



Chronic Poverty
Research Centre

Background Paper for the Chronic Poverty
Report 2008-09

Viet Nam Country Case Study

Pham Anh Tuan

What is Chronic Poverty?

The distinguishing feature of chronic poverty is extended duration in absolute poverty.

Therefore, chronically poor people always, or usually, live below a poverty line, which is normally defined in terms of a money indicator (e.g. consumption, income, etc.), but could also be defined in terms of wider or subjective aspects of deprivation.

This is different from the transitorily poor, who move in and out of poverty, or only occasionally fall below the poverty line.

Table of Contents

Summary	7
1 Introduction	8
1.1 <i>Poverty analysis</i>	8
1.2 <i>Policy focus</i>	8
1.3 <i>Research questions</i>	9
1.4 <i>Recommendations</i>	10
2 Q1: Who are the chronically poor in the country?	14
2.1 <i>Definition of poverty</i>	14
2.2 <i>Measurement of poverty</i>	14
2.3 <i>Poverty Analysis</i>	19
2.4 <i>Causes of poverty</i>	24
3 Q2: Does the PRS contain one or more policies that have been identified as being targeted at/inclusive of/directly beneficial to chronically poor groups?	30
3.1 <i>Policy focus</i>	31
3.1.1 National Targeted Programme on Hunger Eradication and Poverty Reduction (NTP ON HEPR)	32
3.1.2 Programme 135	34
4 Q3: How have policies intended to benefit the chronically poor been enacted?	38
4.1 <i>Evolution of NPT on HEPR</i>	38
4.2 <i>Objectives of NPT on HEPR</i>	40
4.3 <i>Objectives of Programme 135</i>	41
5 Q4: What happens to policies following enactment?	42
5.1 <i>The main structural or institutional responsibilities for implementation</i>	42
5.1.1 Implementation Arrangement of NTP on HEPR	42
5.1.2 Responsibilities for HEPR programme management	43
5.1.3 Programme 135: Implementation Arrangement	44
5.1.4 Responsibilities for Programme 135 management	45
5.2 <i>Story 1: Poverty Reduction in Dien Bien province</i>	45
5.2.1 Period from 1998 to 2005	46
5.2.2 Period of 2006-2010	48
5.3 <i>Story 2: Hai Phong eradication of thatched houses programme</i>	51
5.3.1 Factors constraining credit access to poor households	55
5.3.2 Factors limiting healthcare access to the poor	56
5.3.3 Factors constraining implementation of Programme 135 at commune level	57
5.3.4 Factors constraining implementation of Programme 135 at provincial level	58
6 Q5: How much of what is expected in terms of tangible implementation actually occurs?	59
6.1 <i>What is prioritised for spending/ action, and what isn't and why?</i>	59
6.1.1 NTP on HEPR spending	59
6.1.2 Programme 135 spending:	59
6.2 <i>What evidence is there that things are changing due to the trickle down of policy?</i>	61
6.2.1 Pro-poor Public Spending and Investments in Infrastructure	61
6.3 <i>Is there any M&E?</i>	62
6.3.1 Monitoring Programme Performance	62
6.4 <i>Does anyone know what is or is not being delivered/enforced?</i>	63
6.5 <i>What do representatives of chronically poor groups think about the record on implementation?</i>	63



7	Q6: Is there any evidence that implementation is delivering outcome/impact improvements?	66
7.1	<i>Healthcare benefits for the poor: Evidence</i>	66
7.2	<i>Education for the Poor</i>	68
8	Q7: Finally, what are the implications for the PRS?	73
8.1	<i>Are implementation problems linked to policy definition/ data and analysis issues?</i>	73
8.2	<i>Is it a problem of policy enactment i.e. turning a specific policy proposal into a piece of legislation or a budget commitment?</i>	73
8.3	<i>Is the problem administrative follow-through? (lack of resources, weak technical capacity, disinterest from field level bureaucrats, lack of M&E and clear lines of accountability)</i>	73
8.3.1	<i>Lack of resources</i>	74
8.3.2	<i>Weak technical capacity.</i>	74
8.4	<i>Is it the absence of clear policy constituencies for the chronically poor within government at all levels?</i>	75
8.5	<i>Or is it an issue of complexity or multi-sectorality – i.e. CP policies are simply harder to do, and PRSPs have helped do the ‘easy’ things better but have not yet really helped with the harder and more politically sensitive things on the poverty agenda, at least not yet.</i>	75
9	Recommendations	77
9.1	<i>Definition of poverty should be revised to include text that contains disaggregation of chronic poverty⁷⁷</i>	
9.2	<i>Better targeting mechanism</i>	77
9.3	<i>Better system for monitoring and evaluation.</i>	78
9.4	<i>Further decentralisation</i>	78
9.5	<i>More participation from the bottom up</i>	78
9.6	<i>Rethinking of the development strategy of the upland areas.</i>	79
9.7	<i>Communication</i>	79
9.8	<i>Poverty reduction must work hand in hand with other ongoing reforms</i>	79
9.9	<i>Private sector involvement</i>	80
9.10	<i>More international technical support to government</i>	80
Appendix 1		81
	<i>Vietnam Living Standard Surveys (VLSSs) and Vietnam Household Living Standard Survey (VLHSSs)</i>	81
	<i>Vietnam Living Standard Survey 1992-1993, VLSS 1993</i>	81
9.10.1	<i>Vietnam Living Standard Survey 1997-1998, VLSS 1998</i>	82
	<i>Vietnam Household Living Standard Survey- VHLSS 2002</i>	82
	<i>Vietnam Household Living Standard Survey- VHLSS 2004</i>	83
Appendix 2		85
	<i>Administrative system and legislation enactment in Viet Nam</i>	85
	<i>The state administrative system in Viet Nam</i>	85
	<i>Ministries</i>	86
	<i>Government-affiliated agencies</i>	90
	<i>People’s committees at all levels</i>	93
Appendix 3		97
	<i>Selected important government documents</i>	97
Appendix 4		104
	<i>Independent studies on the impacts of the Policy on Healthcare for the Poor</i>	104
Appendix 5		107
	<i>Ethnic minority development in Viet Nam: A socio-economic perspective</i>	107
Appendix 6		110
	<i>Policy matrix of CPRGS</i>	110



Appendix 7	123
<i>Characteristics of Dien Bien province</i>	123
H'mong	125
Administrative unit	126
Appendix 8	127
<i>Hai Phong city and Hien Hao commune of Cat Hai district</i>	127
Appendix 9	128
<i>Extracts from the UNDP/MOLISA Report 2005: Implications for design of NTP on HEPR for 2006-2010</i>	128
Appendix 10	131
<i>List of provinces in seven regions of Viet Nam</i>	131
References	134
Figure 1: Maps of poverty incidence and density, poverty depth and severity across regions of Viet Nam	18
Figure 2: Growth in real per capital expenditure by region, 1993-2004	21
Figure 3: Poverty rate by ethnic groups over time	23
Figure 4: Map of the population by ethnicity and commune level poverty rates	24
Figure 5: Organisational structure of the NTP for HEPR	36
Figure 6: Financial allocation for Programme 135 in 1999-2005	61
Figure 7: Provincial poverty rates in 2002 and net government transfers to and from provinces in 2003	62
Table 1: GSO-WB expenditure poverty lines and poverty rates in Viet Nam	15
Table 2: MOLISA poverty lines and poverty rates in Viet Nam	15
Table 3: Poverty rates and poverty gap	19
Table 4: Poverty rates across regions	20
Table 5: Distribution of poor people across regions	22
Table 6: Distribution of the ethnic minority population and the poor ethnic minority population	23
Table 7: The results for overall HEPR efforts for 1999-2005 in Dien Bien province	47
Table 8: Results of Programme 135 for 1999-2005 in Dien Bien province	48
Table 9: Number of communes benefiting from Programme 135 over time	57
Table 10: Results of the implementation of Programme 135 during 1999-2004	59
Table 11: Financial allocation for implementation of Programme 135 during 1999-2005	60
Table 12: Budget transfers per capita 1999-2004 by regions	61
Table 13: Health insurance and free health card - expenditure quintiles	67
Table 14: Health outcomes, 2002-2004	68
Table 15: Access to water and sanitation	68
Table 16: School enrolment rates	69
Box 1: Perceived causes of poverty in Dak Lak province, Viet Nam	24
Box 2: Perceived causes of poverty in Ninh Thuan province, Viet Nam	25
Box 3: List of all NTPs	35
Box 4: Constraints in application of poverty thresholds	54
Box 5: Delays and errors in Poor Household Cards	54
Box 6: Factors constraining credit access to poor households	55
Box 7: Discrepant opinions on grass roots democracy in Ninh Thuan province	64
Box 8: A poor family in Hien Hao commune 39, Cat Hai district, Hai Phong province	70



Abbreviations

ADB	Asian Development Bank
CEM	Committee for Ethnic Minorities
CPC	Commune Peoples' Committee
CPRGS	Comprehensive Poverty Reduction and Growth Strategy
CRP	The Centre for Rural Progress
DARD	Department of Agriculture and Rural Development
DFID	Department for International Development (UK)
DOET	Department of Education and Training
DOH	Department of Health
DOLISA	Department of Labour, War Invalids and Social Affairs
DPC	District Peoples' Committee
DPI	Department of Planning and Investment
EA	Executing Agency
GOVN	Government of Viet Nam
GSO	General Statistical Office
HEPR	Hunger Eradication and Poverty Reduction (Programme 133)
HEPR-JC	Hunger Eradication Poverty Reduction and Job Creation (Programme 143)
ICD	International Cooperation Department
IDS	Institute of Development Studies (Sussex, UK)
ILSSA	Institute of Labour and Social Science Affairs
M&E	Monitoring and Evaluation
MARD	Ministry of Agriculture and Rural Development
MDGs	Millennium Development Goals
MRDP	Viet Nam-Sweden Mountainous Rural Development Programme
MOET	Ministry of Education and Training
MOF	Ministry of Finance
MOLISA	Ministry of Labour, Invalids and Social Affairs



MOH	Ministry of Health
MPI	Ministry of Planning and Investment
NTP	National Targeted Programme
P135	Programme 135
PER	Public Expenditure Review
PPA	Participatory Poverty Assessment
PPC	Provincial Peoples' Committee
PRA	Participatory Rural Appraisal
PRSP	Poverty Reduction Strategy Paper
QHS	Qualitative Household Survey
SBV	State Bank of Viet Nam
UNDP	United Nations Development Programme
VBARD	Viet Nam Bank for Agriculture and Rural Development
VCP	Viet Nam Communist Party
VDGs	Viet Nam Development Goals
VFF	Viet Nam Fatherland Front
VHLSS	Viet Nam Household Living Standards Survey

Acknowledgements

The research for this Background Paper was made possible by CPRC core funding from the United Kingdom's Department for International Development (DFID)

Author

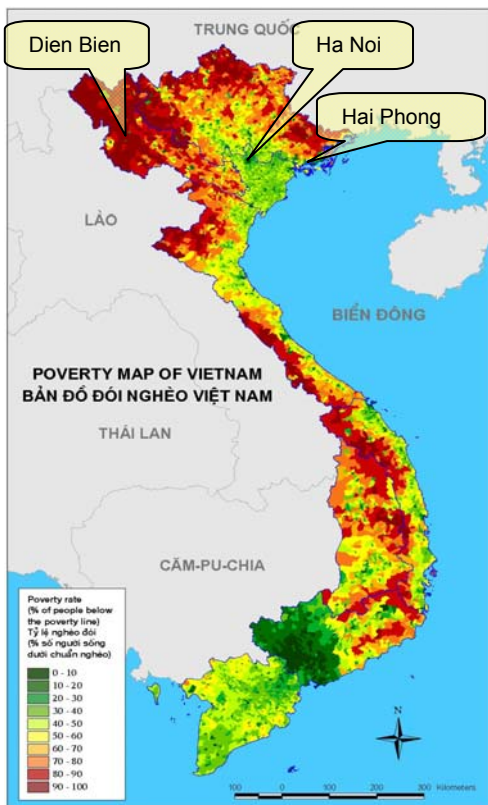
Pham Anh Tuan is a Partner at Viet Insight, Vietnam.

