have not yet been developed, overall they are better positioned to take advantage of opportunities that do come their way.

**Villages of Khmer, Tay, Thai, and Ede people** have average poverty rates of 20-60 percent. People of these groups often live in the delta (Khmer), flat highlands (Ede) or lowland valleys (Tay, Thai). They have more communication with the Kinh people, and enjoy better infrastructure and opportunities for productive farming and access to markets, compared to ethnic groups in other remote mountainous areas. Their strengths are commodity production and farm mechanisation, but their application of technology is not as high as the Kinh. Khmer people have also traditionally migrated in search of work so have the highest proportion of people living outside their traditional homelands.

**Villages of Van Kieu, Raglai, Kh’Mu and H’Mong people** have the highest rates of poverty, from 50-90 percent. These groups live mostly in northern mountain areas and in the central mountainous provinces, often in remote villages that face many challenges, including long distances, bad roads, no electricity, large but remote farms, a lack of irrigation, sloping land for cultivation, little use of materials or services from outside, fewer people working outside the community (except a few in wage labour nearby), lower levels of education, few Kinh speakers (especially women) and limited application of new farming technology. On the positive side, these groups are notable, however, for high levels of community cohesion, hard work and their resources of indigenous knowledge and culture, although adherence to this is weakening.

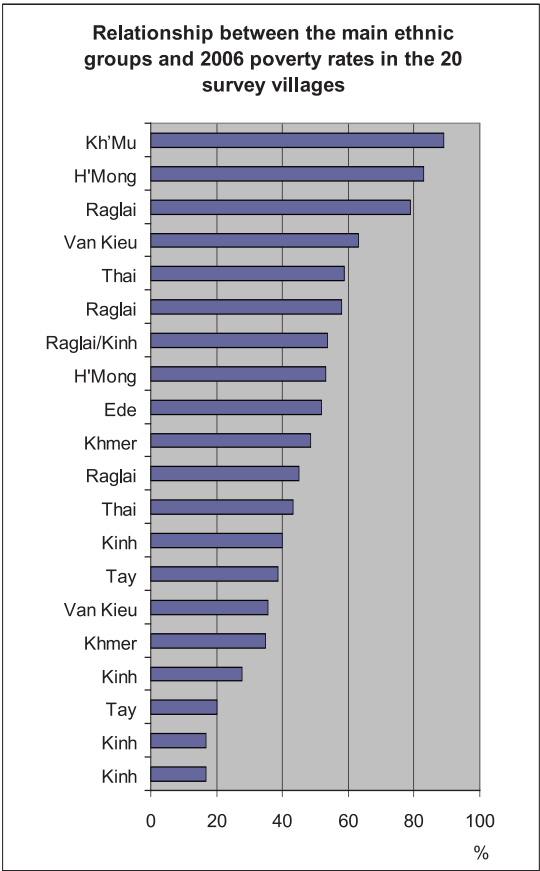
*Geographical factors now becoming less important in explaining poverty, due to rural investment policies*

Geographical features of localities are becoming a less significant factor in accounting for differences in living standard differentials. This is because of recent substantial improvements in commune infrastructure, including facilities that serve remote minority areas, such as roads, post offices and daily markets. Yet as investment serves to level the playing field at the commune level, villages still remain often quite disparate in their levels of development, and much of this may have to do with ethnic factors more than geographical ones. In examining differentials in living standard between the various ethnic groups, quantitative analyses are often based on ‘commune characteristics’ mainly because VHLSS data are currently derived only from a commune information sheet. Perhaps a **Village information form could be introduced into the next VHLSS** to obtain disaggregated data for a more nuanced investigation into living standard differences between ethnic groups. More ethnic minority groups might also be added to the sample size for future VHLSS surveys, as they will be the group most likely to remain in poverty into the foreseeable future.

*The ethnic factor in poverty needs to be dealt with in culturally sensitive ways*

Recognising the role of ethnicity in poverty and dealing with the high poverty rates among minorities is a difficult matter. It is often the case that officials (most often Kinh) will attribute high poverty rates among some minorities to traditional customs and practices; however, these are sensitive matters and there needs to be caution to avoid prejudice and patronising attitudes. Recent work on the poverty of ethnic minority groups by the World Bank indicates that multiple

Figure 2. Poverty Rates by Ethnic Group



**Box 14. Differences in Living Standards between Different Ethnic Groups in One Commune**

***Why Tay people have better living standards than H'Mong in Ban Lien commune, Bac Ha district, Lao Cai province***

Tay people in Doi One village, with a poverty rate of 38 percent, live along the valley near the commune centre, so are in touch with what's going on, and their children can easily reach the school. They farm productively, using up to date methods and technology. Water is readily available, people grow wet rice, use new seed varieties and farm intensively. They raise livestock and can raise capital for their farming needs. They also grow tea which distinguishes them from H'Mong neighbours. Tay women can communicate well in Kinh; some of their young people seek work outside the commune.

H'Mong people in Khu Chu Tung 1 village in a more remote mountainous area, have a poverty rate of 83 percent. H'Mong women have more children, and closer together in age, than Tay village. School is some 15 kilometres away from their place, making it difficult for youngsters to attend. Farmers grow rice, often on sloping ground, and the area is prone to harsh weather. They have only limited areas for wet rice, despite expending a great deal of labour building and maintaining the terraces. They do not farm intensively, have few livestock and would find it difficult to raise capital. Only a few families cultivate tea. Few H'Mong women speak Kinh and no-one is employed outside the community.

***Why Kinh people have higher living standards than Thai people in Thanh Xuong commune, Dien Bien district, Dien Bien province***

In the Kinh village of Chan Nuoi 2 the poverty rate was 16.7 percent. The village is in the valley of Dien Bien, and they enjoy optimal conditions for farming: irrigation, moderate weather and good soil. They use new seed varieties, have machinery for preparing the land and apply technical know-how to good effect, producing two crops a year, with yields of 12 tons per hectare. These farmers sometimes borrow additional land from the State-run farm. Many families here grow morning glory, a high value crop, which they sell throughout the whole north-west region. Many children have graduated from high school and found employment outside the region.

In the Thai village of Pa Dong village, with a poverty rate of 43.3%, people live near the valleys and hills and have less rice growing area than farmers in the Kinh village. Most fields yield only one crop a year and the income is not enough to live on. Some of the men take short-term employment in nearby Dien Bien City while women may do seasonal work on the farmland of better-off Kinh people. Thai income security is considerably lower, and some families bear the additional burden of drug addiction.

factors of disadvantage, including some prejudice and stigmas against minorities, need to be factored into poverty policies in the future (World Bank 2008 forth coming). Current ethnic minority policies often favour trying to turn minority groups more like Kinh, by resettling them in lowland areas and encouraging them to grow lowland crops like rice. But these programmes often run into difficulties, including low investment and environmental challenges, and have proven to be less successful than projected (see Box 15).

**Box 15. Government Resettlement Programmes for Ethnic Minorities: Raglai People in Ma Du Village and Van Kieu People in Xy La Village**

Ethnic minority poverty programmes often focus on resettlement, but this approach sometimes raises more questions than it solves. Implementing this policy to settle ethnic minority people, the government has invested in infrastructure (electricity, roads, clinics and water supply, building houses and supplying farm equipment) to encourage Raglai people in Ma Du and Van Kieu people in Xy La villages to settle down in fixed areas. Interviews in the villages indicated that people are happy with transport and the availability of health care and schools. The question that worries these new settlers most is how to make a living in their new home. The success of a settlement programme first of all depends on creating conditions for sustainable production, appropriate to people's traditions, rather than high investment in housing and infrastructure.

Yet production has been a huge weakness of the program: the biggest difficulties are lack of farmland and irrigation, and crop failure due to the area's susceptibility to harsh weather. When there is drought and flood, people are likely to go back to their old upland villages (although this may put them at risk of contracting malaria). Children are left behind at the new settlement so they can continue at school while parents and farm workers set up camps in the old farm areas, only going down to the new village occasionally. People grow upland rice, corn and vegetables for their own use. They also take their cattle, pigs and chickens with them. They look forward to the time when a good road will be built up to the village.

Plans that expect ethnic minority people to quickly change traditional methods of production to more 'modern' intensive systems are likely to fail, even where they are strongly supported. People cannot adapt to sudden changes in production and if pressured they will resist resettlement and return to the uplands to continue their traditional way of life.

**2.2 The Near-Poor Remain At Risk Too**

*The near-poor remain at risk of falling back into poverty*

Near-poor households are just above the poverty line and are at particular risk of falling back into poverty. MOLISA has, only recently (21/10/2008), issued a circular to identify the 'near-poor' line (equivalent to 130 percent of income of a poor person per month), which has not been implemented yet. However a 2008 Ministry of Health document identified 'near-poor households' as those with an income of one and a half times that of the poverty line, from VND200,000 to VND300,000 per head per month in rural areas, and VND260,000 to VND390,000 in urban areas. At these levels there are some 16 million near-poor households in Viet Nam. The World Bank and other international organizations often identify 'near-poor households' as those with per capita income or expenses no higher than 10 percent of the poverty line.

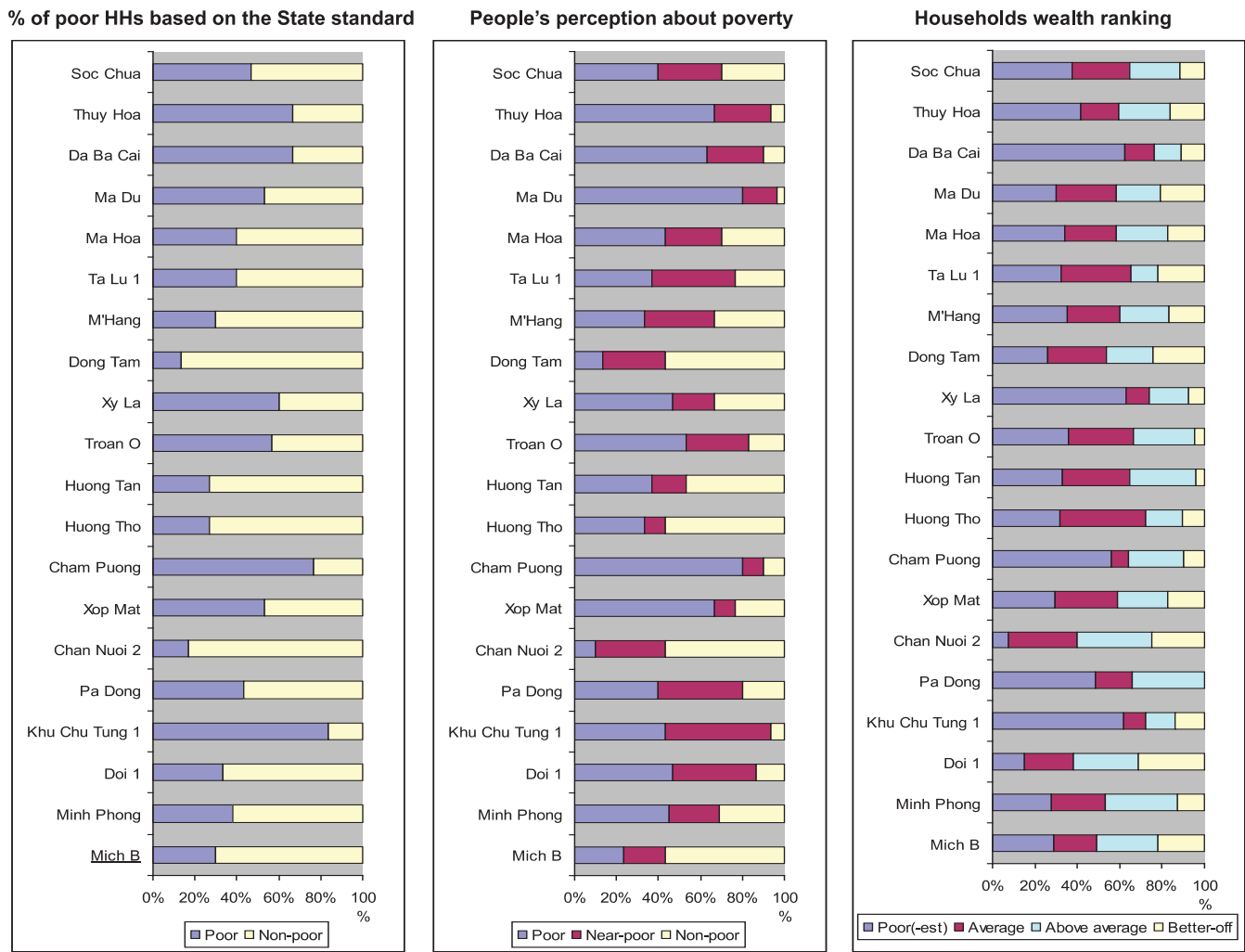
*People often measure their poverty in relative terms, comparing themselves to neighbors*

Data from wealth ranking exercises carried out in the monitoring project show an interesting discrepancy in community perceptions of near-poor households: in villages in more convenient situations they were ranked as 'average' or 'above average' but in villages in less convenient situations they were ranked as 'better-off'. In villages with lower poverty rates, located near community centres and roads, having good conditions for socio-economic development, the percentage of people ranking themselves as 'poor' was higher than recorded officially. In remote mountainous villages with high rates of poverty, not enjoying favourable conditions for development and market access (e.g. Khu Chu Tung 1, Cham Puong and Xy La), the percentage of people ranking themselves as 'poor' was lower than officially recorded. This indicates that poverty, though measured in absolute income terms in national surveys, is often a relative measure.

The household questionnaire asks people to rank their household's wealth as 'poor', 'near poor' or 'non-poor', based on their own perceptions. Comparing the official poverty rate of the 20

selected villages based on the State's poverty standards, and people's perceptions of their status, then linking this to the household wealth ranking exercise carried out by the core groups in each village, may provide a better qualitative understanding of near-poor households (Figure 3).

Figure 3. Statistics on Near Poor Households



Source: Household survey data, and wealth ranking exercise in each village

The near-poor tend to focus on agriculture, while the better off have other off-farm sources of income

In general, near-poor households have more land and higher productivity than the poor; they have more cows and plant more hybrid corn, have a larger workforce and send their children to school. The near-poor group, however, still rely on agricultural production, while the better off may have other income source from off-farm activities that generate higher and more stable incomes. Near-poor people in mountainous areas often have unstable incomes as agricultural production is dependent on the weather and wage work is seasonal or depends on the progress of the projects that employ them. Near-poor households in mountainous areas are particularly susceptible to risks such as fluctuating prices, ill health and expenses for children's education. A poor household may earn sufficient income this year to get out of poverty, rising to the 'near-poor' level, only to fall back again next year. With such inherent economic instability, poverty assessments and carefully considered long-term policies are called for.

The near-poor do not have access to many subsidy policies like poor people do

Being designated a near-poor household puts people in the unfortunate in-between position of neither having the wealth to access loans at commercial rates, nor being poor enough to qualify for loans on favourable terms as the poor do, though the State has a provision that households recently out of poverty can receive loans on favourable terms for two years. Thus support in accessing market and social services such as education and health care is needed to help near-



poor households to cope with risks and avoid slipping back into poverty. For poverty reduction efforts in Viet Nam to be sustainable over the long-term, attention must be paid to how to keep the near-poor from becoming poor again.