Email: tuanfa@vietinsight.com.vn

Summary

As part of the world chronic poverty report 2007-08, the Viet Nam case study attempts to look at the various steps of implementation of policies meant to serve the chronically poor. Specifically, the report will provide a thorough analysis of the two most important programmes. The first is the National Targeted Programme on Hunger Eradication and Poverty Reduction (NTP on HEPR). This programme is directly aimed at a demographic group that is living below the poverty line (poor households). The second is the Programme on Socio-economic Development for Communes faced with Extreme Difficulties in mountainous and remote areas (Programme 135). This programme is directly aimed at a geographic group who live in mountainous and remote areas of Viet Nam. The majority of this group is comprised of people of ethnic minorities.

Research tools: The research projects make use of extensive literature reviews, interviews and in-depth discussions with development specialists and researchers in Ha Noi.



Location of the field trips: Field trips were conducted in Dien Bien province in the Northwest mountainous areas and Hai Phong in the Red River Delta. Dien Bien province was chosen because it belongs to the poorest mountainous region with a high density of ethnic minorities. Hien Hao commune of Cat Hai district, Hai Phong City was chosen because it presents a pocket of poverty in one of the fastest growing regions. The selection of the sites provides a West-to-East transect for the study. The choice of the field trip sites is planned to provide a cross-region comparison of implementation of policy focus.

Structure of the report: Guided by the TOR, the report follows the questions therein. Appendixes are provided to help explain the specific settings of Viet Nam and form an important part of the report, providing information in the Viet Nam context for

understanding the specific points discussed in the main report.



1 Introduction

1.1 Poverty analysis

In the formal document of CPRGS (Vietnamese version of PRSP), Viet Nam adopts the definition of poverty introduced by the Asia-Pacific Conference on Poverty Reduction organised by ESCAP in Bangkok, Thailand in September 1993, which reads:

[Poverty] “is a situation in which a proportion of the population does not enjoy the satisfaction of basic human needs that have been recognised by the society depending on the level of economic and social development and local customs and practices.”

There is no disaggregation of chronic poverty within this statement.

In Viet Nam, some 20% of the population was poor in 2004 compared to 58% in 1993. Poverty is mainly a rural phenomenon as about 90% of the poor live in the rural areas. Poverty rates are highest in the mountainous and remote areas in the Northwest and Central Highlands. Pockets of persistent poverty can be found in the urban areas and in fast-growing lowland areas. Poverty severity is also high in the mountainous areas. The poverty gap for ethnic minorities is the widest. The poverty reduction rate for Viet Nam as a whole is impressive, but not for ethnic minorities. Food poverty for ethnic minorities is very high and improving slowly. This suggests that pro-poor growth policies alone may not work for ethnic minorities.

1.2 Policy focus

Two programmes are selected as policy foci for this study. They are (i) the National Targeted Programme on Hunger Eradication and Poverty Reduction (NTP on HEPR); and (ii) Programme on Socio-economic Development for Communes faced with Extreme Difficulties in mountainous and remote areas (Programme 135). These two programmes came into existence long before CPRGS (PRSP of Viet Nam) and after the introduction of CPRGS. These two programmes continue to be the most important programmes directly targeted at the poor and the poor regions of Viet Nam.

The selection of the two programmes is based on the following reasons. Firstly, the two programmes are most relevant to the chronically poor in that while NTP on HEPR targets the socially and economically disadvantaged group (i.e. the economically poor and food poor), Programme 135 targets geographically isolated groups (mountainous areas). Secondly, both programmes are big enough and have been operating for a long time, allowing for meaningful analysis and comparison over time. Finally, being highly prolific, there are a lot of literatures about the two programmes. These include government reports, research reports, reviews, assessment, and PPAs and media coverage. In addition, data extracted from VLSSs and VHLSSs contains a lot of information on the programmes. This provides a rich source of information for this case study.



1.3 Research questions

1) *How have policies intended to benefit the chronically poor been enacted?*

The recent history of Viet Nam since the French colonisation has been one characterised by poverty. Therefore, the society has deep sympathy for the poor. The Communist party of Viet Nam seized power from the French colonists in 1945 and won the war against America in 1975 because it had the support from the poor. Recently, the crises at the grassroots level in the late 1980s and during the 1990s put heavy pressure on the Government to make policies more pro-poor and to create special programmes directly targeted at the poor. Poverty reduction has been given high priority in the development agenda in Viet Nam since reform, which started in the late 1980s.

At the national level, poverty reduction was first reflected in the Communist party's resolutions. Then it got progressed through to the Government long-term (5 years) and annual socio-economic development plans (normally in terms of targets and indicators, most recent ones are the Viet Nam millennium development goals). National targeted programmes were designed to improve the indicators for the poor. Fund allocation for these national targeted programmes are included in the annual national budget and then get disbursed to the executing agencies at both national and local levels through the national treasury system. The Prime Minister will sign an executive order¹ to launch a national targeted programme. Such an executive order would indicate the programme objectives, target groups, fund allocation and sources, implementation arrangement, executing agencies and their responsibilities, monitoring and evaluation.

2) *What happens to policies following enactment?*

At the national level, after the executive order, the relevant government ministries, basing on the content of the order and their mandates, would prepare and issue guidelines for implementation. The executing agencies would form the Steering committee represented by various ministries/agencies. The chairperson, who is the Deputy Prime Minister, often leads this steering committee. A programme management office would be set up, often hosted by the lead ministry/agency, to prepare detailed annual work plans, budgets, and programmes of activities, monitoring and evaluation for approval by the Steering committee. It also serves as the coordination agency of the programme to manage the daily work of the programme.

At the local level, the provincial party cell and the government are responsible for carrying out the national targeted programmes in accordance to the guidelines set out by the national government agencies (ministries). These implementation plans would get reflected at the local level socio-economic development plans. Relevant local government agencies would be assigned to implement the plan. At the same time, local governments also initiated their own programmes, using their own funds from the local budget revenues.² The implementation set up is similar to that at the central level. The Vice Chair of the People's Committee heads the steering committee.

¹ Decision- see Appendix 2 for more information on the administrative and legislation system.

² Please see "Evolution of NTP on HEPR" in Question 3 and story 1: "Poverty reduction in Dien Bien" in Question 4.



In the implementation process changes are being made in areas of budget, services, capacity building, communication and public awareness. Reports of executing agencies (MOLISA, CEM etc.) and evaluation report conducted by UNDP and MOLISA cited improvement in the budgeting process, whereby planning and budgeting for the programmes are becoming a routine and normal planning process of the line ministries (executing agencies) and the local authorities and are becoming more transparent. After evaluation of NTP on HEPR and Programme 135 jointly conducted by UNDP and MOLISA in 2005, recommendations have been taken into account in the preparation of the two programmes for the 2006-2020 period. Major changes include more emphasis on implementation at the local level by giving more power and budget to local level executing agencies, more emphasis on communication to the public and the beneficiaries and more attention to "soft" component (capacity building, training and institutional development) as compared to the 2000-2005 implementation period. In addition, international donor community including UNDP, World Bank and other bilateral donors is providing more and more support to the implementation of the two programmes. Support comes into two forms: i) technical assistance given to management of the programme (UNDP supports the management of Programme 135) and budget support. The World Bank is preparing a budget support of around USD 150 million for Programme 135 for 2006-2010.

Important to the chronically poor are the tangible results of the programmes. This includes the improved household welfare in terms of increased income and access to education, healthcare services, electricity, clean water and better transportation. The programmes have made important contributions in improving these aspects for the poor and the poor communities across Viet Nam. Another area that is important to the chronically poor is participation in the programme. This requires good communication about the benefits of the programmes to the poor, responsibilities/mandates of the executing agencies, results and impacts of the programmes. This also requires a high level of decentralised power given to lower level implementing agencies. To some extent, participation of the poor in the implementation of the programmes is not only a means to an end, but an end in itself. In this regard, the two programmes still have room for improvement. However, the lessons have been learnt and recommendations to correct these shortcomings have been incorporated into the next phase of implementation of the 2006-2010 period.

There are a number of factors that block implementation. These include targeting mechanism, difficult operating conditions (transportation, mountainous areas), poor capacity both human and financial resources, poor administration and poor design of the sub-programme and projects. There are cases of conflict of interests.

1.4 Recommendations

1) Definition of poverty should be revised to include text that contains disaggregation of chronic poverty.

This would make the chronically poor group visible in the policy process and therefore induce associated policies most relevant to help the chronically poor. Viet Nam has entered into a new stage of the fight against poverty, whereas growth alone does not bring the same poverty reduction effect as before. This new thinking should take into account the diverse



needs of the different poor and vulnerable groups in different areas, with different ethnic and cultural backgrounds. The diversity of causes of poverty calls for a greater policy diversity.

2) Better targeting mechanism.

There is a need to improve the current practices used to identify poor households. Targeting mechanism should be more sensitive to vulnerable groups that are normally invisible in the policy process. These groups include those who live in geographically remote and isolated areas, mostly ethnic minorities, and single mothers, chronically ill, disabled and elderly people. Also, we should not forget that there are pockets of persistent poverty in the middle of the more developed urban parts of the country. These normally include street children; people contracted HIV/AIDS, jobless or homeless. Also, there should be efforts to include those who are referred to as "social evils" in HEPR programmes. These include "lazy" people, drunken, drug addicts, gamblers etc.

3) Better system for monitoring and evaluation.

There was no systematic mechanism installed in the NTP on HEPR and Programme 135 in the previous period of 2001-2005 to collect data and information to monitor progress/performance or evaluate impacts of the interventions. However, an M&E is being installed for the next phase of implementation (2006-2010). Among other things, capacity building for government officers on this area of expertise is important. In addition, there is a need to make monitoring and evaluation increasingly participatory at the grassroots level to encourage the local people and institutions to supervise the implementation process.

4) Further decentralisation.

Too little decentralisation was done in the implementation of Programme 135 for 2001-2005. One of the principles of Programme 135 was to decentralise implementation to commune level and this was not materialised. The explanation was the inadequate capacity of the commune level to manage. Some fear of misuse of funds. Clearly, these concerns are real and legitimate. But, it is also clear that little was done to build up capacity at the grassroots level to manage and there was not much effort from the Programme to provide guidelines on the responsibilities and accountabilities of the various agencies and individuals at the commune level. Discussions with officers at different levels revealed a reluctance of officers at higher levels to delegate power to the lower levels. The success of the future phase of the programmes is dependent on the ownership and leadership of the local government to push implementation to higher and more difficult limit.

5) More participation from the bottom up.