2.3 Conclusions: The Determinants of the Gap between Rich and Poor

*A sustainable livelihoods approach helps analyse the situation of poor people*

In recent years, many studies have focused in on the idea of 'sustainable livelihoods' to indicate that households should be measured by larger criteria than simply income-based poverty measures. Rather than only looking at production and income and expenditures, livelihood studies have attempted to look at the factors that influence household well-being, emphasizing the multidimensionality of poverty. Livelihoods approaches also draws on recent work on the ideas of human and social capital. That is, in addition to what are traditionally considered fixed assets such as land, labour, financial capital—there is a new focus on social capital, or the networks and social relationships that people use to make a living. Based on this analytical framework for 'sustainable livelihoods', four broad, linked criteria can be noted.

*There are major differences in physical assets of the poor compared to the better-off*

First, there is a **gap in quality of livelihoods between rich and poor**. This manifests itself in difference between physical and social assets. In terms of **physical assets**, better-off people own more land, and land with higher production potential, and it tends to be flatter, more fertile, better irrigated and nearer roads and houses. In upland farms there is usually no big difference between the poor and the better-off households in terms of amount of land, only the areas cultivated each year vary because of the different numbers of people available to do the work. Livestock are also a measure of a fixed asset: in mountainous ethnic minority areas (e.g. Ban Lien, Xy) the numbers of livestock is an indicator of household wealth. Use of assets is more important than access to capital sources in explaining the gap between the rich and the poor.

*The poor have fewer social assets compared to the better off*

In terms of **social assets**, the gap in quality of human resources is the critical factor accounting for differences in status. Differences in the number of workers in a household, number of dependents, health status, level of education and ability to use the Kinh language are all contributors to determining economic status. Newly formed households with limited provision of land and other assets by their parents, and elderly couples living alone are common features of poor households. Other social factors seem to have an increasing influence on the gap between rich and poor. High community cohesion is a positive feature of minority people in the mountains and provides a safety net in times of need, but strong feelings of solidarity and preference for 'levelling' and 'equal distribution' tend to inhibit effective targeting of support to really poor families. Negative but frequently encountered social factors are dependency, such as dependence on outside support, alcohol or drugs.

*Correlation analysis between household factors and poverty rates*

We can see the importance of physical and social assets in statistical terms. Figure 4 shows a correlation analysis between household characteristics and poverty rates (using the 2006 poverty standard) that show visually the interplay between household assets and poverty. Some of the major findings are:

- There is a positive correlation between the number of family members under 15 year olds and poverty; there is almost no correlation between the number of over 60 year olds and poverty.
- There is a positive and close correlation between the percentage of family members not attending school or not finishing primary school, and the poverty rate. There is a close positive correlation between the percentage of households having children (6 to 22 years of age) dropping out of school, and poverty.
- There is a loose positive correlation between the distance from village to commune centre and the poverty rate.
- There is a negative correlation between the percentage of households using electricity and the poverty rate. If we exclude villages not connected to the national grid i.e. those villages where less than 25 percent of households have their own micro hydro-electric generators, there is no clear correlation between connection to the grid and poverty in the remaining villages.

- It is obvious that there is a close negative correlation between the percentage of households with durable asset such as a TV, motorbike or telephone, and the poverty rate.
- There is close negative correlation between the number of households buying materials/selling products and poverty; there is loose negative correlation between the percentage of households in trading and services activities and poverty.

*The poor have less access to institutions and policies*

Secondly, there is a **gap in access to institutions and policies between rich and poor**. The distance from household to commune centre, proximity of roads and market place; buying capacity and bargaining power, relationship with business and agents and access to information all appear to be important variables. There are many systems of support for poor people which have been discussed in previous sections. Although these have shown improvement, poor people have bigger problems in benefiting from them. In the post-WTO context the poorest people are likely to need as much support, if not more, than ever before. Unfortunately, some institutions that could be the strongest in helping people, are in fact the weakest: mass organisations and cooperatives are reported to have brought few real benefits to poor people in the study sites.

*Many institutions and policies lack real success stories*

As far as state policies go, there are uneven disparities between capital allocation and investment quality: there is a close relationship between budget allocation, quality of investment and inequality of status between localities. Mechanisms for additional investment are still lacking, especially to support production in the most difficult areas where poverty rates are above 50%. The quality of infrastructure investments, including operating and maintaining it, needs to be improved. The survey noted that official figures sometimes give a more positive impression of poverty investment than is in reality justified. For example, a road may lead to the commune centre but is impassable in the rainy season; the village has a water supply but it does not work, or stops working in the dry season. In fact, Figure 4 shows almost no correlation between poverty rates and household access to services such as borrowing capital, agriculture extension, or wage labour (locally or far from home). The analysis suggests that *quality of services accessed* may be more significant than simply the *rates of access* to programmes/policies.

*Poor people lack opportunities*

The third point is that there is a **gap in opportunities between the rich and the poor**. Non-poor people can exploit opportunities in the market to trade commodity crops productively and are better able to absorb economic shocks and cope with natural disasters. This helps to account for their higher and better quality of production. Cash-cropping and intercropping confers advantage on the better-off since poorer people have to use the short-term crops for their own consumption and often cannot wait to benefit from long-term crops. Better-off people are more likely to apply newer materials and technology, such as new seed types, fertilisers, mechanical cultivators and control of pests and disease. Over all, better-off households have more land and capital and are in a better position to plan and invest for the longer term, while poorer people manage their livelihoods on a shorter day-to-day basis.

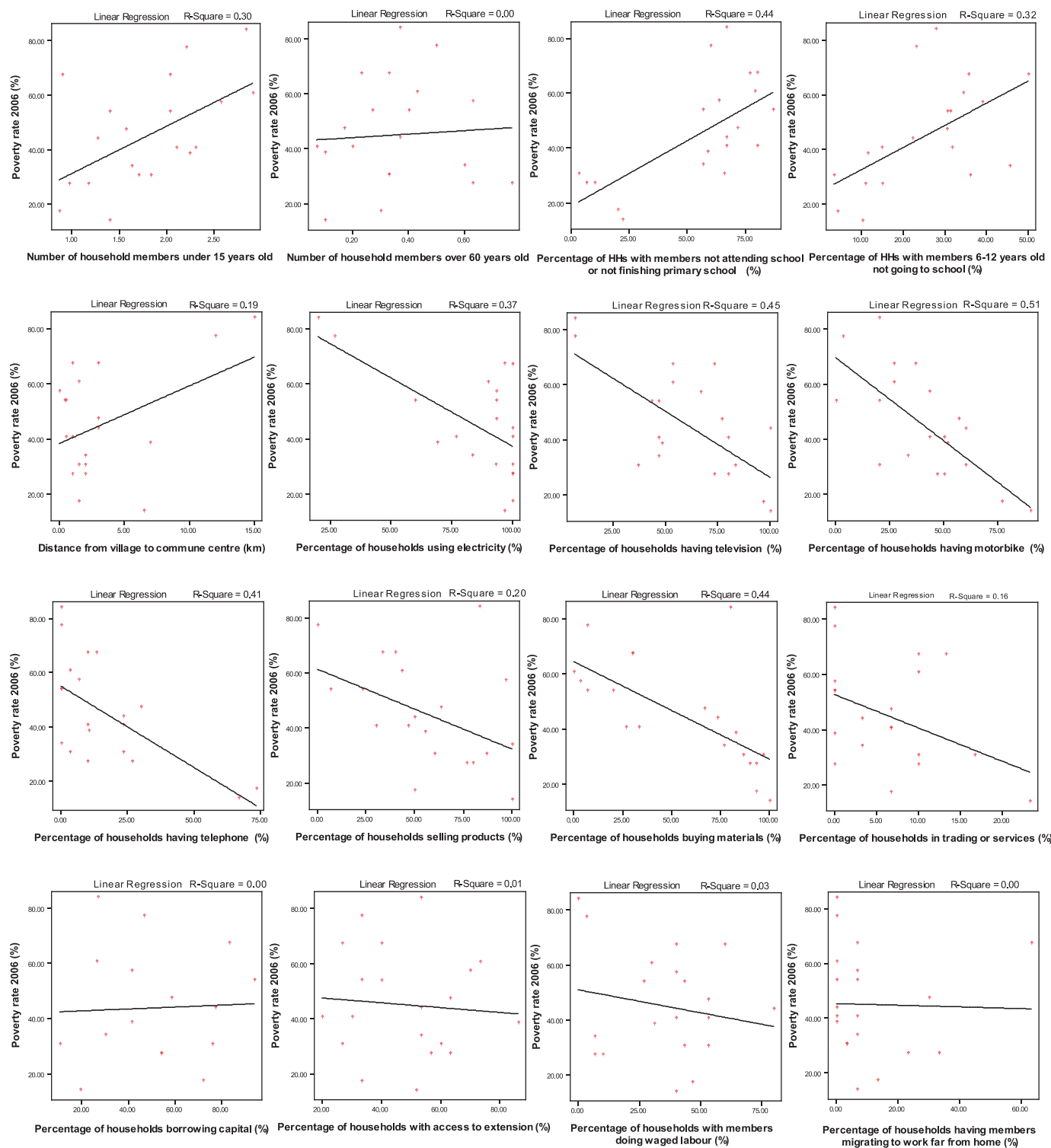
*The better-off have more opportunities for advancement, and are able to take advantage of them*

Better-off people also have more off-farm opportunities. They are more likely to receive a stable monthly income or pension. Poor people depend more on farming income or short-term waged labouring, both of which are less stable and more prone to risk. Better-off people are better able to network and have higher, more stable incomes, either locally or outside. Poor people have fewer options, doing paid manual work locally or on the property of better-off neighbours.

There is a sense that economic gaps will widen in future as better-off people have better *quality* of livelihoods, better access to institutions and supporting processes and therefore can make better use of livelihood *opportunities*. These socio-cultural features appear to be assuming greater importance in accounting for the gap between rich and poor, and reducing these disparities will depend on developing the human and social capital of poor people.



Figure 4: Correlations between Household Characteristics and Poverty Rates in 20 survey villages



Source: Household survey data

3. VULNERABILITY

Poor people are vulnerable to risks and shocks, and interventions need to be targeted at capacity

Rural communities have always faced the prospect of harsh climates, pests and outbreaks of disease, economic uncertainties, health emergencies and other kinds of shocks. It is characteristically the poorest people who are more vulnerable and severely affected by these risks. If Viet Nam is realistic about closing the gap between the better-off and poor, it needs to target interventions into helping communities prepare for and cope with shocks. This chapter surveys different categories of risks and vulnerabilities, the coping mechanisms deployed by local communities, and how state organisations can help. It considers what measures need to be taken in a post-WTO context to help all sectors of society to adapt to unexpected emergencies.

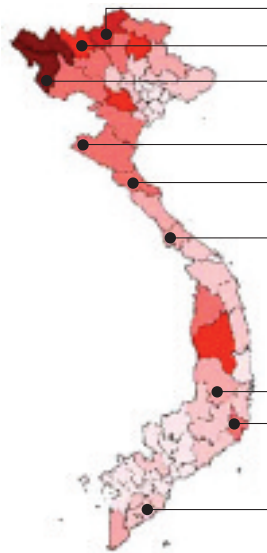
Few households have dropped back into poverty from shocks to date, but there is worry for the future

The good news is that the field survey reveals few cases of households falling back into poverty in the short term because of shocks. Most of the households newly classified as poor have been newly formed households recently divided from their parents. Thus the problem of vulnerability leading to increased poverty is not yet widespread. The bad news is that this problem may become more common in the near future: as many as one third of households are reporting increased livelihood difficulties within the past year (Table 16). Thus there may be increasing deterioration in economic conditions for some households that can be linked to increased susceptibility to shock.

TABLE 16. Numbers of Households Feeling that Life is Becoming Harder Compared to the Previous 12 months (%)

Commune	% HH saying that life has gotten worse	Main reasons (respondents could list up to 3)								
		Lack of capital	Lack of labour	Lack of new seed types	Lack of knowledge on production techniques	Un-favourable price and market	Low quality irrigation system	Natural disaster drought /flood	Insects and crop disease	Other
Thuan Hoa	9	0	20	0	20	20	40	40	80	0
Ban Lien	7	0	25	0	0	50	50	50	0	0
Thanh Xuong	8	0	40	0	0	60	0	0	20	20
Luong Minh	33	30	55	10	10	5	0	8	100	0
Duc Huong	28	6	35	6	6	18	12	53	77	0
Xy	17	20	30	30	10	0	50	20	0	40
Cu Hue	25	0	13	0	0	27	0	67	20	0
Phuoc Dai	22	31	23	0	23	0	0	62	15	0
Phuoc Thanh	32	11	21	5	5	11	5	84	5	0
Thuan Hoa	10	17	67	0	17	0	0	0	0	67

Source: Household survey data



3.1 Factors of Vulnerability

Respondents identified four main types of risk that households face: harsh weather and climate, risks in labour availability due to health problems, insect pests and disease, and risks and shocks in market prices.

Vulnerability to weather and climate

*The number one risk identified was extreme weather events*

Farmers said they were most worried about harsh and unpredictable weather as their number one risk. This is not surprising, considering how many people are dependent on agriculture as a major source of livelihood. Weather events such as flooding and droughts all too easily cause crop failure and resulting loss of income. The increasing unpredictability of extreme weather systems such as typhoons, floods, droughts, salinization and very cold spells are also a continuing worry. This is an area of great concern for the future, as global prediction of climate change caused by greenhouse gas emissions will likely mean even greater weather extremes in Viet Nam into the foreseeable future.

*The rainfed agriculture practiced by many minorities is particularly vulnerable to weather*

For many minority households, upland rice cultivation carried out in mountainous ethnic minority areas (Thuan Hoa – HG, Ban Lien, Luong Minh and Xy communes) is rainfed, not irrigated, so production is highly vulnerable to drought or floods. There may be drought while the rice is maturing, then at harvest time floods may come. When this happens 50-70 percent of the rice areas are damaged. Natural disasters, soil impoverishment and short fallow periods combine to compromise food production security in these areas. Communes with large areas for growing cash crops like corn, coffee and cotton (in Cu Hue, Phuoc Dai, Phuoc Thanh) are also not immune: they faced drought during the growing season, then heavy rains at harvest time. This reduced productivity and resulted in most poor households in areas without irrigation systems (Phuoc Dai and Phuoc Thanh communes) experiencing food shortages.

*Irrigation helps buffer weather vagaries, but systems remain vulnerable*

Even in areas with irrigation, weather can cause considerable risks. Unfavourable weather conditions led to frequent crop failure in communes that cultivated wet rice and vegetables (e.g. Ban Lien, Duc Huong, and Thuan Hoa – TV). Irrigation systems have been installed in Ban Lien commune but they did not channel enough water to the cultivated areas so production has fallen by 50 percent. In Duc Huong commune, the monsoon normally expected in May came early, in April, while the peanut crop was being harvested, resulting in a 50 percent loss in lowland areas. This was followed by storms and floods from July to September, causing a 25 to 30 percent crop loss. In Thuan Hoa-TV, there were water shortages during the dry season (October to May). Furthermore, even when irrigation works in the short term, it can be damaging in the long term to soil if improperly used; in some villages soil has become salinised so only one crop can be grown in the rainy season due to over irrigation with poor quality water. Drought has been a problem in some areas, affecting crops and also domestic use. Water shortages also make it difficult to raise livestock, as has been the case in Xy, Phuoc Dai, and Phuoc Thanh communes.