An encouraging trend is that planning and implementing development programmes have become increasingly participatory. Nation-wide, government effort in improving planning process in the preparation of national and provincial socio-economic development plans³ has promoted participation of various stakeholders through consultative process. In order to further institutionalise this participatory process, it is advisable to include scholars, members

³ MPI report on streamlining CPRGS into national and provincial annual and 5-year socioeconomic development plans, November 2005



of the emerging civil society and journalists into the HEPR committees at all levels when possible.

6) Rethinking of the development strategy of the upland areas.

Many scholars criticise that socioeconomic development plans for the upland areas are based on the lowland perceptions, which are often ungrounded. Current social and economic development trends and movements such as decentralisation, grassroots democracy and accelerating integration into the global market give a better chance as well as necessitate a new approach to development issues in the upland areas. This new approach should move towards the direction of delegating more authority to the provincial, district and commune level, putting the interest of the poor and ethnic minorities at the central stage of the development while protecting the national interest regarding national defence and security, and integrating the uplands into the mainstream development of the country.

7) Communication.

This area was considered weak in the implementation period 2001-2005. CEM report (CEM 2005) revealed that the Programme did not meet the target regarding mobilisation of funds contributed from businesses and individuals. This was partly due to the absence of an effective communication strategy to enlist the support of the public at large to the Programme. Various studies reported that knowledge about the programmes and the associated benefits to the poor was very limited. In addition, limited information on the programmes' coverage and status of the implementation bred corruption and created suspicions. The communication strategy for the next phase of Programme 135, which was already designed, has taken into account these shortcomings. But the challenge is to push it through the bureaucracy in the implementation stage.

8) Poverty reduction must work hand in hand with other ongoing reforms.

Participation of the grassroots people in planning, implementation, supervision and evaluation will not be possible if grassroots democracy is not materialised; empowering people will not be made possible if decentralisation is slow and officers in charge are clinging to power; accountability of the officers in power will not be checked and the voice of the weak will not be heard if the role of press is limited. Currently, the Government is pushing on all fronts including accelerating PAR, intensifying the fight against corruption, promoting grassroots democracy and delegating more power to the lower level of government. As the pace of change in this country is fast, these reforms need to accelerate further.

9) Private sector involvement.

The second phase of NTP on HEPR and Programme 135 will see more coverage and outreach and inclusion of services that are delivered at the households level, such as training of farmers, organising farmer into groups and creating demonstration models. This will require a lot of human resources to carry out these activities. The present capacity at all levels has already strained. Therefore, there is a need to promote the participation of the private sector into the implementation of the programmes. This requires, among other things,



the change in the role of government from the providers of services to facilitators of the transaction.

10) More international technical support to government.

Ultimately the international community will phase out, as Viet Nam is getting richer. This means that Vietnamese have to take over many tasks that are currently performed and delivered by specialist employed by the donors. In order to ensure smooth handover, Viet Nam needs to learn about a lot of things. This means an overall upgrade of human capacity from the part of the government. This works best in the form of technological transfers when Vietnamese officers or professional working together in tackling specific problems in real life. The range of issues involved includes setting up institutions, procedures and building capacity.



2 Q1: Who are the chronically poor in the country?

Undertake an initial mapping of national chronic poverty, where possible this should be broken down into geographical areas as well as socio-economic analysis (see definition of Chronic Poverty below).

2.1 Definition of poverty

In the official document of the Comprehensive Poverty Reduction and Growth Strategy (CPRGS), the government of Viet Nam accepts the definition of poverty introduced by the Asia- Pacific Conference on Poverty Reduction organised by ESCAP in Bangkok, Thailand in September 1993 which reads:

[Poverty] "is a situation in which a proportion of the population does not enjoy the satisfaction of basic human needs that have been recognised by the society depending on the level of economic and social development and local customs and practices."

The definition does not provide any disaggregation of the chronic poverty, but the objective of Viet Nam's very first national targeted programme on hunger eradication and poverty reduction is to eradicate chronic hunger. Despite the absence of chronic poverty disaggregation a number of policies and programmes were designed and implemented targeting at chronic hunger since early 1990s.

2.2 Measurement of poverty

Presently, there are two parallel methods of measuring poverty in Viet Nam- International Poverty Line Measurement Method and National Poverty Line Measurement Method.

The first method to define the poverty lines based on international standards was developed by the General Statistical Office⁴ (GSO) with support from the World Bank and was used since the first Viet Nam Living Standards Surveys (VLSS) in 1993.

The definition of the food poverty line is based on the standard used by most developing countries and WHO as well as international organisations, i.e. average 2,100 Kcal daily calorie intake per capita. People whose expenditures are lower than this minimum level are considered poor in terms of food.

The method to define the total poverty line is to add the costs of non-food to the minimum expenditures. By adding this amount to the amount for the food poverty line, we have the total poverty line.

There have been four surveys to obtain panel data⁵, two focusing on living standards (1993 and 1998) and two recent ones set focus on household living standards (2002 and 2004) (See Appendix 1 for more information on these survey). During this period, the poverty lines have also been revised to reflect the new developments in the social and economic picture of

⁴ General Statistical Office (GSO) is the government agency responsible for collecting socio-economic data, building and managing national socio-economic database.

⁵ There is no data to track down the poverty mobility.



Viet Nam. The table below gives the changes in absolute values at current prices of the poverty lines over the years and the associated poverty rates.

Table 1: GSO-WB expenditure poverty lines and poverty rates in Viet Nam

Year	1993	1998	2002	2004
Poverty lines				
Food Poverty	750,000	1,287,000	1,382,000	1,500,000
Overall Poverty	1,160,000	1,790,000	1,917,000	2,077,000
Poverty rate				
Food poverty	25%	15%	11%	7.8%
Overall Poverty	58%	37.4%	29%	24.1%

VND/person/year

The second method, developed by Ministry of Labour, Invalids and Social Affairs (MOLISA) of Vietnam is based on the level of the economy and the rate of economic growth, the financial resources committed for poverty reduction for each period of time, and actual living standards of Vietnamese in specific regions. The welfare indicator is then measured by per capita income adjusted for regional differences by expressing in terms of the number of kg of rice. The purposes of this compilation are:

1. To identify who are the poor and which communes are poor with specific numbers and addresses in order to develop a list of poor households from the village and commune level; and
2. That of poor communes from the district level upward, who are eligible for support from the National Targeted Poverty Reduction Program and other support policies.

The first effort in developing the poverty line also took place in 1993 and then, revised in 1995 for national periodical report of poverty situation. Overtime, the poverty lines and poverty rates according to this method have evolved as depicted in Table 2.

Table 2: MOLISA poverty lines and poverty rates in Viet Nam

Year	1996- 1997	1998- 2000	2001- 2005	2006- 2010
Poverty lines				
Urban	840,000	960,000	1,800,000	3,120,000
Rural	600,000	840,000	1,200,000	2,400,000
Mountainous		660,000	960,000	2,400,000 ⁶
Poverty rate	1994	1998	2002(*)	2004(**)

⁶ There was no separate measurement of poverty line for mountainous areas in the 2005 definition of poverty. It falls under rural category.



Overall Poverty	23.1%	17.2%	14%	9%
-----------------	-------	-------	-----	----

VND/person/year

Note: (*) the revised poverty line was introduced in 2001, then 2005 making the poverty rate of 2005 of 22%

Source: IDRC (2004)

As a matter of fact, these two methods are moving towards harmonising. The most currently revised poverty lines of MOLISA⁷ was also based on consumption needs using expenditure of households with a basket of around 40 products to ensure the average 2,100 Kcal daily calorie intake per capita as recommended by the World Bank as well as some other non-food items.

Another method is the poverty mapping developed by the Inter- Ministerial Poverty Mapping Task Force in 2003 (supported by New Zealand Agency for International Development). This is the result of the application of a relatively new method called "small area estimation" which combines household survey and census data to generate estimates poverty and inequality at the provincial, district, and commune levels in Vietnam with the poverty rate is measured by the number of people, not household, living under the poverty line which is the same one applied by GSO-WB approach. It then explores the ability of agro-climatic variables and market access to "explain" the spatial variation in poverty. The calculation also helps to reveal how the geographic determinants of poverty vary across the country. One key result of this indicates that poverty is greatest in the north and in rural upland areas and least in urban areas, with the delta areas having intermediate poverty rates. The results generally match conventional wisdom, though they differ markedly from district poverty estimates currently used by the government's anti-poverty programs to identify the eligible target groups and individuals. (See Figure 1)⁸.

There are certain strengths and shortcomings of each method of measuring and monitoring poverty.

For the WB/GSO method, the surveys were conducted with high standards, which provide very important and reliable source of information (large panel data) for evaluating and designing socio-economic plans, programs and policies (Nguyen, Phong (2005)). However, there requires very high associated costs. In addition, due to the sample size, while inferences on poverty rates at the national and regional level are robust, inferences at the provincial and district levels are not reliable. Therefore, while useful for comparison over time and across regions, this method is not useful for targeting purpose as it can not point to who the poor are and where they live.

MOLISA method, making use of current administrative system to conduct annual poverty assessment, is not as costly. The main disadvantages of this system include the different poverty lines and the variety of data collection in terms of guidelines and enumerators across certain provinces (The Inter- ministerial poverty mapping task force, 2003). As a result,

⁷ Issued accordingly to Decision 170/2005/QĐ- TTg on 08 July 2005 of the Prime Minister.

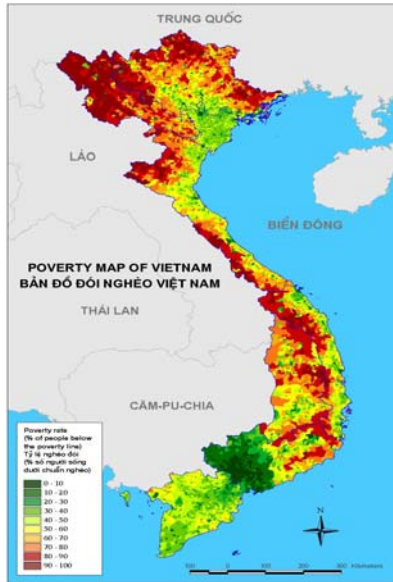
⁸ For more detail please see "The Inter- Ministerial Poverty Mapping Task- Force, N. Minot, B. Baulch and M. Epprecht, 2003, *Poverty and Inequality in Vietnam: Spatial patterns and geographic determinants*.



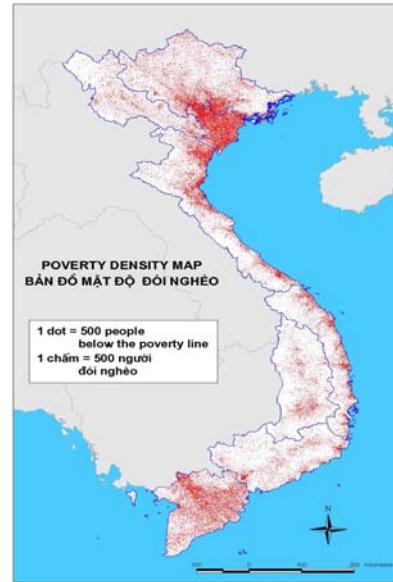
poverty rates computed by MOLISA is normally lower than local perceptions, hence, missing out many poor. The limited resources committed to poverty reduction the Government faces explain this weakness. In addition, the identification of the poor households is driven by the pressure to meet the poverty reduction targets by higher government level. (MOLISA& UNDP 2005). The strength of this method, though, lies in the fact that it is useful for targeting purpose.