*Unusually cold weather was recorded in 2007-2008*

Unusually cold weather in recent years has strongly affected some highland areas. The cold has hindered multi-cropping in high mountain areas, and only a single rice crop can be raised in the mountainous areas of Lao Cai province. Summer rice varieties grow slowly in cold conditions and this delays the next year's planting. The cold weather also killed some cows and buffaloes, important assets in poor households. Poverty monitoring in Thuan Hoa (Ha Giang) and Ban Lien (Lao Cai) was carried out in 2007 and so does not reflect the destruction of livestock by the severe cold in northern mountainous areas at the beginning of 2008. According to the DARD in Lao Cai, by February 18, 2008, a total of 8,797 cows and buffaloes had died. Poor families who lost their livestock faced difficulties such as delays in receiving compensation and loss of draught animals for ploughing. (The State has a policy of paying compensation of VND1,000,000 for loss of a cow or buffalo and 10kg of rice for a calf dying because of the cold.)

**Box 16. The Impact of the Harsh Climate on Livelihoods: Farmers’ Stories**

**Ha Tinh:** *“If the corn crop is saved, the peanut crop is lost. If the peanut crop is saved, then the green bean crop is lost. People lose out regardless ...they gamble with God”.*

Kinh men’s group, Huong Tan village, Duc Huong commune

**Quang Tri:** *“In good weather a better-off household can harvest 20 sacks of upland rice, while a household of average means harvests 6 or 7 sacks. In bad weather a better-off household can harvest 6 or 7 sacks, an average one can harvest 3 sacks, while the poorest can only fill one or two.”*

Van Kieu men’s group, Xy La village, Xy commune

*“This year we lost the rice crop twice over. First there was drought at seeding planting then heavy rain at harvest time. I got only 3 baskets of rice, enough for two months.”*

P. R., a poor Van Kieu farmer, Xy La village, Xy commune

**Dac Lac:** *“In 1987 the corn crop was really good. It rained every afternoon so we didn’t have to water the fields. We did not use fertilisers but still got good yields. We had ten years of this; however since 1997 this changed. Because of deforestation there has been little rain and the poor soil produced low quality corn, even some with no seed. We lost the whole crop in the 2004 drought. In 2003 and 2005 we lost 50 percent of production, and only got 2.2 tons per hectare.”*

Group of Kinh men, Dong Tam and M’Hang village, Cu Hue commune

**Ninh Thuan:** *“After the drought there was not enough water for people to drink, or for the cows and goats ... It is difficult to build wells. Even though water supplies were installed in 2003, they’re not working now. All of us take water from streams.”*

Raglai key informant group, Da Ba Cai village, Phuoc Thanh commune

**Vulnerability to illness and labour loss**

*Losing household labour to illness is a major worry*

Poor people worry continually about what will happen if there is ill health or accident in the family. Table 17 indicates they see ‘lack of labour’ and ‘natural disasters’ as the main risk factors in the coming 12 months. Although the prospect of poor health is an individual risk, it is closely linked to poverty, as people need to pay for treatment and medicines, and might need to travel to health centres a long distance away. Ill people also cannot contribute labour to the family economy. The survey recorded instances where people had to sell livestock or other assets, or borrow, to pay for health treatments. While the use of health insurance card for the poor has become more widespread, these cards often do not cover all the medicines or hospital visits needed for serious illnesses. In those cases, households often have to raise large sums of money to pay for necessary medical care.

*Drug abuse also leads to lack of labour*

In some areas, for example Thanh Xuong and Luong Minh, drug abuse has caused labour problems. Addicts are likely to be sent away for rehabilitation, which means then the spouse (usually the wife) then has to assume full responsibility for the household. There are some households with no younger generations present and others where children have had to quit school to take care of the family. People say that drug abuse often leads to theft of property, causing further economic vulnerability.

TABLE 17. Worries about Risks Households May Face in the Coming 12 Months (%)

Commune	Access to capital	Loss of Labour	Loss of Seeds and breeds	Production techniques	Prices, market	Irrigation system	Natural disasters, drought, floods	Insects diseases	Other
Thuan Hoa	7	95	0	15	17	2	68	81	0
Ban Lien	12	30	7	5	27	48	90	8	3
Thanh Xuong	17	43	2	5	28	0	23	52	8
Luong Minh	42	60	2	20	10	63	47	7	0
Duc Huong	20	67	3	2	25	8	58	43	7
Xy	7	77	0	0	7	27	35	0	3
Cu Hue	27	29	3	0	46	10	76	17	0
Phuoc Dai	12	10	0	5	0	0	73	3	10
Phuoc Thanh	15	22	0	2	0	0	80	8	10
Thuan Hoa	27	72	7	10	18	3	15	12	23

Source: Household survey data

Vulnerability to crop pests and diseases

Pests and diseases of crops and livestock cause major losses each year

Insect pests and diseases were a common problem, causing severe damage to crops and impacting on economic well-being, especially among the poor. Common pests include the brown backed rice plant hopper (*Nilaparvata lugens*), rice blast disease (*Piricularia oryzae*), trunk-boring worms (*Scirpophaga incertulatebs*) and the green paddy leafhopper (*Nephotettic spp.*) Local people at monitoring sites claim these pests can reduce crop yields by 30-50%.

Poor people often have no money or technological skills to cope with pest outbreaks

When outbreaks occurred, better off households can often buy pesticides and try to combat the problem, while poorer households did not do much spraying as they had no money for pesticides and there was no one to do the work. Many minority people in mountainous areas are not well informed about plant protection because of ineffective training, language or other communication difficulties. Integrated pest management (IPM) programmes have not yet reached most rural communities, apart from some better-off households, or where a family member is a community official. And in some cases, it is not clear what the best countermeasure against pest outbreaks are in some cases where pesticides are ineffective. An agricultural extension worker in Duc Huong commune in Ha Tinh said: "All households cultivating peanuts faced problems with white fungus disease in February or March. Even though no-one lost their whole crop they did lose 25-30 percent on average. Disease free, average productivity is 100-120kg per 'sao' [1 'sao' = 500m<sup>2</sup>] but fell to only 85kg per sao when the infection struck. Up to now the plant protection agents haven't worked out any effective countermeasures."

Livestock diseases can devastate families and increase indebtedness

Livestock diseases can be even more devastating than crop outbreaks, as livestock diseases can wipe out entire herds quickly. Outbreaks of severe livestock diseases such as foot-and-mouth, influenza or pig green-ear disease have forced people to destroy livestock and poultry or make it impossible to sell (Thuan Hoa – HG, Xy). Many poorer households borrowed from the bank to buy cows, buffalo or ducks, but then when the animals died of diseases they could not repay the loans. Loss of livestock also means loss of draught animals for ploughing which in turn results in delayed crop production and lowered productivity.

Veterinary support of livestock is badly needed, but services face problems: many poor people have no money to pay for inoculations, while poor communication makes it difficult for even

*Veterinary services are undersupplied in remote areas*

better-off people to afford the services. Village veterinary staffs are available in some places, but the service is said to be ineffective, and village access to vaccinations is limited as supplies are not stocked and maintained. Many households in Luong Minh, Xy, and Phuoc Thanh work on remote upland farms, taking their livestock with them, and this makes veterinary treatment very difficult. People are often unaware of the importance of vaccinating livestock and may wait until after animals become infected before having them injected. In some cases people brought already infected livestock into new areas which spread the infection more widely and faster.

*Shrimp farming is also vulnerable to disease outbreak*

In some delta areas where shrimp are raised, diseases and lack of clean water have caused shrimp die-offs. Most households farmed tiger shrimps in Thuan Hoa – TV, but lost the harvest because they did not have a proper water supply and discharge system. Some poor households with rice fields located in the shrimp pond areas can no longer grow rice. They also farmed shrimps but lost them due to their ponds being too small, lack of investment and technical know-how.

**Vulnerability to market volatility**

*Market prices fluctuate and cause concerns for poor people*

People report increasingly unfair differentials between the prices they can get for their products (rice, corn, cassava, coffee and chickens), and what they have to pay for food, agricultural materials (fertiliser and seeds), and services. This trend has been more marked recently with rising inflation on consumer goods throughout 2008.

*Food prices have risen steeply in 2007-2008*

The steep increase in the price of rice over the past two years has had a major impact on poor people, especially for those living in the areas where food production is insufficient for their needs, and who live in areas prone to drought, floods, insects and diseases. While most monitoring for this report was carried out in 2007 and does not reflect the impact of rocketing price increases since the beginning of 2008, it is clear that inflation is having a major impact on poor households, especially on those not involved in agricultural production and who have to buy their household food supplies.

*High rice prices have outstripped wages*

The price of rice has increased faster than the income from wage labour for many poor people. When these households have to pay higher prices for rice it deprives people of money for other food, as well as for health and education expenditures. It also cuts into their financial reserves leaving them increasingly vulnerable to shocks and emergencies. For example, a kilo of ordinary rice in Nghe An cost VND4,800 in 2005 but by the following year this had almost doubled to VND8,000, then by 2007 it had climbed to VND9,000. As a men's discussion group noted, "Because of food shortage we have to buy rice despite its high price. Ordinary rice is cheaper than sticky rice so now we eat more ordinary rice than sticky rice, depending on how much money we have." A household in Quang Tri similarly noted, "The price of rice is terrible, it keeps increasing every year! Poor households have to buy ordinary rice, while the better-off can afford sticky rice. The price of sticky rice from Laos rose to VND360,000 a sack in 2007. People have to mix ordinary and sticky rice. Some poor households have to collect local cassava, often the very poorest who have no other source of livelihood".

*Families are substituting other foods for rice, and nutritional levels may be falling*

After the steep rise in the price of rice, people in some mountainous communes (Luong Minh, Xy) have had to eat more locally available food like sweet potato, cassava or porridge, or reduce the daily intake of food. Prices of other staples such as meat, salt, seasoning, instant noodles and cooking oil have also increased sharply. Many poor households surveyed had not been able to buy meat for months. More people now have to buy on credit, making them more dependent on local shops, and financially more vulnerable. Poorer nutrition as a result of reduced caloric intake or a lack of diversity in the diet will have a serious impact on the health of adults and children.

*Prices for agricultural inputs have also risen steeply...*

In addition to high prices for food, the cost of agricultural inputs is also increasing. In areas of intensive cultivation (e.g. Ban Lien, Thanh Xuong, Duc Huong, and Cu Hue), productivity is largely determined by the price of seeds and fertiliser and rising costs have caused a fall in output. As an example, in Cu Hue (Dac Lac) many people turned to growing coffee as the price continued to increase from 1994 to 1999. When coffee prices dipped below VND10,000 per kilo of bean, many households could not afford fertilisers or irrigation costs and they had to root out the bushes and start growing corn and cashew nuts instead. Then in the past two years coffee prices have started



to rise again, sometimes reaching VND40,000 per kilo. However, the poor did not benefit from this because they had stopped growing coffee, had only very small areas under cultivation, and faced the high costs of fertilisers and watering. For poor households lacking cash, generating income to buy fertilisers is a continual worry. Poor minority people do not even have the money to buy seeds and fertilisers supplied by cooperative or mass organizations at subsidised rates.

*... While prices for selling livestock have dropped, causing hardship for poor people*

Recently there has been a trend towards raising livestock for breeding (for example, raising buffaloes in Thuan Hoa - HG and Ban Lien; cows in Thanh Xuong, Luong Minh, Phuoc Thanh/Phuoc Dai and Thuan Hoa - TV and raising goats in Cu Hue). Most people have borrowed from the Bank for Social Policies to buy breeding stock and this increased demand initially raised prices significantly. However, by the end of 2007 a dramatic reduction in livestock prices then occurred, likely caused by the market not being able to bear so much livestock being produced. A cow bought for VND10-12 million in 2004 or 2005 now fetches only VND3-5 million, so many people have kept their livestock to wait for prices to rise again. This means many people have to delay repayment to the bank and many households, especially the poorest, cannot apply for new loans which in turn makes it more difficult for them to escape from poverty.

*Prices have also dropped for some fruit crops*

Farmers were also concerned about price fluctuations in the fruit growing industry. People were interested in growing plums in Ban Lien commune, apricots and apples in Thanh Xuong, and mangos in Xy commune. When authorities in Ban Lien commune encouraged people to plant plums, prices were high, then at harvest time they fell dramatically. At planting time a kilo of plums cost VND4,000-5,000 but at harvest time would sell for only VND500, not enough even to pay the pickers.

### **Vulnerability to other risks**

In addition to these main risks, people face other vulnerabilities likely to impact their livelihoods:

*Families with disabled members have special vulnerabilities*

**Families with Disabilities:** Families having members with disability, mental illness, or very old people are frequently among the poorest. As well as lacking productive labour, they may have to pay for costly medicines and treatment; some households find it difficult enough to provide basic daily meals even though relatives, neighbours, local groups may help by giving them food, clothes or labour. The Decree on Social Protection (Decree 67/CP) has increased the rate of support to these households, but is still reportedly too low.

*Displacement and loss of land from development is on the rise*

**Families displaced by development projects:** Local households at some monitoring sites faced losing their farmland because of irrigation and dam projects (in Phuoc Dai); changes in the administrative regulation requiring land to be returned to another commune (in Xy); planning for construction of a new district centre (in Thanh Xuong); and low agricultural productivity forcing people to sell their land (in Cu Hue and Thuan Hoa - TV). Those who lose their land are most worried about how much compensation they will be paid and how they will find other ways of earning a living. For example, in Phuoc Dai commune, households lost their land because of construction of a channel at Song Sat lake, and despite being compensated with new land or money, the disruption has left many worse off than they were before. In Thanh Xuong commune 'hanging planning' for the district town has been going on for three to four years so people are wary of investing in houses or land there, uncertain if they will be losing lands in the future.

*Soil degradation is increasing and will lead to declining productivity in the future*

**Families impacted by environmental degradation:** Soil impoverishment, especially in mountainous locations, is a major problem, the scope of which is just now beginning to be realized in some areas. Traditional fallow periods for cropping have become shorter, or even eliminated, so soil has little chance to recover its fertility by natural means and this has led to poorer crop yields. There has been little investment in soil fertility or developing model methods for sustainable cultivation on sloping land. Xy commune in Quang Tri Province is a typical area of poor soil. Industrial cassava cultivation has been regarded as the main crop for alleviating poverty here during these past three years. However Xy people now risk falling back into poverty because of soil impoverishment and falling crop yields, the result of intense cultivation and lack of fertiliser use. Some better-off households were able to plan to leave the ground fallow for two years, but this was not an option for poorer households. The focus by the agricultural extension service on intensive cultivation of crops and use of fertilizers is insufficient to deal with these soil infertility issues; additional investment in models of soil-fixing fallow ground covers and less

soil-intensive crops (like moving away from cassava which rapidly depletes soil nutrients) will need to be pursued in the future.

*Migrant labourers are at risk from unstable jobs, exploitation and illness*

**Families dependent on unstable wage labour:** Poor people commonly do waged work either locally or outside the community, but this brings with it a number of risk factors. Such work is often unpredictable as it depends on season and weather conditions; the availability of work on local construction sites depends on the progress of the project and the employment and income-stream stops when the project has been completed. In jobs a long distance away and without a contract of employment, people may be at risk of being exploited, cheated or not getting paid. This is more likely to happen to ethnic minority people because of their lack of experience in such matters, and they may not receive legal support (reported in Phuoc Dai/Phuoc Thanh and Ban Lien). People employed a long way from their homeland may be at risk from accidents, sickness or drug abuse, and could become a burden to their family. For example some Thai people from Luong Minh commune have been digging for gold in areas with no health care services; some Van Kieu people from Xy commune contracted malaria while they were working in Laos; young Thai people in Thanh Xuong commune, working in Dien Bien city, are at risk of drug abuse or HIV/AIDS.