Poverty mapping, although allowing for low level poverty estimates with consideration of agro- climatic and market factors, can not be done regularly due to the need of national census data which is conducted only once for every ten years. Even with the use of agricultural census, the estimates is valid for every five years and only rural poverty estimates can be possible. Besides, there is still a question of the discrepancies between the estimates and the results of MOLISA, which requires research to find out further insights to the issue.

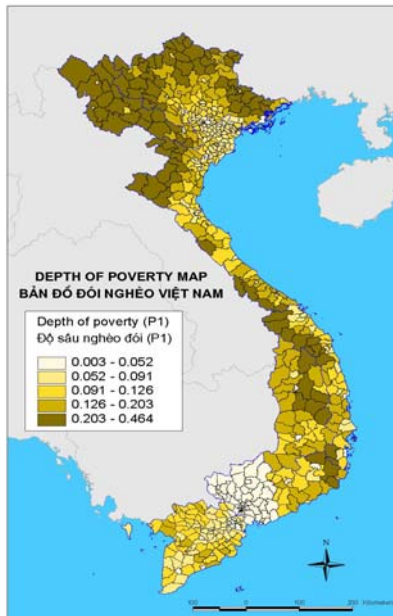
Figure 1: Maps of poverty incidence and density, poverty depth and severity across regions of Viet Nam



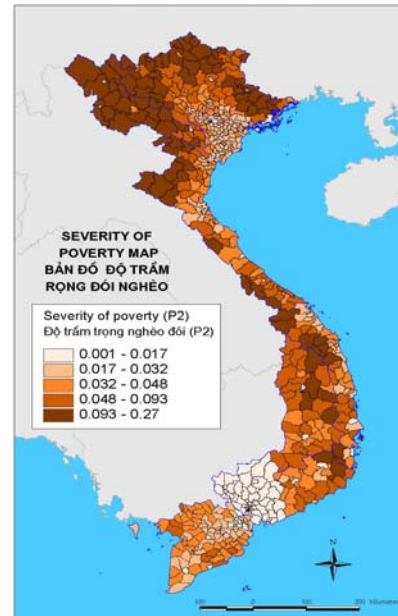
Poverty Incidence



Poverty Density



Poverty Depth



Poverty Severity

Source: The Inter- Ministerial Poverty Mapping Task Force (2003)

Poverty gaps reflect the average distance between the expenditures of the poor and the poverty line.

The poverty gap (P1) measures the depth of poverty, the average distance of the poor to the poverty line in relation to the poverty line.

The poverty gap squared (P2) depicts the severity of poverty, reporting the degree of inequality among the poor.



2.3 Poverty Analysis⁹

Our poverty analysis will mainly make use of the data generated through VLSS and VHLSS-Viet Nam Households Living Standards conducted by GSO.

Table 3 below depicts impressive poverty reduction records in Viet Nam. Over a period of a decade or so, expenditure-based poverty rate went down from 58.1% in 1993 to 19.5% in 2004 representing a drop of 37% percentage points allowing the country to cut two thirds of the poor population. In other words, more than 20 million people have been lifted out of poverty for a decade. However, ethnic minorities as a group have been lagging behind. More than 60% of them are poor and more than one third of them go to bed hungry (34.2% food poor). The poverty gap for ethnic minorities is widest and improving very slowly.

Table 3: Poverty rates and poverty gap

In percent	1993	1998	2002	2004
General poverty	58.1	37.4	28.9	19.5
Urban	25.1	9.2	6.6	3.6
Rural	66.4	45.5	35.6	25.0
Kinh and Chinese	53.9	31.1	23.1	13.5
Ethnic minorities	86.4	75.2	69.3	60.7
Food poverty	24.9	15.0	10.9	7.4
Urban	7.9	2.5	1.9	0.8
Rural	29.1	18.6	13.6	9.7
Kinh and Chinese	20.8	10.6	6.5	3.5
Ethnic minorities	52.0	41.8	41.5	34.2
Poverty gap	18.5	9.5	6.9	4.7
Urban	6.4	1.7	1.3	0.7
Rural	21.5	11.8	8.7	6.1
Kinh and Chinese	16.0	7.1	4.7	2.6
Ethnic minorities	34.7	24.2	22.8	19.2

Note: Poverty rates are measured as a percentage of the population. Poverty gaps reflect the average distance between the expenditures of the poor and the poverty line, in percentage of the latter.

Source: VLSS 1993- 1994, 1997- 1998 and VHLSS 2002 and 2004. Data for 2004 was computed by Nguyen Viet Cuong.

⁹ This session draws heavily on WB, 2004, Nguyen Viet Cuong and Nguyen Thang.



Table 4: Poverty rates across regions

In percent	1993	1998	2002	2004
General Poverty	58.1	37.4	28.9	19.48
Northern Mountains	81.5	64.2	43.9	35.39
<i>North East</i>	86.1	62	38.4	29.38
<i>North West</i>	81	73.4	68	58.57
Red River Delta	62.7	29.3	22.4	12.14
North Central Coast	74.5	48.1	43.9	31.90
South Central Coast	47.2	34.5	25.2	19.01
Central Highlands	70	52.4	51.8	33.15
South East	37	12.2	10.6	5.37
Mekong Delta	47.1	36.9	23.4	15.82
Food Poverty	24.9	15	10.9	7.39
Northern Mountains	42.3	32.4	21.1	16.19
<i>North East</i>	29.6	17.6	15.4	11.38
<i>North West</i>	26.2	22.1	46.1	34.77
Red River Delta	24.2	8.5	5.3	2.33
North Central Coast	35.5	19	17.5	13.57
South Central Coast	22.8	15.9	9	8.13
Central Highlands	32	31.5	29.5	18.81
South East	11.7	5	3	1.46
Mekong Delta	17.7	11.3	6.5	3.95
Poverty Gap	18.5	9.5	6.9	4.72
Northern Mountains	29.0	18.5	12.3	9.50
<i>North East</i>	29.6	17.6	9.6	7.01
<i>North West</i>	24.1	22.1	24.1	19.11
Red River Delta	18.3	6.2	4.3	2.11
North Central Coast	24.7	11.8	10.6	8.09
South Central Coast	17.2	10.2	6	5.10
Central Highlands	26.3	19.1	16.7	10.64
South East	10.1	3	2.2	1.20
Mekong Delta	13.8	8.1	4.7	2.99

Note: Poverty rates are measured as a percentage of the population. Poverty gaps reflect the average distance between the expenditures of the poor and the poverty line, in percentage of the latter.

Source: VLSS 1993- 1994, 1997- 1998 and VHLSS 2002 and 2004. Data for 2004 were computed by Nguyen Viet Cuong.

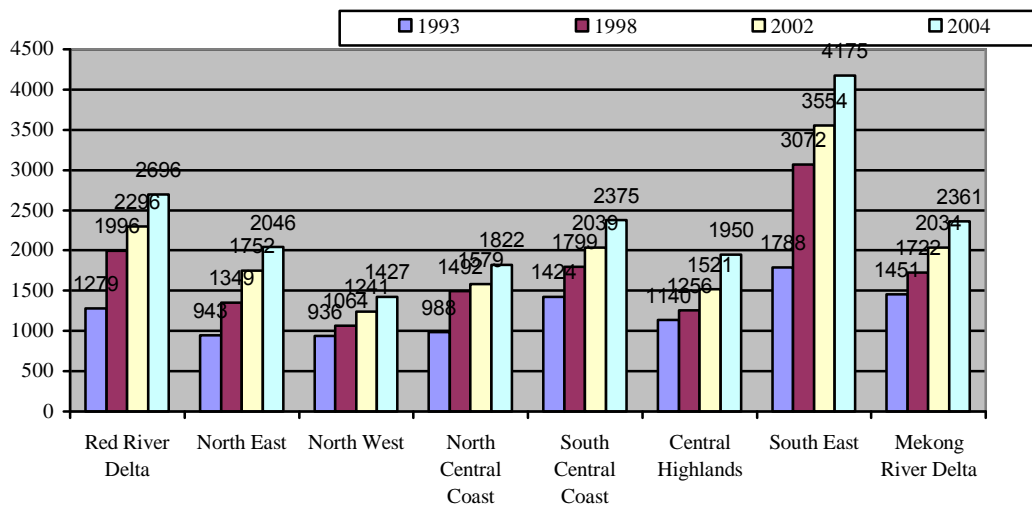
The lower part of Table 4 shows how the poverty gap changed over time across regions. North West has the widest gap and has shown slowest progress. Though still high, poverty gap in Central Highlands has been reduced quite substantially. Poverty gap in other regions



also has been reduced. Red River Delta and South East in particular managed to reduce poverty gap by 9 times to make it quite small in 2004.

Figure 3 below shows the rates of the growth of real per capita expenditure vary substantially across regions during the 1993-2004 period. The South East, North East and the Red River Delta grew faster at 133%, 117% and 111% respectively, while the North West, the Mekong River Delta and the South Central Coast grew at 52%, 63% and 67% respectively. As a consequence, gap between the best performing regions and the lagging region have widened. Specifically, if in 1993, per capita expenditure in the South East and the Red River Delta were respectively equal to 1.91 and 1.37 times of that in the North West, these ratios rose to 2.93 and 1.89 respectively in 2004.

Figure 2: Growth in real per capital expenditure by region, 1993-2004



Unit: VND in thousands, 1993 prices

Source: Nguyen Thang, 2006

Table 5 looks at the distribution of poverty across regions in percentage of the total poor, collated with their shares of the total population. This table tells an identical story as Table 4. The North Mountains accounts for 14% of the population, but 26% of the total poor. The situation is worsening over time, reflecting the fact that the gap between this region and the rest of the nation is widening. Next is the Central Highlands, which accounts for 6% of the population but 10% of the total poor, and the situation is not improving. The situation is the same with North Central Coast. Regards to food poverty, the contrast is starker. While the three regions combined accounts for 33% of the total population, their share of food poverty is 69% and general poverty is 57%.


Table 5: Distribution of poor people across regions

In percent	1993	1998	2002	2004	2004 - Population
General Poverty	100	100	100	100	100
Northern Mountains	23	25	22	26	14
<i>North East</i>	19	20	16	17	11
<i>North West</i>	4	6	7	9	3
Red River Delta	24	18	17	14	22
North Central Coast	16	18	20	21	13
South Central Coast	5	8	7	8	9
Central Highlands	3	5	10	10	6
South East	11	5	5	4	16
Mekong Delta	17	21	17	17	21
Food Poverty	100	100	100	100	100
Northern Mountains	26	32	28	31	14
<i>North East</i>	22	24	17	18	11
<i>North West</i>	4	7	11	14	3
Red River Delta	24	13	11	7	22
North Central Coast	18	18	22	24	13
South Central Coast	5	9	7	9	9
Central Highlands	3	8	16	14	6
South East	9	5	4	3	16
Mekong Delta	15	16	13	11	21

Note: Poverty rates are measured as a percentage of the population.

Source: VLSS 1993- 1994, 1997- 1998 and VHLSS 2002 and 2004. Data for 2004 were computed by Nguyen Viet Cuong.

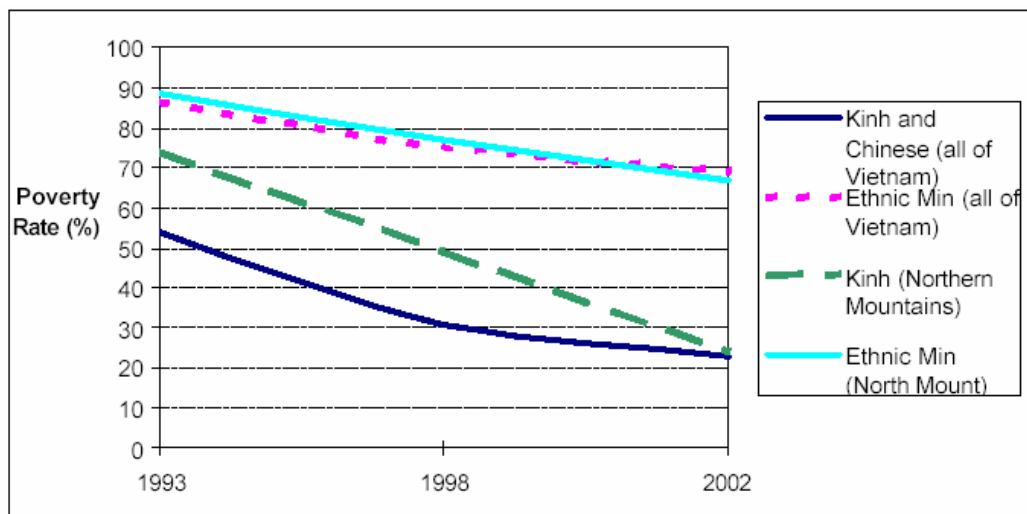
Further analysis of ethnic minorities reveals that although they live in all regions of the country, more than half of them live in the northern uplands. Nevertheless, the North East and Mekong delta regions have a larger share of the total ethnic minority population than of the poor ethnic minority population. By contrast, poor ethnic minorities are disproportionately concentrated in the North West and Central Highland regions (Table 6), most intensified in the North West with the share of poor ethnic minorities has risen from 12 percent to 20 percent in the period between 1998 and 2002 (Swinkels and Turk, 2004).

Table 6: Distribution of the ethnic minority population and the poor ethnic minority population

In percent	1998 poor ethnic minorities	2002 poor ethnic minorities	2002 all ethnic minorities
All Vietnam	100	100	100
<i>North East</i>	36	31	36
<i>North West</i>	12	20	17
Red River Delta	4	2	2
North Central Coast	2	9	8
South Central Coast	12	4	3
Central Highlands	22	21	18
South East	3	3	4
Mekong Delta	9	9	12

Source: Swinkels, R. and Turk, C., 2004

Swinkels and Turk (2004) further consolidated their finding by looking into the northern mountainous region. Their calculation using VHLSS continues to report that the Kinh people living in the same region have experienced rapid improvements in welfare, even faster than that for the Kinh population as a whole over that period.

Figure 3: Poverty rate by ethnic groups over time


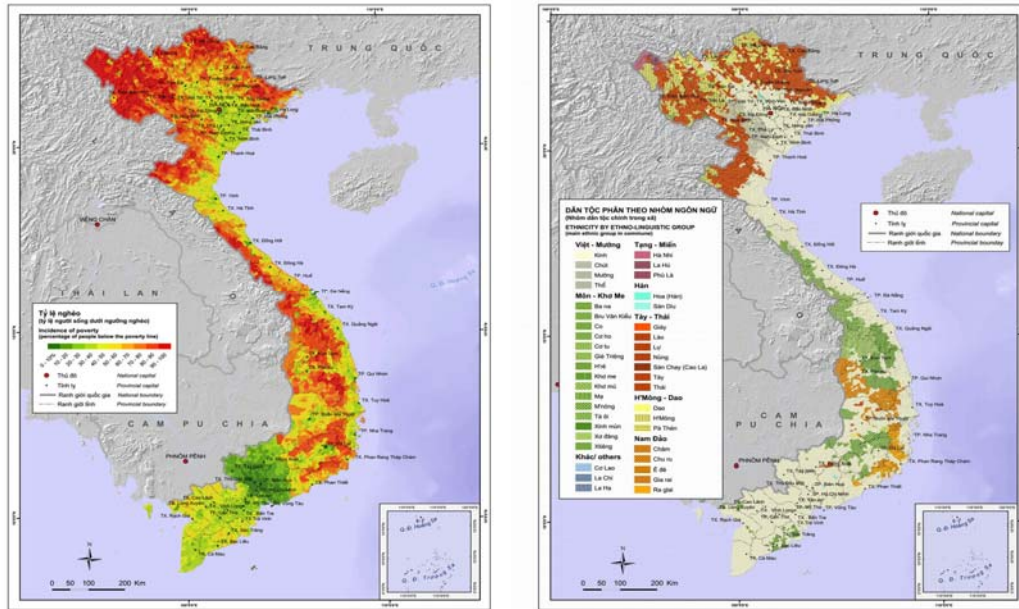
Source: Swinkels, R. and Turk, C., 2004, compiled from VLSSs and VHLSS

Poverty mapping by the Inter- Ministerial Poverty Mapping Task Force further supports the argument that incidence of poverty, its depth and density are all highest in the North Mountainous (especially the North west sub-region) and Central Highlands. At the same time, these areas are of lowest density of poverty. This gives some warnings in the costly resources needed for attacking poverty matters in these areas: for solving the deep roots of causes as well as the lacking of economies of scale (Figure 1).

Another mapping work of ICARD and NCCR in 2004 using the Population and Housing Census of 1999 allows a mapping of the population by ethnicity. Putting the ethnicity map of

Vietnam together with the poverty map, a resemble is depicted (Figure 4) (Swinkels, R. and Turk, C., 2004).

Figure 4: Map of the population by ethnicity and commune level poverty rates



Source: ICARD, GSO and NCCR (2004)

2.4 Causes of poverty

Surveys and poverty assessment have identified a number of common causes to poverty. Below are two examples from two PPAs and the consolidated information summarised in CPRGS. The World Bank report in 2004 on poverty extracted the result of the PPA in Dak Lak province on the perceived causes of poverty, which is shown in Box 1.

Box 1: Perceived causes of poverty in Dak Lak province, Viet Nam

Perceptions of people	Perceptions of local authorities
<ul style="list-style-type: none"> • Poorly developed factor and product markets, • Poor infrastructure, especially irrigation and roads, • Ineffectiveness of Government policies and programmes at grass-root level, • Lack of transparency, accountability, resulting in corruption, lack of people's participation in decision making, • Inability and weakness of grass-roots authorities and cadres, • Villagers' inability to apply new farming techniques and low level of education, • Shortage of land, • Lack of capital, 	<ul style="list-style-type: none"> • Lack of capital, • Shortage of land, • Many dependents to support, • Lack of experience, and inability and incapacity to apply new farming techniques, • Investment failure, risks in agriculture (coffee price destabilisation) • Poor health, disability, ageing. • Lack of labour, • Committed to social diseases, and laziness, • Harsh climatic conditions, i.e. droughts and floods.



<ul style="list-style-type: none"> • Free immigration, • Poor health and lack of labour, • Harsh climatic conditions, drought and floods. 	
--	--

Another example from another PPA in Ninh Thuan province, Viet Nam share similar causes as can be seen in Box 2.

Box 2: Perceived causes of poverty in Ninh Thuan province, Viet Nam

Local perception	Official perception
<ul style="list-style-type: none"> • Drought-ridden and/or non-arable land, • Jobless, • No capital, • Lack of knowledge, • High cost of education, • Poor and/or limited land, • Elderly: with no means of support, • Women: widowed or husbands left for another woman. 	<ul style="list-style-type: none"> • Lack of capital, • Multiple dependents, • Elderly: with no means of support, • Lack of arable land, • Jobless, • Lack of technical knowledge relating to agricultural production, • Lack of able-bodied family members, • Lack of capital.

The CPRGS summarised and consolidated the findings from poverty assessments to specify a number of major causes and major Factors Contributing to Poverty.

1) Limited and Poor Resources

Poor people tend to lack many resources and fall into a vicious cycle of poverty and lack of resources. Poor people are likely to remain poor because they are unable to invest in their own human capital. At the same time, limited human capital prevents the poor from escaping from poverty.

Poor households have very little land, and this condition of lacking land tends to perpetuate. This is especially the case in the Mekong River Delta. Their lack of land affects their capacity to ensure food security and prevents them from diversifying their production and shifting to higher value crops. A majority of the poor choose the strategy of self-sufficiency, and stick to traditional modes of production that generate low value, because they lack opportunities to employ more profitable production strategies. Because of their pursuit of traditional modes of production, their productivity is low, their products are not competitive and are of low value; this in turn keeps them trapped in a vicious cycle of poverty. In addition, most of the poor do not have many opportunities to access production enhancing services like agricultural and fishery extension and animal and plant protection from disease. Many production inputs such as electricity, water, crop seeds and animal varieties, fertilisers, etc. drive up their production costs, and cut into their per unit net revenues. Poor people also have limited access to various sources of credit. Without enough capital, the poor cannot easily renovate production, introduce new technologies and new varieties, etc. Although the access of the poor to credit has improved greatly thanks to the Project on Providing Credit to the Poor under the National Program on Poverty Reduction, a considerable number of poor people,



especially very poor people, still have no access to credit. On the one hand, poor people, because they have no collateral, are forced to rely on small and inefficient loans that limit their repayment capacity. On the other hand, most poor people do not have concrete plans for production and may use these loans for purposes other than the one they have committed to with their lenders; this limits their opportunity to access future loans and in the end they become even poorer. In addition, lack of information, especially information on laws, policies and markets, makes the poor become even poorer.

2) Low levels of educational attainment, insufficient and unstable employment

Poor people tend to be less educated and have few opportunities to find good and stable jobs. Their level of income is barely enough to meet their minimum nutrition requirements; consequently they cannot afford to improve their education level even though that would enable them to eventually escape from poverty. In addition, their low level of education hurts their ability to make wise decisions about education, child delivery and child rearing, and so on with adverse effects not only on the present generation but also future generations. Child and infant malnutrition have a negative impact on the school enrolment of children from the poorest families, making it even more difficult for the poor to escape from poverty through education. Statistics on the educational level of the poor show that about 90 percent have reached at most lower secondary level or below. The results of the Living Standards Measurement Survey show that among the poor, the rate of those who have never attended school is 12 percent; the rate of those completing primary education and lower secondary education are 39 percent and 37 percent respectively. The fact that education expenditure is high for the poor, and the quality of education that they are able to access is limited, prevents them from improving their situation in order to overcome poverty. The poverty rate declines as the level of education rises. 80 percent of the poor are involved in agricultural activities that generate very low levels of income. A low level of education prevents the poor from finding better jobs in other sectors, for example in non-farm sectors that provide more remunerative and stable employment.

3) Access to law and legitimate rights.

The poor are not given sufficient conditions to access the law and their legitimate rights and interests are not protected. Poor people, ethnic minority peoples, and people living under special circumstances tend to have a low level of education and therefore are unable to resolve legal problems on their own. Enforcement mechanisms are complicated for many of the laws and legal documents, making it difficult for the poor to grasp. In addition, the network of legal services is limited and the number of lawyers is small; they are unevenly distributed and mainly found in cities and towns, and fees for legal services remain high.