3.2 Strategies for Coping with Risk and Vulnerability

In order to cope with risk and disasters, poor and near-poor households rely firstly on their own efforts, then on community, mass organization or local authority support, and finally on the State's policies. Such coping strategies show the resilience of local communities in attempting to find solutions to difficult vulnerability problems. Some of these coping mechanisms and strategies are outlined below.

**Livelihood diversification**

*Raising a variety of crops is a long-standing practice to buffer against risk...*

Long experience has led poor farmers living in the mountains to raise a variety of plants and animals so as to minimise loss from harsh weather or disease. In fact, this long-standing practice toward diversification so as to minimize risk is sometimes in contradiction to the advice households receive from extension services that promote the intensification of a few high-value crops. As one Kh'Mu men's group in Nghe An noted, "We received advice on raising cows, goats and pigs in 2006. We were told the best ways to raise specific kinds of animals, but in fact we keep a variety of livestock. We were told not to raise many types of animals, but if we had followed this advice we could face hunger so we did not listen to them. They also advised us about growing peanuts and sweet potato but we don't grow these things."

*... As is diversification of income streams*

Diversification happens not only within agriculture, but among all income streams. Diversifying sources of income is one way of insuring against risk, by raising a variety of crops, keeping different kinds of livestock or having family members in waged employment. Yet despite this the poorest people often benefit less from diversification and are less cushioned against emergency than their better-off neighbours. For example, poor households may be less able to balance on- and off-farm work: spending too much time in paid employment to pay for daily necessities may lead to neglect of production at home. As another example, many poor households earn income by collecting and selling cow manure, especially at times of food shortage (Phuoc Dai/Phuoc Thanh) for around VND5,000 a sack. But this can be a self-defeating income strategy. The household gets income from the sale, but they lose the fertilizer to use on their own lands to boost production, and the prices paid are so low that families would not be able to reinvest this income into buying chemical fertilizer to replace the lost dung.

*Combining perennial cash crops with annual subsistence crops is another strategy, but the poor are less able to do this*

Cultivating perennial crops such as tea, acacia, bamboo, cinnamon or pine (Ban Lien, Luong Minh, Xy communes) in combination with short-season crops helps cushion poor farmers against risk such as harsh weather and high commodity prices. However perennial crops do not solve an immediate food shortage and it is difficult for poor people, with fewer resources of labour and land, to manage their cropping on a longer-term basis. Furthermore, changing to planting drought-resistant, quick growing crops like green bean or soya in case of water shortages may be a smart strategy (seen in Phuoc Dai/Phuoc Thanh), but many poor people lack



labour and are reluctant to experiment with new, unfamiliar crop varieties. Limited agricultural extension services have not been helpful in boosting crop production.

**Returning to traditional upland cultivation**

*Minorities often fall back on traditional cropping in upland fields in times of need*

The government has invested considerable amounts of money in trying to resettle minority people in more accessible areas, as noted earlier. These programmes have had limited success, and one reason for this is they often increase vulnerability of resettled populations. In times of difficulty or stress, they tend to revert to their traditions of upland cultivation and may return to old family areas. For example, when their hybrid corn crop was hit by drought, the Raglai people of Phuoc Dai/Phuoc Thanh communes went back to the former military base where they had farmed previously, to grow cassava, beans and corn for their own use and to stop growing commodity crops that required high inputs of commercial fertilizers. While state planners may see this as a failure of resettlement, it is actually a coping strategy to help households weather high risk changes in production. Similar coping strategies were seen among the Van Kieu people of Xy commune who went back to their old village near the Sepon river to cultivate upland rice, corn and cassava. They took their livestock, pigs and chickens with them after disease had broken out in the new place. Back in their old homeland they made temporary camp, returning to the new village only when the need arose.

*Forests can also be a source of short-term relief*

Many other minority groups resettled or not frequently go to the forest to hunt or collect products to get them through lean times, such as yam, bamboo, firewood or vegetables for household use or to sell (noted at all monitoring points). However, forest resources are becoming depleted and restricted, so this is a coping option for less and less people.

**Buying on credit from local shops and agents**

*Buying on credit can help people get through lean times...but can also lead to indebtedness*

People commonly rely on shops and agents during emergencies such as crop failure or livestock epidemics. They buy rice, seeds and fertiliser on credit there, then repay the loan at harvest time. While buying on credit is convenient, and helps smooth consumption in times of stress, it does come at a high cost. In some places interest rates can be very high, at 3 - 4 percent a month, and then the produce that is sold to pay off the loan is often bought at an artificially low price. So while this is a coping strategy that helps in the short term, in the long term it may lead to some households being seriously indebted.

**Taking on seasonal wage labour**

*Seasonal wage labour and migrant labour are important sources of cash*

Increasingly wage labour is becoming a livelihood strategy of choice for many men and women (see Box 17). Such wage labour can include local agricultural work such as soiling, transplanting, clearing embankments, weeding, harvesting, and pond digging. Other industries that pay wages for seasonal unskilled labour include carpentry, road making, brick making, mining and portering. Long distance wage labour is also on the increase, as members of households set off for urban areas to make some money to send back home. These remittances are a key part of household's repertory for flexible livelihoods.

*The Khmer in particular are strongly dependent on wages*

Agricultural wage labour migration is very common among the Khmer of the Mekong Delta and a major strategy to help them weather risks. Many Khmer households surveyed had at least one member performing wage labour, and some households had all family members working as migrant wage labourers. This wage labour is not limited to males, but also included females and even children, and Khmer often form group of migrant agricultural labour that moves around in the Mekong Delta following rice harvests. A fairly strong wage labour market has enabled these Khmer to use migration to raise incomes, which has been particularly important in recent years as Khmer landlessness has increased.

*However, migrant labor can bring new vulnerabilities as well...*

However, there are also serious implications for poverty reduction activities of the migrant labour trend. The movement required to find jobs takes people away from their home villages, often for months and years at a time. This reduces their ability to access government services, such as education if their children are moving around as well, or health care and extension training, and may leave them vulnerable to exploitation as they are far from familiar community support networks.

**Box 17: The Varied Opportunities for Wage Labour**

**Ninh Thuan: Raglai people**

*Working for projects in the commune:* both men and women, especially young people from 15 – 35 years of age, find jobs laying mortar or carrying materials. Some 60-100 people do this type of work, at an average wage of VND30,000-35,000 a day. There are different projects in the commune, sometimes all the young men and women do this.

*Wage labours in other communes:* some 10percent of young people, men more than women, work outside their home communes, the men doing the heavier work. Typically they do farming work, earning an average of VND20,000-30,000 a day. This trend of working in neighbouring communes appears to be increasing.

*Working in other districts:* some 5-10 people leave to work in other districts, staying away for one to two months, earning on average wage VND1,000,000 a month. More men than women do this, often in the dry season (December to April) when there is little for them to do at home.

*Working in the Central Highland provinces (Tay Nguyen, Dac Lac, Lam Dong):* 30-40 people do seasonal work picking coffee, men more than women, mostly young people.

Group discussion in Ta Lu 1 village, Phuoc Dai commune (Bac Ai, Ninh Thuan)

**Tra Vinh: Khmer people**

*Working in the district:* people work carrying construction materials, weeding, and preparing land. Both men and women do this, earning VND20,000– 30,000 a day.

*Working in HCMC and Binh Duong province:* both men and women, especially young people, seek work in Ho Chi Minh City or Binh Duong province, mainly in clothing, footwear or incense manufacturing. They earn VND1,000,000 – 1,500,000 a month. Some work as house maids or shop assistants at a monthly wage of VND700,000 – 800,000.

*Working in Vinh Long province:* people, mainly 30-40 year old males, work carrying rice husks at an average wage of VND1,000,000 - 1,500,000 a month.

*Working in the east southern provinces:* mainly women of 25 – 45 years of age do seasonal work harvesting coffee, peppers, and cashew nuts.

Group discussion at Soc Chua and Thu Hoa villages, Thuan Hoa commune ,  
Cau Ngang, Tra Vinh

**3.3 Policy and Other Support for the Vulnerable**

***Support from the community***

*Local community support, like labor and food exchanges, helps mitigate shocks*

Poor or vulnerable families often receive help and support from relatives or community organisations in difficult times, commonly providing labour or food when someone falls ill or if food is short, although this may only be immediate and small scale as everyone is in difficulty when crops fail. For example, the practice of exchanging labour in mountainous areas is common, enabling poor people to fit in with seasonal labour demands, or earn money by raising livestock. In some cases households with more land were encouraged to give some of it to the poor for cultivation (in Ban Lien, Cu Hue, Xy, Thuan Hoa - HG). Khmer people in Thuan Hoa – TV have a tradition, called ‘Xakhum’ where people voluntarily contribute cash to their neighbours when there is ill health or a family death.

Community cohesion and solidarity are good bases for insulating people against shocks such as food shortage. Although much state poverty alleviation targeting is focused on poor households, in practice it is sometimes challenged by these community traditions of solidarity and the

*There is strong community solidarity in many minority areas*

psychology of ‘equal division’. For instance, in Xy people have strong traditions of community solidarity and try to share out resources such as rice and seeds as equitably as possible. As Quang Tri Women’s Union leaders noted, “Because of their traditionally strong social cohesion, it can be hard to target a particular household for help, so instead relief and grants are distributed equally. While the poor people use up what they are given, the better-off can save it. This has helped us to support the poorest people when they most needed it.”

**Support from mass organizations and other local institutions**

*State emergency support is often only sporadic and not a long term coping strategy*

Local officials and people continue to depend on State intervention to support vulnerable groups but priority also needs to be given to making social protection a community concern, mobilising people to support particularly vulnerable groups. Every year State and charity organisations support communities recovering from natural disasters, providing emergency relief in the form of rice, instant noodles, clothes, seasoning and working tools. However, these one-off events usually only happen sporadically after adverse events, and are not a long term coping strategy to increase social protection.

*The Women’s Union could play a larger role...*

The Women’s Union is often a place where some support projects, like small microfinance or training takes place. These can have important longer-term effects in helping households develop strategies to mitigate risk. But these projects tend to be very small scale and chronically under funded.

*... as could business cooperatives and enterprises*

In some places farmers’ cooperatives have been established and replace the old-style collective farm, but these newer bodies have still not been effective in providing the kind of rural services, such as irrigation, which people formerly enjoyed. In other areas market cooperatives and business enterprises work with producer groups to supply capital and inputs, which can help buffer shocks in times of stress, but these are not yet widespread in all areas.

**Government support**

*The State has several Social Protection policies....*

The State has many programmes providing support for poor areas. When they work properly they can enable poor people to cope with risks better. For examples, the State operates social protection policies to support particularly vulnerable groups. The new Decree on Social Protection (Decree 67/CP dated April 13, 2007) is now applicable to more people and increases the rate of support to specific vulnerable groups.<sup>3</sup>

*...but these are not always well targeted or effective*

Yet this new Decree suffers disadvantages: first, people must be living in a poor household in order to qualify for support and even better-off households can experience temporary shocks for which they need immediate help; secondly, the poverty standard has been set too low, particularly in view of the rate of inflation over these past two years, so that many people have very poor lives but yet don’t officially count as the poor, so these near-poor households are not covered under the Decree.

*Important sources of future investment for risk management should be in infrastructure and irrigation*

Informants recorded that while government support is needed more than ever, many programmes have their limitations. **Infrastructure** such as electric power, roads, schools and clinics is being upgraded in remote communities thanks to Programme 135, but people remain susceptible to natural disasters, such as road subsidence, landslides and damaged bridges after floods. There is a clear need to fund and build appropriate design into infrastructure projects.

**Irrigation** is essential to help farmers cope with drought and floods but investment is problematic, with high costs, small scale of projects and lack of water. At only one monitoring point in Thanh Xuong commune was there a comprehensive system of channels enabling people to raise two crops a year. In other mountainous communes irrigation is either unavailable or only covers a small area. As well as watering their farm, people are worried about their household water supply, which is usually only a homemade system with a filter and tank upstream. There has been heavy investment in water projects but due to poor design and lack of maintenance many are not working properly.

<sup>3</sup> Orphans, abandoned children, HIV positive children; helpless elderly, people more than 85 years old with no pension or other support; people with disability or mental disorder; people with HIV/AIDS unable to take care of themselves; families or individuals who adopt orphans and abandoned children; families with at least two members with disabilities; single poor individuals who take care of children.

*Agricultural extension needs to be retooled to focus more on risk management*

**Agriculture and forestry extension** services still focus on boosting productivity, e.g. introducing new seed types, but are not yet well equipped to include training in preparation for and coping with economic uncertainty and natural disasters. At a time when the prices of materials are rising steeply, extension services need to train people in a variety of crop raising practices such as rotation, inter-cropping or combining short time and long time crops, and reducing the need to buy input materials. Yet this is the exact opposite of the training that is usually offered, with its reliance on one or two cash crops that require heavily inputs like fertilizer and pesticides. Training on mechanical methods of soil control (placing stones in rows on steep fields) or inter-planting in rows or using special leguminous ground covers should be a focus, as should new fallow crops that can raise income as well as restore soil fertility (like many varieties of beans and green fertilizer species), all of which can help mitigate the risks of increased soil degradation. Training should also encourage people to share and exploit their indigenous knowledge and traditional coping practices.

*Emergency micro-credit needs to be expanded*

**Micro-credit** programmes need to be increased in mountainous areas. Some poor people still cannot access favoured loan programmes from the Bank for Social Policies, and the process can be time consuming and not practical in cases of sudden emergencies. The policy that allows minority households facing particularly serious challenges to access interest-free loans should be combined with extension services, or other community support to enable beneficiary households to use their loans effectively, and be in a position to repay them in due time.

*Subsidy policies need reworking as well....*

**Subsidies** help reduce the cost of raw materials for minority people. However the poorest often face difficulties in benefiting from this policy as they lack money, do not use hybrid seed, or use less fertiliser. Support is necessary so that farmers' groups can introduce subsidy programmes and encourage poor people to use them when necessary.

*....perhaps incorporating new insurance-based approaches*

There is also little use of **insurance mechanisms** for crops and livestock in rural areas, meaning that household bear most financial risks alone by themselves. Introduction of crop insurance programmes is one way to help mitigate risks of extreme weather and pest events. This could be a major new approach in the State's investment in minority areas and one that could be very cost effective if combined with private insurance companies.

*Local food banks could be developed...*

Safety nets for **food insecurity** are also not well developed. Charity food banks are a technique used in other countries to help keep emergency supplies of food available in times of need and reduce dependence on outside state response to food shortages like high prices or drought. Yet these mechanisms are rarely used in Viet Nam.

*....as could better cooperatives that help spread production risks around*

**Linkage with businesses** is one important way for people in commodity production to mitigate risk (Ban Lien, Thanh Xuong, Xy, Cu Hue, Thuan Hoa - TV). Even when the relationship between business and farmers follows market rules, the State can play a critical role in supporting such cooperation so as to improve market access. Currently these links are weak. Many of the State's supporting policies can be implemented through or with the involvement of business enterprises such as agricultural extension, providing support to farmers' groups, or subsidies for buying materials and selling products in mountainous areas.