4) Demography-driven Causes

Household size is an important “denominator” affecting the average income level of household members. Large numbers of children are both cause and effect of poverty. The birth rate among poor households remains very high. One of the characteristics of poor households is the large number of children. In 1998, the average number of children per woman in the poorest quintile was 3.5 compared to 2.1 in the richest quintile. Large household size leads to a high dependency level (the dependency level among the poorest



quintile is 0.95 compared to 0.37 among the richest quintile). One of the causes of the high birth rate among poor households is their poor knowledge of and very limited access to birth control and reproductive health protection measures. The percentage of poor woman using IUDs is low, and so is the percentage of men whose awareness of their responsibility in family planning and in using contraceptive method. Poor husbands and wives tend to know very little about safe sexual practices. They also have a limited understanding of the link between poverty, reproductive health, and population growth. The high dependency level among poor households also means that labour resources are inadequate; this also contributes to household poverty.

5) Risk of high vulnerability to natural disasters and other risks

Poor households are highly vulnerable to the daily difficulties and occasional shocks that may strike an individual, a family or a community. Because their income level is very low and unstable, they have low savings capacity and are unlikely to be able to resist unexpected shocks (such as loss of harvest, job loss, natural disaster, loss of labour resources, loss of health, and so on). Given the fragile economic conditions of poor households in rural areas, these shocks will create great instability in their lives. Production and business risks are also very high for the poor because they have little or no skills and lack business experience. Their ability to respond to and overcome these risks is very weak; their limited sources of income limit their capacity to overcome risks and may even expose them to additional risks. The number of people who need emergency relief every year due to natural calamities ranges from 1 to 1.2 million. On average, the number of households that fall below the poverty line again is large compared to the number of households that manage to escape from poverty. This is because a very large number of households live just above the poverty line and therefore are highly vulnerable to negative shocks such as natural disasters, job loss, sickness, and so on. Analysis of the Household Living Standards Measurement Surveys in 1992/93 and 1997/98 indicate that households that suffer from frequent natural disasters are likely to fall into deep poverty. Consequently, efforts to identify effective measures to mitigate the consequences of natural calamities are an important component of poverty reduction.

6) Gender inequality negatively impacts the lives of women and children

Gender inequality aggravates the condition of the poor in all aspects. In addition to placing an oppressive burden on women and girls, it also has an adverse impact on their families. Women account for nearly 50 percent of the total agricultural workforce and for a large share of total new jobs created annually in agriculture. However, only 25 percent of the participants in animal breeding extension training courses and 10 percent of the participants in cultivation extension training courses are women. Women have fewer opportunities to access technology, credit and training, while having to bear the greater burden of housework, having fewer rights in family decision-making and being paid less than men for the same work. Less educated women experience a higher rate of infant and maternal mortality, their families tend to suffer from poorer health and their children have a higher dropout rate from school. Gender inequality also contributes to a higher birth rate and a higher HIV transmission rate because women have less power to protect themselves in sexual relations.



7) Disease/morbidity and poor health: another factor pushing people into deep poverty

Morbidity and poor health directly impacts the income and expenditure of the poor, and traps them in a vicious cycle of poverty. They suffer a double blow: first from the loss of labour income, second from the very high cost (relative to family income and assets), both direct and indirect, of diagnosis and medical treatment. The cost of medical care is a heavy burden for the poor, forcing them to borrow money or to mortgage assets to cover those costs, making their escape from poverty even less likely. Meanwhile, limited capacity to access preventive health care services (clean water, health programs...) increases the exposure of the poor to communicable diseases. Despite Vietnam's remarkable achievements in health over the past decade, the percentage of the poor who are afflicted with common illnesses is quite high. According to findings from the 1998 Household Living Standards Measurement Survey, the annual average number of sick days of the poorest quintile is 3.1 compared to about 2.4 for the richest quintile. It is noteworthy that during the 1993- 1997 period, the sickness status of the richest quintile improved considerably (reduced by 30 percent) while that of the poor remained unchanged. The improvement in the health status of the poor is a key factor that will enable them to escape from poverty on their own.

8) The Impact of Macroeconomic Policies and Reform Policies (Trade Liberalisation, State-owned enterprises Reform, etc.) on Poverty

High and stable economic growth in the past period has been a major contributor to poverty reduction, allowing Vietnam to record an impressively broad and diverse range of achievements in poverty reduction. Nevertheless, the process of development and opening of the economy has had a negative impact on the poor in certain areas.

Inappropriate investment structure: the share of investment in agriculture and rural areas is still low, and focused on irrigation. The bulk of investment spending has concentrated on key capital-intensive import-substitution industries, with little attention paid to investments in labour-intensive industries. Small and medium enterprises have not been encouraged in a timely manner; many subsidy policies (subsidised interest rates, price subsidies and subsidies for assorted charges, etc.) have missed their intended targets, with negative effects on markets in rural, isolated and remote areas.

The reform of SOEs and the financial difficulties of SOEs led to the elimination of nearly 800,000 jobs during the early years of reform. Many laid-off workers experienced great difficulties finding new employment and fell into poverty. A high proportion of these are women, people with low levels of educational attainment, and older people. The policy to reform the economy, create a healthy environment for competition, and liberalise trade has made the economy more dynamic and provided good incentives for enterprises and individuals. At the same time, not enough attention has been paid to labour-intensive industries, nor to small and medium-sized enterprises that can create jobs; they have not been provided with adequate opportunities to develop. Lack of information, obsolete production equipment, low level of competitiveness, and limited production capacity have been important factors that have caused a considerable number of small-and medium-sized enterprises to go bankrupt and to lay off their workers, who are then forced to join the ranks of the poor.



While economic growth broadly contributes to poverty reduction, our ability to improve the status of the poor (in terms of income level, access to development resources) depends on the type of economic growth that takes place. In other words, the distribution of the benefits of growth among different population groups, including income groups, depends on the character of growth. An analysis of changes in the income level of different population groups shows that rich people have benefited more from economic growth, and this has widened the gap between rich and poor. Transport infrastructure to remote, isolated and poor areas is insufficient and weak. It is still extremely difficult to access to these areas. Investment from the State is still not enough to meet the demand, and contributions from the people, mostly in the form of labour, are limited.

In conclusion, Viet Nam's poverty reduction records are undoubtedly impressive. In a decade or more, the country has cut two thirds of the population living in poverty. In other words, more than 20 millions people have been lifted out of poverty during 1993 to 2004.

However, poverty reduction rate has been slower, meaning that the remaining poverty is harder to attack. In addition, a sizable proportion of Vietnamese, some 20% or 16 millions are still poor. Poverty concentrates in the North Mountains, the Central Highlands and the North Central Coast. While the three regions combined accounts for 33% of the total population, their share of food poverty is 69% and general poverty is 57%. Ethnic minorities as a group have been lagging behind the national average. More than 60% of them are poor and more than 34.2% of them go to bed hungry. The poverty gap for ethnic minorities is widest and improving very slowly. In a sense, the poor ethnic minorities living in the mountainous areas are closest to the definition of chronic poverty. Poverty reduction rates, especially for food poverty, have been slow. Likewise, poverty gap remains relatively stable over time. This suggests that those who are still poor, most probably, have been poor ever before¹⁰. The issue here, though, is whether they can move out of poverty in the future. In addition, pockets of persistent poverty can be found in many urban areas like Hochiminh City and in Ha Noi and in rural areas in the Mekong River Delta as well as the Red River Delta.

Therefore, this paper will focus on the two groups. First is poor households including the poorest of the poor in accordance to MOLISA's official poverty line who are scattered throughout the country. As discussed in the MOLISA's poverty lines are VND 2,400,000 (or USD 150) per year for rural areas and VND 3,120,000 (or USD 195) per year for urban areas. This group is qualified and eligible for support under National Targeted Programme on Hunger Eradication and Poverty Reduction (NTP on HEPR). Second is those who live in the mountainous and remote areas, especially ethnic minorities. The two poorest regions are the North West and the Central Highlands. This group is eligible for support under Programme on Socio-economic Development for Communes faced with Extreme Difficulties in mountainous and remote areas (Programme 135). These two programmes are chosen for the policy focus discussed the sessions that follow.

¹⁰ Carie Turk suggested this in her interview.



3 Q2: Does the PRS contain one or more policies that have been identified as being targeted at/inclusive of/directly beneficial to chronically poor groups?

Is this the first national poverty strategy? What does it build from (e.g. a series of single sector strategies, or another comprehensive approach)? What are the key poverty concerns raised in this policy document? Does its poverty analysis match your own? How well do you feel the poverty analysis in this document is applied to the policy decision-making process? Beyond the document itself, how widely is it accepted as the key poverty reduction policy document, or are there other competing documents that are actually more powerful in policy processes? I don't expect to have a very long and detailed analysis but I think some of this discussion would benefit from being brought up front.

Comprehensive Poverty Reduction and Growth Strategy (CPRGS) was approved by the Prime Minister in May 2002¹¹. The document specifies policy measures of the 10-year Socio-Economic Development Strategy and 5-year Socio-Economic Development Plan. It provides a set of development priorities and public policy framework for the Government efforts in reducing poverty and promoting social advancement in the following years.

Before that poverty reduction had been a high priority of the government since the early 90s when reform in Viet Nam took the central stage. Poverty reduction efforts of the Government in these days were based on two approaches. At the one hand, the government relied on economic growth to move people out of poverty. This was mostly done by unleashing the market forces and allowed them to work to create wealth. At the other hand, poverty reduction and hunger eradication programmes directly targeted at the poor were formulated and implemented throughout the country. Most important were the National targeted programme on Hunger eradication and poverty reduction (NTP on HEPR) and Programme on Socio-economic Development for Communes faced with Extreme Difficulties in mountainous and remote areas (Programme 135). When it came out in 2002, CPRGS was Viet Nam's first national poverty strategy. It was the result of the joint effort between the government of Viet Nam and the international community headed by the World Bank. It built on strong poverty reduction commitment of the Viet Namese society and government and a number of existing poverty reduction programmes. The process of preparing CPRGS involved government officers at most levels.

Since its introduction, Vietnamese government had made numerous efforts to maintain its high commitment on poverty reduction and pro-poor policy. Two important endeavours are: (i) the adoption and localisation of the Millennium Development Goals (MDGs) and (ii) integration of CPRGS into the 10-year Socio-Economic Development Strategy and 5-year Socio-Economic Development Plan at the national level as well as provincial level. With regard to the former, Viet Nam has adapted MDGs to the country's specific conditions (Viet Nam Development Goals -VDGs) and has integrated these goals into its socio-economic development strategies and programmes, five-year socio-economic development plans and

¹¹ Full text of the Decision can be seen in **Error! Reference source not found.**



annual plans¹². With regards to the latter, in 2003-2004, the Government of Viet Nam issued a number of legislations¹³ and guidelines to streamline CPRGS into the annual and 5-year Socio-economic Development Plans of the ministries and provinces. In support of the Government action, 15 donors provided assistance to 20 provinces in piloting mainstreaming CPRGS into the annual and 5-year Socio-economic development plans and improving their routine planning activities and procedures, making them more participatory, evidence-based and pro-poor.¹⁴

CPRGS provides a comprehensive set of objectives and policy areas ranging from macroeconomic management to infrastructure services to sectoral development. Under each policy area, there is a collection of specific policies or measures to achieve the objectives, including the ones which are more geared to benefit the poor covering a wide range from infrastructure, the basic services such as health care, education, extension services, access to credit etc. and there are policies with focus on geography. Many of those interventions are not as new as the CPRGS itself but have been in place for quite long time. Nevertheless, it is worth repeating that the CPRGS demonstrated a new move in the effort of GOV in fighting against persistent roots of poverty. Appendix 6 presents CPRGS's policy matrix.

3.1 Policy focus

Of the many policies making up the CPRGS, two programmes are selected as policy focus for this study. They are (i) the National Targeted Programme on Hunger Eradication and Poverty Reduction (NTP on HEPR); and (ii) Programme on Socio-economic Development for Communes faced with Extreme Difficulties in mountainous and remote areas (Programme 135). These two programmes came into existence long before CPRGS. And after the introduction of CPRGS, these two programmes continue to be the most important programmes directly targeted at the poor and the poor regions of Viet Nam.

The selection of the two programmes is based on the following reasons. Firstly, the two programmes are most relevant to the chronically poor in that while NTP on HEPR targets at socially and economically disadvantaged group (i.e. the poor and food poor), Programme 135 targets at geographically isolated group (mountainous areas). Secondly, both programmes are big enough and have been operating for a long time allowing for meaningful analysis and comparison over time. Finally, being highly prolific, there are a lot of literatures about the two programmes. These include government reports, research reports, reviews, assessment, PPAs and media coverage. In addition, data extracted from VLSSs and VHLSSs contains a lot of information on the programmes. This provides a rich source of information for this case study.

Brief descriptions of the programmes are presented below:¹⁵

¹² Please see Viet nam Achieving The Millennium Development Goals, UNDP 2005

¹³ These include Decree 79/2003/ND-CP, Document 2115 dated 14/4/2004, Directive 33/2004/CT-TTG dated 23/9/2004, Document 7681/BKH-TH dated 30/11/2004.

¹⁴ For detailed information of the government's efforts to mainstream CPRGS into the annual and 5-year socio-economic plans, please see MPI report "Reviewing the 2 years implementing CPRGS", 2005.

¹⁵ This session draws heavily on MOLISA& UNDP report, 2004



3.1.1 *National Targeted Programme on Hunger Eradication and Poverty Reduction (NTP ON HEPR)*

NTP on HEPR was set up by an executive order by the Prime Minister in 1998 (Decision 133/QĐ-TTg dated 23/07/1998), now is in its third period (2006-2010). The programme benefits are directed at poor households, as defined by the MOLISA poverty line.

The main objectives of the first period (1998-2000) were to eliminate chronic hunger and reduce the percentage of poor households in the country to 10% by 2000. Another objective, not explicitly stated but often emphasised by political leaders was “to narrow the gap among population groups and geographical areas by accelerating the socio-economic development of the disadvantaged.” These objectives were expanded for the period 2001-05 to include:

- Reduce the proportion of poor households to below 10%, using MOLISA’s new poverty line – i.e. an average decrease of 1.5-2.0% per year and eliminate chronic hunger.
- Ensure that poor communes have basic infrastructure works such as small-scale irrigation, schools, health care, roads, water electricity, markets, etc.
- Provide jobs for 1.4-1.5 million labourers every year.
- Reduce the unemployment rate in urban areas to less than 6% and promote the labour time use in rural areas to 80% by 2005.

Programme Components and Resources

NTP on HEPR is not really a programme, but rather a coordination mechanism for a number of policies and projects implemented by different Ministries. It consists of six “support policies” and twelve “projects”. Support policies are budgeted for a total non-refundable capital of VND 1,600 billion (about USD100 million) all of which is expected to come from local budgets. Projects are budgeted for a total of VND 4,640 billion (almost USD300 million), most of which is expected to come from the central budget.

Total cadre training in the policy and the project components was budgeted for VND100 billion over a 5-year period, or just 1.6% of total funds.

Target Groups

The programme benefits are directed at poor households, as defined by the MOLISA poverty line. Despite merging programmes 133 (HEPR) and 120 (Job Creation) to make Programme 143, they are still known by their separate names and their activities implemented separately at the central and local levels. This may be because the target groups of the two components are different – while the HEPR components target poor households and poor communes, the job creation activities do not focus only on the poor.

Support Policies

1. Low cost and good quality medical care for the poor (free or inexpensive medical care, free health insurance cards, construction of some infrastructure, supply and training of medical staff, etc.)



2. Low cost, universal and good quality education for the poor (reduced or exempt school fees, free or cheap notebooks and textbooks, scholarships, teacher training especially in boarding schools for ethnic minorities, etc.)
3. Special support for ethnic minorities in extreme difficulties (provision of basic needs, production inputs, production technology training, etc.)
4. Special support for vulnerable people e.g. those affected by natural disasters and temporary migrants (support with production, technical training, also house repair)
5. Housing support (provide appropriate houses to the poor, especially in urban and flood prone areas, also border areas)
6. Support with production tools and land (reclaim, recover, reallocate land, supply boats, fishing nets, hand tools, etc.)

Projects are budgeted for a total of VND 4,640 billion (almost USD 300 million), most of which is expected to come from the central budget but is channelled through province, district and commune authorities. Sixty percent of this is for the “hardware” under infrastructure and sedentarisation projects, and 16% as interest rate subsidies.

HEPR-JC projects

1. Credit for poor households to develop production
2. Guidance to poor people on business, agricultural and forestry extension
3. Developing models of hunger eradication and poverty reduction in poor communes
4. Infrastructure in about 700 poor communes (those not under Programme 135)
5. Assistance to production, i.e. processing of agricultural produce, non-agricultural skill development and small-scale industries and services
6. Training of cadres responsible for HEPR implementation
7. Settlement of migrants in New Economic Zones in poor communes
8. Sedentary agriculture and settlement in poor communes
9. Loans for small-scale employment generation projects
10. Modernising and strengthening the capacity of employment service centres
11. Collect statistical data on the labour market and establish an information system
12. Training and strengthening of cadres involved in employment management

Implementation Arrangement

The programme’s management structure is operational at four levels, namely the central, provincial, district and commune. At the central level, Ministry of Labour, Invalids and Social Affairs (MOLISA) (assigned as the Programme Managing Agency), Ministry of Planning and



Investment (MPI), Ministry of Finance (MOF), Ministry of Agriculture and Rural Development (MARD), Committee on Ethnic Minorities (CEM), Ministry of Education and Training (MOET), Ministry of Health (MOH) and State Bank of Viet Nam (SBV) are responsible for the programme's overall guidance. Together with representatives from mass organisations (namely, Viet Nam Fatherland Front (VFF), Viet Nam Women's Union (VWU) and Viet Nam Farmer's Association (VFA)¹⁶) they are represented at the National HEPR Steering Board, headed by the Deputy Prime Minister in charge of the rural sector, to assist the government in the programme's overall supervision, coordination and evaluation.

At local levels, Provincial People's Committees (PPCs) are in charge of organising and managing the programme, and accounting for the use of all resources within their territory. The implementation authority is delegated to commune people's committees or temporarily to district people's committees (DPCs) wherever the former have capacity constraints. HEPR Boards have been established in all provinces and most districts and poor communes. Some PPCs and DPCs have an HEPR section or group of experts to help them and the HEPR Board in daily management and coordination of HEPR efforts. Being a national targeted programme, NTP on HEPR directly targets at all the poor qualified MOLISA's poverty definition in all provinces throughout Viet Nam.

3.1.2 Programme 135

The Programme for Socio-economic Development in Communes faced with Extreme Difficulties (known as Programme 135) was approved by the Prime Minister by Decision 135/1998/QDTTg issued on 31/7/1998, to enhance poverty reduction in disadvantaged communes in 52 out of 64 provinces in the country. On 29 November 2000, Decision 138/2000/QD-TTg integrated the earlier NTP on HEPR components on sedentarisation, support to especially disadvantaged minorities, and inter-commune centre development in mountainous communes into Programme 135. In addition, the component "support for disadvantaged ethnic minority households" was changed into "support for disadvantaged ethnic minority policies" and shifted from the NTP on HEPR to Programme 135 in 2001.

Following these shifts, P135 now consists of five highly targeted sub-programmes: infrastructure development, inter-commune centre infrastructure development, relocation planning, agricultural and forestry extension (linked to processing industries), and training for commune/village staff in remote and mountainous areas.

Programme Objectives

1. Reduce the proportion of poor households in communes with extreme difficulties to less than 25% in 2005, and
2. Provide adequate clean water, increase the proportion of school-age children attending school to more than 70%, further train poor people in production, control dangerous and social diseases, construct roads to inter-commune centres, and develop rural markets.

¹⁶ For more information on these agencies, please refer to **Error! Reference source not found.**



Programme Components and Resources

Programme 135 was first implemented in the country's 1,000 poorest communes and was gradually expanded to the 2,362 poorest communes. It funds:

1. Construction of infrastructure at the village and commune level (roads, health centres, schools, irrigation systems, water supply systems, markets, etc.)
2. Construction of infrastructure at commune-cluster level (inter-commune roads, clinics, markets, etc.)
3. Settlement and sedentarisation of ethnic minorities
4. Agricultural and forestry extension
5. Training of commune level cadres (for management and monitoring of works)

Funding for 2,233 of the poorest communes is allocated from the State budget and the other 129 from provincial funds. Total investment during 1999-2004 was VND 6,795 billion or nearly USD430 million. Of this about 3.5% went to components (3) and (4), and less than 1% for training of commune-level cadres.

Implementation Arrangement

The National Steering Committee for Programme 135 consists of representatives from various ministries and agencies such as CEM, MOLISA, MPI, MOF, MARD, VFA, and the Minorities Committee of the National Assembly. CEM is the Standing Agency in the committee. There are clear guidelines for project implementation procedures. For individual sub-programmes, the CEM as the standing body and the executive agencies have issued inter-ministerial circulars on programme management and implementation. MARD, as the other executive agency for Programme 135, has also issued various guidelines on implementation of related components.