*Insurance needs to be expanded as well*

Despite receiving free insurance cards poor households still face high health care costs, especially for hospital treatment. Programmes providing free or subsidised insurance, for poor and non-poor people respectively, has not been smoothly implemented. Subsidized loans and grants for energy care are needed to help families avoid falling deeply in to debt when a household member becomes seriously ill.

3.4 Conclusions: Reducing Vulnerability

Viet Nam is now facing multiple challenges: the consequences of WTO accession, natural disasters, price fluctuations and other economic risks, are getting more complex, damaging and unpredictable. This is the time to design a comprehensive system of social protection for the poorest of the poor, to cushion price fluctuation by extending the number of beneficiaries, and to devise effective systems of support for specific vulnerable groups.

<i>Social vulnerability needs to be incorporated into policy development...</i>	<i>Social vulnerability</i> relates to how access to resources are distributed within and among communities, and is determined by factors such as physical endowments of land, income and poverty status, health and labour status, and other factors (Adger et al 2004). Research in this area highlights the need for ‘vulnerability mapping’ to identify who (individuals, groups of people, communities and regions) are more susceptible to changes in livelihoods as a result of hazards than others who are more resilient.
<i>... and vulnerability mapping could be one tool for this</i>	Such <i>vulnerability mapping</i> is not yet well developed in Viet Nam, and too often, shocks and crises are met with only short term responses, not long term planning to mitigate such risks. Instead of a planned, comprehensive system of response to natural disasters, for example, there has been only a piecemeal approach to preparing for and mitigating their impact. Non-project solutions such as awareness training, contingency planning, and drawing on community resources to find workable solutions have been lacking. This is a serious gap in the governance of mountainous areas that needs to be recognised and addressed.
<i>Local responses are likely to be insufficient to face future challenges</i>	In the absence of comprehensive State support for hazard planning, communities have devised various local responses to these risks, such as informal non-monetary arrangements and social networks to cope with hazards; livelihood diversification and financial remittances; community organization and communal responsibility; and food-sharing expectations and networks. These formal and informal institutions for resource management and risk reduction can help mitigate the extreme vulnerability some households find themselves in, but much more can be done, and in more creative ways, than has been the focus to date in rural areas.

4. GENDER

*Gender is a key factor in sustainable development*

Gender has become a central category of analysis in poverty reduction efforts to ensure that policies and practices have equally beneficial effects on women and men. The United Nations Fourth World Conference on Women (Beijing 1995) adopted an extensive platform on women and development, calling for a new paradigm that integrates gender equality and justice into development efforts. Many of the links between gender and development are tied to production, social reproduction, and consumption patterns, which in turn are linked to access and control of resources.

*Women face many undue burdens of access to resources...*

Examples include the fact that poor women in developing countries often bear the heaviest burden of environmental degradation. These women typically lack access to essential resources but at the same time they are responsible for food, fuel, and safe water supply. Environmental loss and degradation increases women's workloads in obtaining these essential resources and decreases the time they can spend on education and income generating activities. Increased pressure is placed on families. Property rights over key resources, such as women's access, control and management of land, are also crucial drivers of sustainable development. When women do not have access to land they are deprived of an important source of capital to secure loans and credit.

*....and while gender equity is on the rise, many challenges remain*

Within the monitored sites, divisions of labour and decision-making between men and women still tend to follow traditions and customs, although there are signs of change. State policies are increasingly requiring attention to gender equity, such as in access to schooling or health care. Women are also becoming increasingly involved with community affairs through participation in meetings and projects. These are all likely to have positive impacts on poverty reduction efforts, as the empowerment of women has been shown to lead to higher incomes in households.

4.1 Gender Differences Within Households and Communities

It is still the case that men tend to take dominant roles in family life and its relations with the outside world, even in those groups which follow matriarchal traditions. The survey did however note a general trend for women to take on more independent roles in their communities, such as borrowing money, and managing their household effectively where husbands are away working in migrant labour or are incapacitated. Women are speaking up more in community meetings, and in some instances becoming village heads.

Division of labour

*There are pronounced gender divisions of labour...*

*"A good husband should be healthy, responsible for heavy housework. He doesn't get drunk or beat his wife or children." "A good wife is gentle, hardworking and takes care of her family, husband and children"* – Group meeting in Ban Lien.

Men usually take responsibility for so-called 'heavy work', such as clearing the forest for farming, ploughing and collecting wood, while women do so-called 'lighter' work like gathering firewood, cooking, washing, taking care of the children, weeding and animal husbandry. Even though farm work is carried out by both husband and wife, during seeding and harvest times women often work longer hours. After school, girls often help their mothers by caring for siblings, carrying water or pounding rice, while boys help with animal husbandry.

*....particularly among minority communities*

Gender divisions often appear to be more pronounced in ethnic minority households. This is because men are still seen as better at 'technical work' such as buying seeds, fertilisers, chemical spray, and 'social activities' where travel is involved. Women think that minority men are more proficient in Kinh and better at conducting business, and they can travel faster and easier. This has led to many minority women being home-focused, and less likely to take on market trading or other economic roles like Kinh women.

Many women, both ethnic minority and Kinh, take the main responsibility for household chores. These include child care, cooking and cleaning in the house, fetching water and firewood, and



*Household work usually remains a woman's responsibility....*

feeding pigs and tending cows. Apart from looking after children, women also care for the old and the sick. Women often get up earlier in the morning, usually before their husbands, work non-stop for many more hours, and rest only later in the day. When women return from the field, a whole range of tasks are lined up waiting for them. They have hardly any free time for themselves.

*...although there are signs of gender parity as migration transforms traditional household roles*

However there are some signs of a shift towards greater equity in sharing childcare and other household work, partly as a result of better access to information and greater awareness of gender equity. The biggest factor in changing traditional gender-work roles is labour migration. More and more people, especially the young generation, leave their homeland to look for work and this is changing traditional labour roles. If the wife works outside their homeland her husband has to stay at home and take care of the children and other household work; if the husband leaves the village for work his wife has to take over some traditional 'male' responsibilities.

**Decision-making: gender roles**

*Men remain the main decision makers in households....*

Of the nine ethnic groups surveyed, the majority follow the patriarchal system, as Kinh people do, except for the Raglai and Ede people who observe matriarchal traditions. The common model for making household decisions assumes a superior position of men, including in the matriarchal communities. Men are typically heads of the household, except where single female-headed households occur. Survey results indicate variations in decision making according to ethnicity.

*....although among Kinh women play important financial management roles*

In Kinh households, major family issues are often agreed jointly between husband and wife, though there is a tendency for the husband to dominate. Where men work outside the community e.g. in Duc Huong, women take the lead in household decision- making. Wives are often responsible for household finances. After selling products of their labour or receiving their wages, husbands usually give the money to their wives, although they may keep some back for alcohol and cigarettes. The wife can take the lead in covering household expenses without discussing them with her husband. In major transactions, such as buying a cow or goat, or buying and selling products, she and her husband will often make decisions jointly.

*Some minority groups have more parity in decision making....*

In Tay, Thai, Khmer, and Ede households major family decisions are discussed, although the husband is usually the one to make the final decision (but he is likely to follow a wife's good advice). When it comes to family and outside activities such as attending village meetings, training, applying for loans, children's education and use of family planning measures, it is usually the husband who makes decisions in minority families.

*....while in other groups this remains a man's role and his word is final.*

In H'Mong, Kh'Mu, Raglai, and Van Kieu households men make the major household decisions though they are jointly discussed, but "women accept all instructions made by their husbands" (H'Mong women's group in Ban Lien commune). Men and women think that household decision-making should follow their traditions and they should accept that. Among Van Kieu people, men are the ones to manage money as most older women are not literate and do not feel confident with commercial transactions. The husband gives some money to his wife for household purchases, or buys them himself. Single women often have to ask male relatives for help in selling products. There are still important notions of women's propriety that are followed in many minority communities. As one Van Kieu man noted, "A good wife must listen to her husband in matters of eating, drinking, behaving towards guests, otherwise she is not a good wife. As I thought she was good, I asked her to be my wife."

**4.2 Access to and use of resources and services**

**Access to Land**

*While formally both women and men's names should be on land titles, this has not yet been a major issue....*

There are very few "official" land transactions in mountainous minority areas. People follow traditional farming practices with shifting cultivation, where farming areas are defined on the basis of agreements between neighbours, so they do not depend on information registered in Red Books. Thus for many people, they have not experienced the consequences of registering both husband's and wife's names. At the monitoring sites local officials and people have not found any case where a husband has taken his registration in the Red Book for applying for a loan or selling land without first having discussed it with his wife.

*.... Informal inheritance arrangements for land are highly influenced by patriarchal norms...*

There are however differences in division and access to land between men and women, through inheritance between the patriarchal and matriarchal systems. In the patriarchal system, parents only pass land on to their sons, and daughters do not inherit since they are regarded as having married into another family. In some northern provinces (e.g. Thanh Xuong and Duc Huong), after the former cooperative was closed down, fields were distributed to all families in the village according to household size. As the village population has now increased, households with new-born children or households newly formed after land division, have no land. This highlights the problems of women getting married but being unable to inherit land from their parents.

*... and matriarchal norms among a few groups*

For matriarchal groups, such as the Raglai and Ede people, on the wife's death or divorce, all assets, land and children belong to women. Raglai and Ede thus like to have daughters because when she marries her husband will be a source of labour in the household. When children marry and form their own households land is divided among the daughters only, as sons receive land and assets from their wife's parents. In the case of divorce or the wife's death, the husband has to leave the house without any land, assets or children. However if he wants to stay and take care of the children, he will be accepted by the wife's family. If he does leave the wife's home he relinquishes rights and obligations to his children.

### Access to Capital

*Women have been able to access loans jointly with husbands, and this has helped boost their standing and participation in the community*

Raising capital from the Bank for Social Policies is usually transacted through the Women's Union or Farmers' Association. Each household can apply for a loan through one or other of these organisations. Borrowing and use of capital are often discussed between husband and wife but a wife will not apply for a loan without her husband's agreement. Application requires one person to be designated as 'applicant' and the other 'inheritant'. Men tend to take the initiative to be the applicant because of their better grasp of the Kinh language. However, there is growing evidence that women are taking a more prominent part in decision making as a result of increased access to outside information and support from Women's Unions. Recently bank regulations require both the husband and wife to sign loan applications and this has raised women's status and encouraged open discussions of family finances. Women's involvement in raising capital has helped boost their standing and level of participation in the community.

*Women take the lead in applying for loans when men are absent or ill*

If a husband is illiterate, sick, working outside the community or a drug addict (in Luong Minh commune many husbands are undergoing rehabilitation from drug abuse), the wife often makes decisions about loan applications. As a Thai women's discussion group in Luong Minh notes, *"In the past, when an addicted husband was at home he often beat his wife and children and sold the family property. His wife could not make any decision, could not even buy anything with her own money but had to give it to her husband for his drugs. The husband sold rice, even depriving his family of food. Now he has been sent to the rehabilitation centre, the wife can borrow capital and invest it. Life has got better as there is nobody around making problems"*. However, as noted previously, some officials are wary of making loans available to households with members who have drug addition problems.

### Access to Education

*Women were traditionally less educated than men, and less fluent in Kinh, which has disadvantaged them*

The education level of men is often higher than women in minority areas partly due to the traditional practice of boys being given priority over girls in being sent to school. For example, most married women in H'Mong, Kh'Mu and Van Kieu villages cannot speak Kinh well because they never attended school, or only finished Grade 2 or 3, and have forgotten what they learned. Those women who do speak Kinh say they often feel shy about using it and tend not to speak up in public. Yet ability to speak, read and write in the Kinh language is a key to success. Since most businesses are run by Kinh, the ability to communicate in the Kinh language is critical for ethnic minority groups to engage in the market. Language proficiency enables people to access information, which is the first step in business development, and conduct negotiations and transactions.

*Adult literacy programmes can help empower women*

Given this, it is unfortunate that adult literacy programmes for women have often been ineffective. Women did not attend classes, feeling they were too old, and most lapsed back to illiteracy again. To respond to this difficulty, in Thuan Hoa commune, Cau Ngang district, Tra Vinh province, many women are now taking classes for 'eradication of illiteracy in combination with community development', also known as Reflect, organised by AAV in collaboration with district



education offices. Some Khmer women who were illiterate and felt shy about communicating said they took Reflect classes and now can read and write. Some have even been selected as Women's Union officials (Box 18).

**Box 18: Adult Literacy Classes for Women Can Have Big Impacts**

To help boost the educational levels of women and enable them to increase their community participation, AAV, in cooperation with local partners, organised a Reflect programme directed at vulnerable Khmer women in particular. Learning activities are linked to practical needs of the community such as animal husbandry, crop cultivation, health care and general education. At the beginning of 2002 there were six classes and 120 learners; there are now 183 classes and 3,462 people taking part, of whom 75 percent are women (Khmer women accounting for 38percent).

As the programme is based on a participatory approach, it encourages trainees to be actively involved in their learning. Literacy teaching is combined with discussions about specific topics according to participant needs. Participatory activities have had a positive influence on local traditions. All information, propaganda, or policy advocacy are implemented through group activities.

Women who participated in Reflect are now more active in meetings and training sessions. In some cases they have become Head of a Women's Union, although in the past they were unable to read or write.

Despite these achievements, there are some difficulties and limitations. This AAV project is being carried out in only four communes. Participation is sometimes interrupted because participants are in seasonal employment away from home. Furthermore, programmes like this require time and resources.

*Source: Poverty monitoring report in Thuan Hoa commune, Cau Ngang, Tra Vinh, January 2008*

*Girls increasingly have equal educational opportunities as boys*

Keeping more women from falling into illiteracy takes action from a young age. However, according to traditional H'Mong, Kh'Mu, Van Kieu, Raglai and Ede customs, only boys could attend school. Girl children were not sent to school because "*after all they work in the farm, and get married*". This way of thinking is now changing and currently all children of school age can go to school. Parents said: "*attending school is up to the children. If they can study and like to study, then we will let them continue*". Teachers and village officials work hard to get children to attend schools. Poorer ethnic minority children primary and secondary school age receive discounted tuitions fee as well as support for buying books and notebooks. While gender divisions are still noted in some school attendance figures (see Table 18) the divisions between education achievement between boys and girls have been decreasing.

TABLE 18. Young People’s Highest Level of Education by Gender (%)

Commune	Never attending school		Not finished primary school		Finished primary school		Finished secondary school		Finished high school		Finished college, university	
	M	F	M	F	M	F	M	F	M	F	M	F
Thuan Hoa	10	19	19	24	48	37	19	18	5	2	0	0
Ban Lien	22	35	22	38	34	17	22	10	0	1	0	0
Thanh Xuong	5	10	24	32	26	22	29	23	12	9	5	4
Luong Minh	11	26	34	46	37	21	15	3	3	3	0	1
Duc Huong	1	13	11	19	14	42	38	20	26	4	10	2
Xy	27	50	38	29	20	13	13	8	3	1	0	0
Cu Hue	8	17	32	26	30	35	26	16	3	5	1	3
Phuoc Dai	22	33	39	26	32	31	7	9	0	0	0	1
Phuoc Thanh	36	51	35	30	21	16	6	4	2	0	0	0
Thuan Hoa	14	18	42	41	29	28	9	10	4	3	3	1

Source: Household survey data

*In primary school enrollment there is now near parity in enrollment by sex, but secondary enrollment for girls still lags*

Especially encouraging is the fact that the survey indicates that there is almost no difference in the percentage of boys and girls attending pre-school and primary school (table 19). In Duc Huong commune it was noted that not only were more girls than boys attending school, more of them were achieving ‘very good’ grades. However, it is still the case that more boys than girls attend secondary schools. In the Kinh communes of the delta and lowland ethnic group areas such as Tay, Thai, Khmer, an increasing number of girls now attend lower secondary school. But overall, enrolment of both sexes at high school is low and fewer girls than boys attend, as girls sometimes drop out because of the travel, or they feel anxious about being away from home. Children from Kh’Mu and Van Kieu communities sometimes quit school and get married when girls are only 15 or 16 years old. They do not want to attend school, perhaps preferring to get married, or are forced into marriage by their parents.

*Girls from poor families remain vulnerable to dropping out of school, however*

Despite progress in gender equity when it comes to school enrolment, children, especially girls, are still vulnerable when times are difficult economically. When a household has a lack of ready money, lack of labour in the family or a long, hard journey to school, children often drop out of school to help at home and on the farm. When times are difficult the first child, regardless of gender, may leave school and help parents at home. Girls from households headed by women may also have to drop out of school as they can make more effective contributions to household life and economy than boys can (Box 19). Children from very poor households sometimes leave as they feel inferior to their peers, and some weak students drop out of school because of the ‘Two nos’ policy:<sup>4</sup>

<sup>4</sup> ‘Two Nos’ is the Ministry of Education’s movement: ‘No to negative practices in examination, and No to over-achievement in education’. This aims to improve the quality of education by preventing weak students from being in the wrong grade.

Box 19: Why Girls Drop out of School

Mrs. H. T. V. is a single mother of four children. Her first child is a boy of grade 9, the second is a girl of grade 3. The third and the fourth children are still small. As her household is facing many difficulties, the second child had to stop school to help her with cooking, fetching water and taking care of the cow. When being asked why she did not let the first child stop school, she said “my girl is better than the boy at taking care of the children and she can do house work better than the boy”.

Mrs. H. T. V., Troan O village, Xy commune, Huong Hoa, Quang Tri

TABLE 19. Percentages of Boys and Girls Currently Attending School (%)

Commune	6 – 11 years old		12 - 15 years old		16 – 20 years old	
	Boy	Girl	Boy	Girl	Boy	Girl
Thuan Hoa	96	90	100	92	95	70
Ban Lien	96	90	77	84	12	38
Thanh Xuong	100	100	100	100	53	60
Luong Minh	94	94	96	74	55	24
Duc Huong	94	91	100	100	71	79
Xy	79	60	89	81	29	27
Cu Hue	100	92	79	79	56	40
Phuoc Dai	80	87	74	94	64	43
Phuoc Thanh	94	79	71	62	60	15
Thuan Hoa	93	100	64	69	19	10

Source: Household survey data

Note: ethnic minority between 16 and 20 years old are mainly attending secondary school, only a few are at high school.

Access to agricultural extension services

In Kinh communities both men and women often attend agricultural trainings, but in minority communities less women attend

In villages inhabited by Kinh people there is little difference between the numbers of men and women who take advantage of agriculture extension services. Sometimes Kinh women participate more than men in the training courses as men are working away from home. The situation is different in minority communities, however. There are some extension activities in mountainous minority areas but the situation of ‘husband learns but wife does the work’ still persists. The majority of learners in extension classes are men because of the perception that ‘men can understand faster and calculate better’. For example, when inviting people to training sessions, the names of male household were most often put forward though in principle “either husband or wife can attend”. There are very few village extension classes where husbands and wives can attend together.

Where women have taken the lead in attending training, they have often been successful afterwards

Since women bear the primary responsibility for farm production and household work, they also have less time for involvement in the wider community and taking training courses. However there is an increasing trend for women to take part in training courses, partly because men are busy with waged work, and many women expressed satisfaction with what they have been able to put into practice from such trainings (Box 20).

**Box 20: The Impact of Extension Training on Women**

Ms. P. T. Th., a resident of Ta Lu village, 45 years old, looks healthy, active and pleasant. She has four children. Her husband is a sick soldier. She has developed a successful farming enterprise providing for her family's needs, and expects to be able to pay back both principal and interest of a VND10,000,000 bank loan she raised in 2004. Ms. Th. is the only one from her village group often invited for agriculture extension training. She attended courses on cultivating beans and corn in 2006 after which she started using pesticides and fertiliser. This helped cultivation of her crops while many others failed due to water shortage. When asked why only she attends these courses, she answered that most women of her age are illiterate. After the training was over, she taught other women of her group in the Raglai language. She said many people did not want to ask the extension worker, but preferred to talk with her. She liked the way of teaching at the training courses, because lessons were taught, video-taped then shown on TV; she also appreciated the active learning in the field. She hopes that some way will be found to enable all ethnic minority women in the village, including those who cannot read or write, to be able to build up their knowledge as she has done.

*Source: Poverty monitoring report at Phuoc Dai and Phuoc Thanh communes, Bac Ai, Ninh Thuan, August 2007*

**Access to health care**

*Access to health care has expanded for both men and women in recent years...*

Clinics, health support staff, Women's Unions and local authorities provide support for family planning and health care for women and children. Most people in communes under Programme 135 receive free health insurance. In some cases, the quality of healthcare has also improved. Health officers at the monitoring points reported that increasing numbers of women are now visiting clinics for a periodical reproductive health check. However, some young women are still shy to meet with doctors and outsiders.

*... and more and more minority women take advantage of giving birth at health clinics*

With better roads and clinics built in the communes qualified for program 135, more and more ethnic minority women are giving birth with assistance from health professionals. However, a large majority of ethnic minority women, especially among the Van Kieu, continue to deliver at home. Women only go to the clinic or hospital to give birth if there are complications, so only about 30 percent of births are recorded on certificates. Such a high proportion of births at home, where standards of hygiene may be low, can cause problems. Household interviews at some monitoring sites, e.g. Ban Lien, Thanh Xuong and Cu Hue, show that during pregnancy and at delivery more husbands are willing to help by taking on additional household and family duties.

*Family planning has reduced family size in many areas*

In the past ethnic minority parents often had at least four children but these days families are smaller, with two to three children, about the same as for Kinh families, due to increasing awareness of the disadvantages of having many children. However the preference for sons in patriarchal communities, and daughters in matriarchal communities still persists.

**4.3 Representation and Participation in Community Life**

*Women remain less represented in public life, due to lower levels of literacy and confidence*

Few women hold positions of public responsibility, even in communities that follow matriarchal traditions. Most positions in local government and mass organisations, except for Women's Unions, are filled by men. This is said to be due to lower levels of literacy and education among women; in many localities, the criteria for village officer appointments is completion of Grade 5 schooling and fluency in Kinh. Such standards are hard to meet in minority areas. Further, ethnic minority women are often timid and shy so limited communication in a public arena makes it less likely they will be supported or nominated for responsible positions. The perception that men are 'fast, 'confident' and 'good at presentation' make them seem more suitable for leadership, and they can often dominate multiple roles. In villages men frequently occupy multiple positions, e.g.

'Village head cum secretary', 'Vice village head cum security officer, or Head of the Farmers' Association'. As a group in Xy village noted, *"In this village, a person occupies three or four positions of responsibility... because there are few people with sufficient education for these jobs, and the allowances paid are low"*.

*Kinh women tend to be more publicly active than minority women, although this is changing*

In Kinh villages a higher percentage of women take an active part in community work. In Duc Huong commune, the Chairperson of the Fatherland Front, Office Manager of the People's Committee, Accountant, Head of the Committee for Poverty Alleviation and Chairperson of the Commune Farmers' Association were all women. Officials indicated they believe that increasing numbers of women will take active roles in public service as education levels improve, and due to their hard work, conscientiousness and powers of persuasion. Women were said to have advantages over men in engaging with local government work and community activities. In Thanh Xuong commune (Dien Bien province) four out of 24 Village heads are women. Commune leaders from this area stated that, *"Previous male village heads were not as good as these women... For example only about 50 percent of villagers used to take part in our village meetings... since women have taken over some 70-80 percent of villagers attend now. This is because women are active, enthusiastic, gentler and better at negotiation."*

**Involvement in community organisations**

*Women's Unions play a role in empowerment, but still have limited scope*

Women's Unions have been established in every village. Unions organise monthly or quarterly meetings which cover issues such as raising capital, improving farm productivity, child care and providing support networks in emergencies or other difficult times. In some places, the Women's Union has mobilised better-off households in giving seeds and cash to poorer households. Unions also support households headed by widowed women, most of whom are poor. Nevertheless the scope of these activities is still limited and they do not necessarily appeal to many women because of the travel involved, limited skills of officers and the necessity of paying the Union fee. A woman in Luong Minh stated that *"There are limitations in the activities of the Women Union. Ms. La, Women's Union Chairperson is responsible for four remote villages. Due to difficult road conditions she can not visit the villages regularly. Members of the Women's Union rarely attended meetings or training at commune level, but there was nobody to replace them"*.

*Some Women's Union projects have been very successful at mobilizing participation*

In Kinh delta villages Women's Unions are more active and attract higher participation from women. In Duc Huong commune, a 'Family Group' model has been established. Family Groups bring together people from surrounding neighbourhoods and typically consist of 15 to 20 people. More than 50 percent of women take part in the meetings of the Family Groups. The groups enable women to be confident when communicating in the public. People find it the place for sharing experiences in production and household's life, as well as the social issues relating to the poor. In other areas, however, it is difficult to get these groups going.

**Taking part in meetings and other village activities**

*Women's participation in village meetings is on the rise, but still not as high as men's participation*

In the past it was mainly men who attended village meetings. The notion that the public sphere belongs to men and the domestic to women inhibits women from being socially more active. Women often felt shy and did not want to attend, but an increasing number of women now do, since men are often occupied in paid employment. However, because many women have more household duties to attend to than men, this can keep them from having time to attend too many meetings. Women often do not have the time to attend because they are busy the whole day and are only free after finishing their last responsibilities, which is often late at night when they are already tired. Even when women may go to meetings, they may not be active participant; ethnic minority women often did not raise comments at meetings, but only attended to get information.

*Some female headed households have little participation at all.*

Some women headed households either by widows or single mothers are placed at greater disadvantages than other households. Because of the accepted male dominance in the public domain, the absence of a man in a household not only increases the work burden for the woman, but denies her all the benefits that are usually gained through participation, such as attending meetings, extension training, and negotiating with other men.

4.4 Conclusions: Mainstreaming Gender into Pro-Poor Efforts

*Women are core drivers of household economies, and gender divisions have not been erased by poverty investments*

Women have long engaged in economic activities for their household through their participation in productive and non-productive activities. But their contributions have often been viewed in non-economic terms and thus underestimated. If women's work is counted by the hours spent on various activities, their contribution to household's economy is greater than that of men's. There is no doubt that infrastructure development in the uplands over the past decade, including roads, increasing mechanization of farm activities, clean water systems, improved access to health care and education has benefited both men and women. By and large, though, although manual labour has been reduced in some areas, the traditional gendered division of labour has remained more or less the same. While infrastructure and technology have improved overall living conditions, women continue to shoulder both household and production responsibilities.

*Women's status is deeply rooted in cultural norms, which are slow to change*

Many of the constraints to gender equality are rooted in cultural norms and practices. While women acknowledge the positive changes in their lives as a result of economic development, such as greater say in choice of spouse, more control over household economy, greater mobility, and a lower level of domestic violence, they continue to be subject to a lower social status which prevents them from making greater economic gains. Gender inequality is apparent in the priority given to boys rather than girls in property inheritance patterns, in a household's economic decision-making, and in public life. The persistence of asymmetric gender roles and division of labour embedded in cultural norms means that measures need to take cultural factors into account. However, interfering with cultural norms is not only challenging because of practical considerations, but also ethical concerns. It cannot be emphasized enough that addressing cultural norms that disadvantage women has to be a process that is done in a sensitive manner, after consultation with the local communities involved.

*Development and poverty policies appear to be mostly gender-blind*

While gender equality is recognized to be an important component of a holistic approach to development, there seems to be little connection between national gender policies and other development policies at the local level. Development policies have not reflected women's voices, addressing their priorities and how they want their problems dealt with. Despite the fact that women's contributions to maintaining the family, the community and the management of natural resources around them, this is not generally recognized in policy implementation and reforms that continue to target men as the head of the family. Women continue to be excluded from public life, and some are being left far behind as men gain increased access to opportunities that development offers.

*But women's status can be improved though better attention to gender issues*

Yet in some instances, changes in women's economic roles as a result of greater integration with the market economy have also improved their social position. Policies should build on best practice examples, such as Women's Union projects that not only supported women economically but also socially. Women are better-off because they can organize themselves in order to protect their rights. Economic development can improve women's social status and make their voices more effective.



5. PARTICIPATION AND EMPOWERMENT

*Recent policies have strengthened moves towards increased participation and empowerment*

In recent years, the Government’s policies and strategies such as decentralisation, grassroots democracy and community supervision have been put in place to enhance participation in communities with the aim of enabling them to gradually develop themselves. Policies and plans are working better but while there are positive signs of participation and empowerment, challenges and limitations remain. The survey noted many instances where the outcomes of projects were unsatisfactory because of the lack of stakeholder, and especially beneficiary, involvement. The lack of training of local officials and leaders of mass organisations, and their poor financial rewards, were frequently recorded, and remains a barrier to increased participation.

5.1 Participation by the Poor in Policies and Program

Access to information

*Improving information access is a key factor in participation...*

During the past three to five years a number of programmes and projects have been carried out in the areas under study to improve information access. Local people usually receive information at village meetings, Women’s Unions and sometimes Farmers’ Associations. At these meetings the Village head or commune officials will explain how the work is to be carried out, identify beneficiaries and agree on contribution of resources.

*... yet many people still complain that they have little access to information*

However, a large proportion of households surveyed, ranging from 36 percent in Luong Minh to as high as 90 percent in Xy, said their awareness and understanding of policies and projects had not improved during the previous 12 months. People who were living near the centre of communes received information more quickly and easily than those in remoter areas, through broadcasts, television and news papers (see Table 20). Non-poor households tended to be better informed than the poor for many reasons.

*Village meetings are often poorly attended or information disseminated is not understood or remembered*

Many of the poorest people cannot attend village meetings as they are busy on their farms or in paid employment outside the area. People are most interested in information that is relevant to their needs and activities, such as advice on animal husbandry, roofing materials or raising a bank loan. Information on matters such as environmental hygiene or prevention of drug use are of less interest. Some people did not attend meetings as they worried ‘they might have to contribute’. People may forget about what has been discussed and agreed. There may be conflict between officials and local people, with officials claiming they had provided certain information while people disagree, saying they had not receive it or they did not recollect it.

*Language remains a barrier to information access*

Information access is also limited by the language barrier. As local people may not read Kinh language, they have difficulty in understanding announcements, newspapers, magazines or bulletins at the commune office. Unfortunately, effective communication channels appropriate to the level of knowledge and customs of ethnic minority people are lacking. Local people often suggest that ‘more pictures than written text’, posting information in the community house, using the local language, radio broadcasts and repetition of key points would all help. Clear communication of information about finance, rights and responsibilities and project implementation schedules are particularly important.



TABLE 20. Channels of Information about Policies, Programmes and Projects (%)

Commune	% who have a better understanding of policies compared to 12 months ago	Information channels							
		TV	Loud speaker, radio	News-papers, magazines	Comm-une and village meeting	75 Meeting and activities of mass organizations	Officers visit to HHs	Distri-bution of leaflets to HHs	Annou-ncement, posters at the office and public places
Thuan Hoa	54	46	22	10		70	16	7	
Ban Lien	55	22	8	13	93	65	18	0	42
Thanh Xuong	48	47	37	18	98	53	17	3	33
Luong Minh	64	42	53	27	88	80	33	30	10
Duc Huong	63	50	55	16	90	-	16	3	27
Xy	10	45	3	13	84	75	10	2	24 25
Cu Hue	42	57	35	7	95	28	3	3	13
Phuoc Dai (*)	35	-	-	-	75	-	-	-	-
Phuoc Thanh (*)	23	-	-	-	-	-	-	-	-
Thuan Hoa	33	73	57	3	-	50	38	33	30

(\*) Data is not available

Source: Household survey data

The village leader remains a key figure in information access

The Village Head plays an important role in the community, for instance broadcasting information (in the local language), helping people raise bank loans, buying materials using State's subsidies and certifying documents. The quality and efficiency of such officials is particularly important for the poorest members of the community but their training is often limited and financial rewards are low: more training and better remuneration is needed. Additionally, effective communication between officials and ethnic minority people needs a common language, as well as non-patronising attitudes, so that local traditions and indigenous knowledge are given their due respect in community life.

Implementation of policies and projects

Grassroots democracy policies have not yet reached down to increase the participation of the poorest

Recent laws on grassroots democracy have allowed people larger roles in the implementation and planning of government programmes and policies. However non-poor people reported a higher sense of increasing involvement in these programmes and projects during the past 12 months while poor people reported lower levels of engagement (Table 21).

TABLE 21. People’s Perception about their Participation in the Last 12 Months (%)

Commune	Better participation	Of which	
		Poor households	Non-poor households
Thuan Hoa	42	30	49
Ban Lien	18	11	28
Thanh Xuong	45	33	50
Luong Minh	48	42	57
Duc Huong	60	56	61
Xy	7	11	0
Cu Hue	17	0	21
Phuoc Dai	15	8	19
Phuoc Thanh	15	14	17
Thuan Hoa	17	9	28

Source: Household survey data

“Participation” often only involves informing people of what they are expected to do

Implementation of policies, programmes and projects at village level typically involves the following stages. On receiving information from the commune, the village management unit, which includes the Village Head and Vice Head, organise a village meeting for core-group of officials.<sup>5</sup> The meeting agrees on working principles and identifies a preliminary list of beneficiaries. Officials then invite people to a meeting to tell them what is happening, then they submit a list of beneficiaries to the commune which will then approve and forward it to district officials for approval. The finalised list is then sent back to the village, and the village management unit informs beneficiaries about implementation of the plan. Thus participation of local people is limited to the design and planning stages. They feel their engagement and involvement is low as they have few opportunities for comment or to receive feedback about planning, or to evaluate different design options. People often learn of the implementation plan when ‘everything is already set’.

Lack of participation negatively effects project quality and effectiveness

Even the participation of commune and village officers is limited in the stages of design and planning for the projects funded by higher level authorities. In projects with overseas support local people may be involved in the early stages but have only limited involvement in project design. The survey showed that project quality and effectiveness of investment are negatively impacted by the lack of beneficiary involvement in the design phase (see Box 21). As a group in Xop Mat noted about a poorly planned water system, “The design was wrong. It should have pumped water into the high tank located at the commune centre before the low tank near the office of Commune People’s Committee, but it was designed the opposite way round. When people were surveying and designing the system we showed them the place for siting the tanks, but we could not participate in designing the actual pipeline”.

<sup>5</sup> Secretary, representatives from the Fatherland Front, self-help groups, mass organisations, Farmers’ Association, Women’s Union, Veterans’ Association and Youth Union.

**Box 21. Why People’s Participation in Project Planning and Design Needs to be strengthened**

**NGHE AN:** In 2004 Xop Mat village (Tuong Duong district) received funds for constructing a water supply system. After being handed over it was working well but after some time water could only be obtained at the tank near the Commune People’s Committee, while it did not work for the other tank at the village centre. As the system did not work for two years local people had to carry water from a long distance away. At the beginning of 2007 commune leaders suggested repairs, supported by about VND1,000,000, so that instead of supplying water into the current working tank, the pipeline has been repaired so that water can be circulated from the high to the lower level tanks, and valves were also added to help conserve water. At this time the system is working well with water running into both tanks.

**HA TINH:** A project to supply power was implemented in 2006 in Duc Huong commune (Vu Quang district). Every household was asked to contribute VND200,000; however electricity only reached the central distribution post and not to households. People then had to contribute again to get the electricity to their house, VND200,000 once, then a further VND60,000, but they still did not have electricity. People had to pay more to have the electricity connected. At present, households some distance from the power source still have no power because there is not enough money to buy the cable. People were not happy and when they asked officials for an explanation they were told that it was because of “inflation”. Lack of involvement and participation resulted in people’s being unaware of their responsibilities and the purpose of their contributions.

*“People did not have the chance to participate in this project, except attending a meeting to get information. They took almost no part in supervision and acceptance of the project, only the project owner and the commune did this...We are ready to pay, even a bigger sum, if we can get our electricity.”* People of Duc Huong commune, Vu Quang district, Ha Tinh

**QUANG TRI:** Many poor ethnic minority households have received support for building houses. The Provincial Committee of Ethnicity said that a house design costing VND8,000,000 had been sent to the district and commune for comments. During construction people noted that the design was not appropriate to local conditions, e.g. columns were of the wrong length, and short aluminium roof sheets did not prevent rain water from coming into the house. People were not involved in the design stage of the houses or specification of construction materials. Beneficiaries received their houses then had to pay for the necessary renovation to fix the houses out of their own pockets.

According to the representative of the provincial Committee on Ethnic Minorities, the Programme 134 has carried out pilots in some communes (e.g. Vinh Khe, Vinh Linh) that provided money for construction of houses, while the investor was only in charge of monitoring and hand-over. These showed that houses that were built were of better quality. Up to now the Committee has encouraged investors in Programme 134 to authorise people to build houses but because of price increases, VND8,000,000 is now not enough so they have had to encourage beneficiaries to contribute their own money as well.

Where participation  
is active, projects  
are more successful

The survey recorded some examples of good outcomes when people participated actively, especially in house building projects supported by Programme 134. In Nghe An people were encouraged to build their own homes and many expressed satisfaction with this. The house design was not fixed but was left to the people to construct according to local tradition and custom, provided it included ‘the three hard elements’: a hard floor, hard framework and hard roof, a Programme requirement. Beneficiaries received reimbursements in line with the construction schedule (buying roof shingles and labour wages) and then received funds from the village and commune. Total financial support was VND6,000,000 per house, VND1,000,000 from

the province and VND5,000,000 from national resources. In remote villages the province provided an additional VND2,000,000. The policy encouraged people to contribute their labour, material and cash to build the kind of house they wanted.

**Participation in monitoring and managing**

*Participation in supervising and monitoring projects is particularly weak*

Construction projects are legally under the eye of commune and community supervision boards at village levels. However, the effectiveness of this supervision is still limited, especially for those projects funded solely from higher levels where local people are not required to contribute money or labour. Most informants interviewed were not aware of the capital sources/scale of the projects (especially district/provincial and national projects), implementation time or completion time of projects from which they stood to benefit. People did not know about their duties and responsibilities in supervision.

*Many people lack the technical skills to perform supervision tasks, or those that do have skills are not tapped for supervision boards*

There is a project supervision board in all the villages, and members of the board are often selected on the basis of some quota mechanism – to include representatives of the village management unit, mass organisations, or farmers. But when this happens board members may not have the necessary technical knowledge or skills, despite the training provided because training sessions are too short and lack practical content. Supervisors lacked the necessary technical knowledge: for instance they could not read and interpret drawings, or they did not have clearly assigned tasks despite being trained in project supervision. This led to ineffective supervision and poorer quality of project outcome. The Chairwomen of the Women Union in Phuoc Thanh said, “It is impossible for the Women’s Union to supervise the project quality, even though it takes place under the People’s Supervision Board. We can come and have a look, but we don’t know much. Even though the members of the People’s Supervision Board received training for one or two days, we still cannot supervise it”. Meanwhile there may be some people in the village who do have appropriate technical knowledge but as they are not in positions of authority their potential contribution may not be recognised or made use of. The Secretary of Youth Union of Ta Lu 1 village stated, “I am not a member of the supervision board, but I do have a little experience in construction. When the contractor brought stone to the village for building the foundation of the community house, I told them that they weren’t suitable for the foundation, but would be OK for the foundation of a fence. Finally, they had to listen to me and use those stones for making a fence foundation”.

**5.2 Roles of the Community and Organisations in Strengthening Participation**

*Mass organizations have a role to play in mobilizing participation, but are not yet effective*

At the monitoring sites, mass organisations have tried their best to mobilise people to become involved in projects. They have helped people access favoured loan programmes by for example using a group’s reputation as one type of collateral to the bank. Farmers Associations are active in agriculture extension programmes. The Women’s Union holds regular meetings to raise issues of particular interest such as raising a capital loan, reproductive health and supporting each other. However the effectiveness of these organisations is limited because of officials’ performance, transport difficulties and lack of money. They have yet to play strong roles as drivers of change in most settings.

*CBOs could also mobilize participation, but remain weak and underdeveloped*

There are a variety of other community organisations such as cooperatives, special interest groups, loan groups or water user groups, established through encouragement from local authorities and mass organisations. In some areas of Viet Nam these community-based organizations (CBOs) can be very active (Fforde and Nguyen Dinh Huan 2001). However, at the monitored sites, these groups are less effective than they might be, often limited to being contact points for receiving external support, or social network, and the role of community organisations in improving the quality and effectiveness of projects remains weak. One of the main reasons is lack of guidance about the contribution that community organisations should make to planning. Although regulated according to Grassroots Democracy Regulations, community organisations lack clear regulation (*who, what, when, how*) at each stage of the project, design, planning, implementation, monitoring, acceptance and operation. For example, recently the State has invested heavily in water supply projects in the villages under study, but

the number of households benefiting is still low. Many projects are not working even though 'Water Management Groups' have been established in most villages. Contributions of cash or rice for maintenance of the supply and paying staff were often not forthcoming due to poor supervision. Participation by poorer households in these groups remains low.

*Some CBOs models could be further developed*

There are a few examples of where community organizations can work: for example, the establishment of Inter-family Groups in Duc Huong commune (Ha Tinh province) has proved highly effective in promoting wider participation. These groups have become an 'extended arm' of the village, effective in spreading information and enhancing project development; however, they have only been tried out in lowland Kinh areas so their potential effectiveness for mountainous ethnic minority communities has yet to be verified (Box 22).

**Box 22: 'Inter-family Groups' – an extended arm of the village**

Communes in Vu Quang districts have complicated topographies with areas separated by rivers and streams, transportation difficulties, unequal distribution of population with most living scattered among the hills. People's participation in regular community meetings was in the 30 - 60 percent range, and they were often ineffective. It was difficult to get more than half of the people to raise comments or specific requests. Responding to this 'Family Groups' were established. Their purpose initially was to ensure security, solve conflicts in the community and discuss social issues such as alcohol addiction and gambling. After some time of operation, these groups have come to contribute significantly to the development of communities.

Selecting group members take no account of social class, gender, religion, social position or wealth ranking. Costs for operating the groups are low. Meeting and activities of the groups are based on ideas put forward by members. Location for meetings can be rotated among the group members' house which enable people to discuss and solve any problems which arise in a fast and convenient manner. The model is considered by the local people as an 'extended arm' of the village. Group members help each other in supplying seeds, raising animals, providing manual labour and in alleviating poverty. The groups serve to strengthen social cohesion in the village and solving conflicts. The Groups have gradually enabled people to raise their voices and most members now contribute ideas and comments at meetings: *"Family Groups take responsibility for working with poor households and beneficiaries, as well as taking care of security and political issues"*- Mr. Tran Dinh Tu, Head of Huong Tho village, Duc Huong commune

*"It is good to join the Family groups, as members assist each other and share both happiness and difficulties."* - Commune resident

*Source: Poverty monitoring report at Duc Huong commune, Vu Quang, Ha Tinh, December 2007*

*Market and business organizations are not yet drivers of participation*

Market organizations (both formal trading cooperatives – such as for coffee – and informal, such as trading networks) could play much larger roles in the monitoring sites. Giving producer groups better access to market through producer coops and marketing coops would help them increase the price paid for their commodities and reduce dependency on private traders. Linking business enterprise and farmers' cooperatives is especially appropriate in the context of post-WTO; for instance, cooperatives can ensuring production control so that businesses will buy agricultural products, knowing they are of good enough quality for export. However, there is little sign this is happening.

5.3 Conclusions: Raising Empowerment among the Poor

<i>Increased participation does not seem to be reaching the poorest people</i>	Participation and empowerment of the poor is largely dependent on the ability and willingness of local officials to undertake participatory planning and decision-making, and to increase the public consultation process. While participation has been improving in some areas, for many people, the system remains inaccessible. These people tend to be the poor, women, ethnic minorities, and the socially excluded, such as drug users or those with disabilities. Ultimately, participation hinges on one's ability and willingness to get involved and the spaces in which to do so; for the poorest and most marginalized, the increasing space for participation in Viet Nam may not be reaching them.
<i>Much policy and decision-making is still done in a top-down process</i>	Economic participation, the ability to participate in policy decisions affecting one's livelihood, seems a long ways off in many respects; many government programmes are not really participatory, as decisions are still made at higher levels and the only participation that is required is that locals implement the decision. Where contact between citizens and officials is low, so too is citizen involvement. Much of this is due to individual officials who do not live up to the legal rights of inclusion and participation that are envisioned in the grassroots democracy law and other regulations. Thus public participation needs to be linked to other improvements in the systems of administration in Viet Nam, such as civil service reform and better recruitment of cadres.
<i>Yet a lack of participation can lead to negative outcomes</i>	What can be emphasized in discussions over how to increase participation and citizen involvement is that a lack of participation can have serious economic and social consequences. People who do not have a voice in decisions may end up protesting or ignoring the decisions altogether. This lack of participation can have serious consequences for development projects. Another positive aspect of participation is that participation in organizations like "Inter-Family Groups", CBOs and other organizations can serve as an "early warning" network for changes in poor communities in the post-WTO context. Participation and grassroots democracy improvements now may help lay the foundation for dealing with potential economic displacements down the road as WTO commitments become clearer, and participation can provide a brighter economic horizon for both citizens and state in the future in Viet Nam.
<i>Future models of participation need to build on what works</i>	Suggestions for better inclusion of the poor in community life, and on empowering them to make more decisions involving not only their own livelihoods but government policies and projects, might include the encouragement and promotion of traditional community activities and practices through expansion of existing models of groups and/or organisations like the "Inter-Family Groups"; building capacity of grassroots level leaders through better training in participatory leadership; provision of support to literacy programmes with community development to increase access to information; and development of a strategic plan to get adequate representation of ethnic minority communities and of women into the local elected and administrative systems.





# Part 3. Conclusions: Progress toward the Elimination of Poverty in Viet Nam

Oxfam and AAV and partners have undertaken this monitoring exercise to regularly collect and analyse data over the coming years. These monitoring efforts will be an important step toward understanding the challenges facing Viet Nam in simultaneously implementing comprehensive economic liberalization through WTO accession and other policies, as well as trying to continue to focus on pro-poor growth and eradication of hunger and extreme poverty.

## 6. CHALLENGES FACING POVERTY REDUCTION EFFORTS IN VIET NAM

*Monitoring will be ongoing to deal with future changes, such as WTO integration*

This monitoring report has provided an overall view of the current status of poor regions, communities and households. The field work undertaken for this report was designed to provide an ongoing assessment of poverty outcomes by looking at how livelihoods and vulnerability in selected communities have changed in the post- WTO accession era. The focus is also to put WTO accession in a context of a wider reform agenda in place until 2010, in order to provide analysis and recommendations for policy discussion as well as for programming work of Oxfam, AAV and partners. These monitoring exercises will be continuing into the next years to assess the effect of changes, particularly from WTO accession, but also from other trends, on poverty reduction efforts. This will allow a more real time picture of the impact of trade liberalisation and the wider reform agenda in Viet Nam.

*This monitoring is aimed at providing a richer, more real time picture of poverty trends*

The focus on monitoring at grassroots level is aimed at enriching the micro-macro connection in policy analysis, as the micro findings from this initiative can add values to the government and donor monitoring ongoing at the national level. Oxfam, AAV and their local partners have been running programmes for poverty reduction in the poorest and most vulnerable communities through out Viet Nam for many years. The understanding of programme teams and local partners of the history, conditions and trends of such communities will help to make the prompt detection and interpretation of any major changes or shocks easier.

### 6.1 Poverty Indicators for Monitoring

*Future monitoring will focus in on the key indicators of poverty: inequality, vulnerability, gender and participation*

One key premise underlining the report is the fact that this monitoring exercise has taken a very broad view of poverty. Because the research took poverty as a multi-dimension concept that encompasses more than simple 'income' or 'expenditure' measurements (which are already captured in the VHLSS), this report has tried to highlight key poverty outcome indicators to be monitored into the future. Four thematic concerns were highlighted: the **growing gap between rich and poor; the vulnerability to risks of certain groups; the role of gender in livelihood outcomes; and the role of participation and empowerment in poverty reduction efforts**. Attention to these selected indicators will help serve the needs for monitoring of poverty outcomes of Oxfam, AAV and other key partner programmes.

*Poverty is being reduced, but remains unacceptably high among some groups*

The main conclusions are as follows. First, this monitoring report, along with other household survey data such as the VHLSS, **confirms the continued reduction of poverty in Viet Nam**. However, progress is uneven, even within villages living in geographical proximity to one another. Poverty remains much higher among the ethnic minorities than among the Kinh, and certain ethnic groups are especially vulnerable. The severity of poverty in these groups is very high, whether measured by income, self-assessments, or malnutrition, as hunger remains an issue for several of the groups even as it has been eliminated elsewhere in Viet Nam. This is likely to continue to be a problem, and even to worsen, as food prices rise due to inflation and global economic crises.

*The gap between rich and poor will need to be monitored carefully to avoid extreme inequality*

In spite of all this, a generalized reduction in poverty can be expected in the coming years, as a large number of households are close to the poverty line and could soon be above it. This will put them in the ranks of the near-poor, who will continue to need certain assistances while doing relatively well in other areas. What this reduction in poverty means, however, is that a hard core group, the 'poorest of the poor', is likely to remain behind while others prosper. While standard indicators (Gini coefficients) suggest that inequality remains relatively low as compared with other economies of similar size to Viet Nam, there are signs that this inequality is on the up rise, and there is a **growing gap between the rich and the poor**. Slow poverty reduction in certain regions, increasing inequality between and within regions and ethnic minorities, and vulnerability of the poor and marginalized groups are among the key issues that Viet Nam will have to address in the coming years.

*The specific vulnerabilities of the poor will also need monitoring*

Thirdly, the **poorest people who are more vulnerable** and severely affected by natural hazards and other shocks. If Viet Nam is realistic about closing the gap between the better-off and poor, it needs to target interventions into helping communities prepare for and cope with shocks. The danger is that short term planning prevents long term solutions to risks from being explored, and some poverty targeting has been aimed at moving people into higher income brackets in the short term, not providing sustainable livelihoods for the long term.

*Women's status and disadvantages will need to be overcome*

One particularly vulnerable group are **women**, who are at a disadvantage in regards to decision-making, rights to assets and policies like schooling, and in public participation. On the positive side, in some instances, changes in women's economic roles as a result of greater integration with the market economy have improved their social position. Women are increasingly better-off because they can organize themselves in order to protect their rights and they are taking bolder steps in terms of public participation. Continued economic development can improve women's social status and make their voices more effective.

*Participation will need to play a larger role in poverty reduction*

Finally, while **participation** has been improving in some areas, for many more marginalized and vulnerable people, they play little role in decisions that effect their lives. Participation and empowerment can be increased by creating new spaces in which to allow people to have voice and use it effectively. Yet for the poorest and most marginalized, the increasing space for participation in Viet Nam generally may not be available them, and more needs to be done.

6.2 Future Challenges Facing Pro-Poor Growth

*Viet Nam is on track to becoming a middle income country*

Viet Nam is in the midst of major economic restructuring, implementing WTO commitments and other trade agreements, including the US Viet Nam BTA, the ASEAN Free Trade Area and the ASEAN China Free Trade Agreement. Deeper economic integration will go along with a wider reform agenda of the government in political, economic and social spheres. It is hoped that the positive impacts of the reform measures will lift Viet Nam from "poor country" status by 2010 and towards a middle-income status, and allow Viet Nam to achieve all the Millennium Development Goals. However, many challenges and risks exist, which we outline below.

Impact of the WTO

*WTO integration will bring both positive and negative effects*

The accession of Viet Nam into World Trade Organization in January 2007 was a milestone of the country to integrate into the world economy. The accession enables Viet Nam to expand export market and services, have more and more commercial counterparts and to attract more international investment. This also means that Viet Nam has to conform to principles and regulations of the WTO. It means that people within Viet Nam will be more vulnerable to global market forces instead of just regional or national ones. This creates several serious challenges.

*Certain sectors of the economy will be more susceptible to changes due to integration*

Under the WTO agreement, Viet Nam accepts that it will be considered as a non-market economy for 12 years, e.g. no later than 31/12/2018. This may trigger anti-dumping cases against Viet Nam's export products. Viet Nam has agreed to cut the average import tariff rates from the current level of 17.4 percent down to 13.4 percent within 7 years. The average tariff rates for agricultural goods will be decreased from 23.5 percent down to 20.9 percent within five years. Sectors facing the

highest import tariff cut include textile & garment, fishery, wood and paper, manufacturing products, equipments and electric-electronic devices.

*Agricultural prices and export value may be affected by integration*

Viet Nam's WTO status will force it to eventually open up domestic markets to outside agricultural goods, and to drop the traditional price support (subsidies) that kept rice prices and other products cheap. Viet Nam will remove all subsidies for exports and import-substitution. Viet Nam, like other developing countries, can apply a variety of allowed domestic support measures of less than 10 percent gross production. However, Viet Nam retains the rights to apply tariff quotas for a few goods such as sugar, poultry eggs, tobacco and salt. This may help buffer some of the risks in the agricultural sector. Thus we could see a trend towards lower prices in some goods as a result of competition with imports (sugarcane, for example, will likely be vulnerable if there are no tariffs in imports) while prices could rise for crops like rice. Viet Nam may be able to follow China's example and keep the agricultural sector afloat after accession to WTO, primarily because current agricultural tariffs are not that high, and in the agriculture sector is much less protected than manufacturing and SOE industries. The Vietnamese agricultural sector is an important world force in setting the world market price of several commodities (especially rice and coffee) due to the country's large output and share in global trade which could be used to Viet Nam's strategic advantage.

*Vulnerable regions will need to be watched closely for WTO impacts*

The poorer rural regions of Viet Nam, with specific traits of topography, population, socioeconomic development level, cultures and customs, are likely to be vulnerable regions during the globalization process after WTO entry. In accordance with positive impacts brought by WTO, the challenges which these regions will have to face include threats to the achievements of hunger eradication and poverty alleviation of the recent decades. Will the economic restructuring required in Viet Nam now that WTO agreements are underway form a burden on rural peasants forced to compete in new global markets, and what might be the consequences of this? While Viet Nam has not yet been a member of WTO long enough to see dramatic impact on areas yet, this monitoring will be ongoing over the next few years to continue to try to detect changes that may be a result of the economic integration. Target issues in the coming years of monitoring include price fluctuations, issues of quality control in exports, land accumulation and expropriation, and indebtedness among farmers.

### **Impact of the World Financial Crisis**

*The world financial crisis is also expected to impact Viet Nam, with a slow down in exports and investment, as well as the effects of ongoing inflation*

The United Nations has recently warned that shocks from the global financial turmoil of late 2008 may have strong impacts on poverty reduction efforts in Viet Nam (Hendra 2008). The global financial crisis will likely impact Viet Nam's export-driven economy into 2009 and beyond, and have an impact on investment levels and growth. These challenges come on top of rising prices for consumer goods and high inflation throughout 2008. These higher food policies have been a result of reductions in supply, increased vulnerability of Viet Nam to changes in the international markets, and increased demand in domestic markets. Inflation has been running about 27 percent for the late months of 2008. These changes have had significant impacts on household purchasing power, and many families may fall back into poverty as a result of the price shocks. The ripple effect of these high prices will likely be seen more significantly into 2009 and need to be monitored closely. It is possible that next year will see rising malnutrition among the most vulnerable (poor women and children) since household reserves and coping capacity will run out and high food prices result in less consumption or use of less desirable and nutritious foods.

### **Impact of Climate Change**

*Climate change has the potential to throw many serious new shocks into Viet Nam*

Climate change has the potential to threaten human welfare and security and consequently quality of life in a manner unprecedented in recent history. Viet Nam is likely to be one of the most vulnerable nations in the world, due to its very long coastline, dependence on agriculture, and low levels of development. In a recent report by the World Bank, the authors noted that Viet Nam may be one of the countries most affected by sea level rise (Dasgupta et al. 2007). Added to the problem of sea level rise are the additional consequences that are likely to affect Viet Nam as a result of climate change: increased river floods from more intensive rainfall, erratic rainfall and changes in seasons, more extreme temperatures of hot and cold with an overall increase of on average 2.5 degrees C, aridity and drought in the Central region of the country, shift in frequency,

strength and location of typhoons, and spread of vector diseases. Given that households surveyed for this report already cited weather as their number one vulnerability and risk factor, the rise in extreme weather events that is likely in the next 50 years should be a source of great concern.

*The social and economic costs of climate change have the potential to undermine poverty reduction gains*

Recent successes in poverty reduction are likely to be undermined by the effects of climate change if attention to climate change adaptation is not stepped up soon. Indeed, in recent years, droughts in areas previously not affected have occurred, as have increased incidences of heavy rainfall and flooding and an extreme cold spell in a “La Niña year”. Every year, coastal areas are threatened by typhoons and storms and loss of life, costing Viet Nam billions of dollars in the past decade. Agricultural crops are vulnerable to climate related hazards, as flooding of the rice-growing Mekong Delta has shown, and the effect of extensive drought in the Central Highlands on coffee production. The predicted climatic changes will somehow affect the majority of Vietnamese.

*Adaptation to the changes that will come with global warming is necessary and requires high levels of planning and capacity*

Adaptation to climate change requires high levels of capacity, as changes in production, lifestyles, planning and policy making are required at all levels. Adaptive capacity is needed to deal with both the short term impacts of disasters and climate hazards, and the long term impacts of major transformations of the social and physical world. While the Government is increasingly recognizing the threats facing it from climate change, there have been few research programmes focused on identifying social vulnerability and addressing adaptation to climate change that will be needed in the 21<sup>st</sup> century. For example, sea level rise will likely mean reduction of per capita land availability; saline water intrusion affecting cultivation land and household water sources and thus impact where people can live and work; and major demands on infrastructure such as dykes and canals on which agricultural livelihoods depend. Changes in seasonal rainfall will result in changing cropping calendars and affect the ability to grow certain crops; and vulnerability of crops to pests increases. Planning now to deal with these problems ensures vulnerable populations not to fall back into poverty.

### 6.3 Recommendations for Discussion

We conclude with some recommendations for achieving real, long-term, and sustainable poverty reduction.

*Poverty reduction policies need to target human capacity*

1. Alleviating poverty and attempting to narrow the gap between rural rich and poor people, especially in ethnic minority areas, will be most effective when it focuses on **human capacity and resources**, especially of the poorest, through schooling, job training, and developing the social capital of community institutions. This enables poor people to better access support from the State and other donors, make better use of market opportunities, and cope with risks likely to be encountered in getting out of poverty.

*Infrastructure investments should continue but be accompanied by support to production*

2. There is a clear need for the continuation and upgrading of infrastructure linked to farm production, particularly in ethnic minority communes with the highest poverty rates, from 50-60% upwards. Irrigation and access roads into production areas need to be improved, and agricultural extension services need to be more effective and relevant. Agricultural extension for ethnic minority people should be carried out in a manner appropriate for people who may not be literate or do not speak the Kinh language, especially women. There are already good models to promote the socialisation of extension services.

*Micro credit need to be expanded*

3. Improving access to micro-credit for poor and near poor households, with particular attention to specific poor groups, should be a priority. Extending credit on favourable terms should be linked to establishing farmers' groups whose members are poor. It could be combined with an agricultural extension series, sharing knowledge and support among group members. Emergency loans for vulnerable populations to survive crop losses and other disasters should also be considered.

- New modes of farmer organization are needed*
4. Operating in a market economy, farmers' organisations should provide more flexible modes of support, such as through cooperatives, clubs or interest groups, to help implement services that cannot be done by individuals. They should do this by promoting participation in policies, programmes and projects. The 'Community Development Fund' could be a good model to empower communities in decision-making and taking their own initiatives to reduce poverty in the most disadvantaged communes. Additionally, links between business enterprises and farmers should be strengthened in order to develop market chains that benefit the poor.
- Social protection and natural disaster planning need to be better linked*
5. There is a need to implement a coordinated system of social protection to respond to natural disasters and economic stress, acting broadly as a safety net and directed at the most vulnerable people. It is therefore recommended that vulnerability mapping and assessments, including climate change challenges, are integrated into development planning. Food security and contingency plans for disasters are top priorities to address key vulnerabilities identified in this report. Existing safety nets and social assistance policies for vulnerable groups should be strengthened both through re-design and expanded funding. These policies and mechanisms need to be integrated and 'socialised' to be effective.
- Poverty lines need to be more flexible*
6. In terms of the targeting of safety nets and social assistance policies it is clear that the calibration of the poverty standard should be based on people's food and non-food needs, especially in times of high inflation, and take into account regional differences in prices. It is recommended to review poverty line annually and adjust accordingly to take into account inflation rate.
- Opportunities need to be created for poor people to participate more*
7. Suggestions for better inclusion of the poor in community life, and on empowering them to make more decisions involving not only their own livelihoods but government policies and projects, include the encouragement and promotion of traditional community activities and practices through expansion of existing models of groups and/or organisations like the "Inter-Family Groups"; building capacity of grassroots level leaders through better training in participatory leadership; provision of support to literacy programmes with community development to increase access to information; and development of a strategic plan to get adequate representation of ethnic minority communities and of women into the local elected and administrative systems.

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