Box 3: List of all NTPs

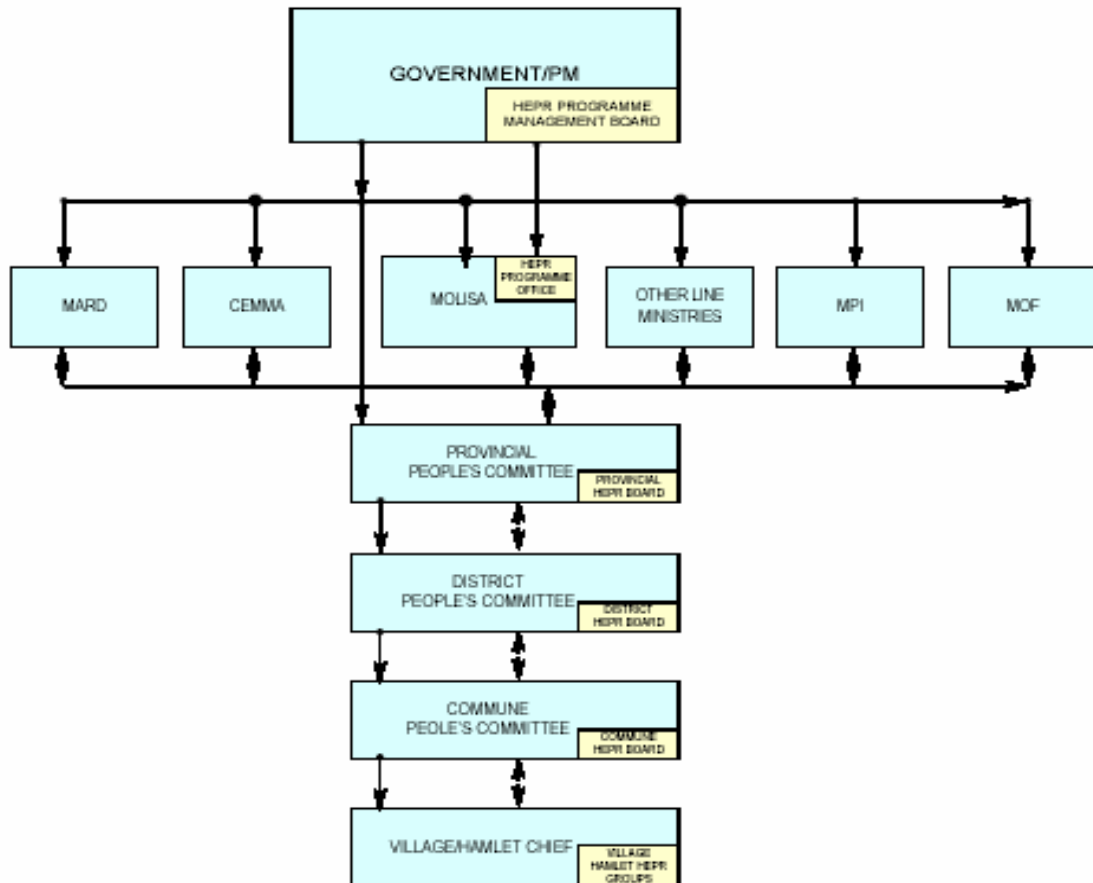
The Decision The Decision No. 71/2001/QD-TTg dated 4/5/2001 by the Prime-Minister on ratification of the six national targeted programs (NTPs) in the period 2001-2005. HEPR-JC is one of the most important of the NTPs. Together with Program 135, HEPR-JC especially focuses on poverty reduction. The following are six NTPs:

1. *The National Targeted Program on Hunger Eradication and Poverty Reduction and Job Creation.* The MOLISA is management agency of the program
2. *The National Targeted Program on Clean Water and Hygienic Environment in Rural Area* The MARD is program management agency.
3. *The National Targeted Program on Population and Family Planning.* Management agency of the Program is the National Committee for Population and family Planning
4. *The National Targeted Program on Prevention of Some Social Diseases, Serious Epidemics and HIV/AIDS.* Management agency of the Program is the MOH
5. *The National Targeted Program on Culture* Management agency of the Program is the Ministry of culture and information

6. The National Targeted Program on Education and Training. Management agency of the Program is the MOET

Source: Dang Kim Chung

Figure 5: Organisational structure of the NTP for HEPR



Source: MOLISA & UNDP 2004

As mentioned above, there have been quite a number of guidelines from ministries to implement the Program. For example, Committee on Ethnic Minorities (CEM) issued Circular No 41 dated November, 8 1996 to help to stipulate out criteria for identification of communes of Program 135 to fulfil the target groups of Program 135 of extremely difficult communes located in mountainous and isolated areas.

The criteria included:

- Location: far-flung, borderline or island areas with a distance of over 20 km from a centre of development;
- Available infrastructure: no infrastructure or only temporary infrastructure, difficult transportation, no roads to communes, very poor or no electrical facilities, clean water, schools or clinics;



- Social issues: illiteracy rate of over 60%, many diseases, out of date customs, poor access to information;
- Production conditions: In general, production conditions were difficult and could not meet the demands of the people. Household living resources mainly come from cutting timber; forest area was utilised for agricultural cultivation; production was nomadic;
- Living conditions: Over 60% of households were poor with difficult lives.

In addition, communes from borderline areas and safe zones (former revolutionary bases) were also included.



4 Q3: How have policies intended to benefit the chronically poor been enacted?

I.e. through specific legislation, through insertion into sector policy frameworks, expenditure frameworks, sector programmes, or through special provisions within the national budget (e.g. the genocide survivors fund in Rwanda)?

Both NTP on HEPR and Programme 135 came into existence by executive orders of the Prime Minister namely decision No. 143/2001/QD-TTg dated 27/9/2001 and Decision 135/1998/QD-TTg dated 31/7/1998 (see Appendix 3 for full contents of the Decision).

Before the enactment of the two programmes by the government, the issue of hunger eradication and poverty reduction had emerged as an important component of national policy after the Viet Nam Communist Party's 8th Congress in 1996, which outlined the objectives of HEPR and associated policy measures.

After the enactment of the Prime Minister's decisions, as routine government procedures, relevant ministerial level agencies issued circulars to provide guidance for implementing the Prime Minister's decision.

The story of the evolution of NTP on HEPR below will throw some light into how policies intended to benefit the poor was enacted.

4.1 Evolution of NPT on HEPR¹⁷

After a decade out of the devastating war with America, Viet Nam was in crisis in the mid 80s. Many regions of Viet Nam faced the risk of outbreak famine. The country was isolated from the Western world while support from Russia was withering. Reasons were many, major ones included huge resource deployment for the two wars (with Khmer Rouge in the South in 1977-1978, and with China in the North in 1979), the heavy burdens for keeping an army in Kampuchea since 1979 and the fall of agricultural production due to the collapse of the state-owned co-operative system in the rural Viet Nam. In 1988, the Party and Government started the first round of reform in agricultural sector, giving cultivated land back to the households to allow farmers to produce whatever they saw as fit and to sell to whoever paid the highest prices. A few years later, in 1990, agriculture made a rebound; Viet Nam went from being a net importer to becoming the third largest exporter of rice, after Thailand and America. While people in the Red River Delta and Mekong River Delta were more or less having enough to eat, the farmers in the Northern mountainous areas, the Central highlands and the Central coasts were still having difficulties feeding their families. In these regions, the combination of harsh climatic conditions, lack of cultivation land and poor farming techniques resulted in permanent food insecurity. Today, as discussed in the session on poverty analysis

At the policy level, hunger and poverty in mountainous and remote regions of Viet Nam was first recognised as a persistent problem at the 7th Viet Nam Communist Party Congress in

¹⁷ This session draws upon UNDP and MOLISA report "Taking stock, Planning ahead: Evaluation of the national targetd programme on Hunger Eradication and Poverty Reduction and Programme 135", 2005



1991. The Congress also noted a lack of sufficient emphasis by the government on providing support services, commune infrastructure, health care and education to the poor and ethnic minorities in these areas.

Ho Chi Minh City, which was well ahead of other cities and provinces in the economic reform (*doi moi*) process, initiated the first HEPR effort at the provincial level in 1992. The initiative aimed to eradicate hunger through increased public expenditure that improved access for the poorest people and communes to preferential credit, housing, food subsidies, basic social services and commune infrastructure. Following the lead of HCMC, 44 provinces set up HEPR funds as a way of coordinating (local and central) activities, resource mobilisation and spending. Most of the funds' activities centered on granting loans with preferential interest rates to help individuals set up businesses. These efforts received official approval from the central government through MOLISA's participation in guidance and monitoring. The first national poverty lines were also drawn by MOLISA in 1993. The Government launched a number of nationwide HEPR-related initiatives in 1993 such as VBARD¹⁸'s non-collateral credit for the poor, and programmes 327 and 120. The latter were pilot-tests of the government's attempts to address socio-economic priorities through targeted programmes.

Prior to 1996, different ministries and agencies implemented many national programmes to meet socio-economic development targets. However, there were no clear regulations on the performance of these national programmes. HEPR emerged as an important component of national policy after the VCP's 8th Congress in 1996, which outlined the objectives of HEPR and associated policy measures. The impetus for the national HEPR programme arose out of the growing recognition of limitations in the country's existing approach to poverty alleviation, including: (i) the lack of integration between existing programmes leading to a lack of coordination between policies and a diffusion of resources, (ii) the heavy emphasis on credit and a relative neglect of education, training, health care and infrastructure development, (iii) the lack of national poverty standards, and (iv) the lack of effective mobilisation of the community behind poverty reduction.

In 1996 the government proposed a national hunger elimination and poverty reduction (HEPR) programme to coordinate existing and new efforts, as well as to channel resources for combating poverty. In November 1997 the Viet Nam Communist Party's Central Executive Committee reviewed local HEPR experiences and created a detailed outline for a future national HEPR programme whereby planning and management are defined by the programme while the actual investment is done by the different component-projects.

HEPR was taking shape as a national targeted programme (NTP) in 1998 consolidating a large number of national programmes into fewer but more focused projects. NTP on HEPR for the period of 1998-2000 was officially came into existence by an executive order of the Prime Minister- Decision 133/QĐ-TTg dated 23/07/1998.

This decision spelled out the following:

1. Objectives of the programme: reducing poverty to 10% in 2000;

¹⁸ Viet Nam Bank for Agricultural and Rural Development, the largest bank operating in rural areas of Viet Nam.



2. Scope of the programme (coverage and focus): nation-wide and with focus on the poor communes, uplands, isolated and remote areas and border areas;
3. Programme components;
4. Budget and sources of funds;
5. Implementation arrangement: responsibilities of the government agencies - MOLISA, MARD, CEM, MPI, MOF, SBV, MOH, and MOET.

In April 1999 the development of the national HEPR framework led to the enactment of a number of inter-ministerial instructions to guide the implementation of the NTP and related programmes (such as planning, integration, finance, infrastructure development, health care and staffing).

Thus, the NTP for HEPR did not appear suddenly. Rather, it was the result of a long process of interactions between local initiatives and central responses to emerging challenges by providing policy guidance.

Later, in 2001, the first year of the 5 year socio- economic development plan 2001- 2005, job creation programme was added to NTP on HEPR for 1998- 2000 to be come the National Targeted Program on HEPR and Job Creation (HEPR- JC). This adjustment and extension of NTP on HEPR was also approved by an executive order of the Prime Minister, Decision No. 143/2001/QD-TTg dated 27/9/2001

4.2 Objectives of NPT on HEPR

The objective of NTP on HEPR in the period of 1998-2000 was to eliminate chronic hunger and reduce the percentage of poor households in the country to 10% by 2000.

Another objective, not explicitly stated but often emphasised by the 8th VCP Congress, political leaders and the public was “to narrow the gap among population groups and geographical areas by accelerating the socio-economic development of the disadvantaged.

These objectives were expanded for the period 2001-05. Thus, Programme 143 aims to:

1. Reduce the proportion of poor households to below 10%, using MOLISA’s new poverty line – i.e. an average decrease of 1.5-2.0% per year and eliminate chronic hunger.
2. Ensure that poor communes have basic infrastructure works such as small-scale irrigation, schools, health care, roads, water electricity, markets, etc.
3. Provide jobs for 1.4-1.5 million labourers every year.
4. Reduce the unemployment rate in urban areas to less than 6% and promote the labour time use in rural areas to 80% by 2005.



4.3 Objectives of Programme 135

Programme 135 aims at the promoting a market economy in disadvantaged areas and setting up a wide range of policies to be further developed. In addition to the HEPR primary target, Programme 135 also contains a number of secondary targets, which are not included in this report and do not completely fit into the NTP for HEPR (e.g. “to integrate ethnic minorities into the national development ...[and] to promote national security”).

Specifically, Programme 135 aims to:

“Reduce the proportion of poor households in severe-difficulty communes to less than 25% in 2005, and Provide adequate clean water, increase the proportion of school-age children attending school to more than 70%, further train poor people in production, control dangerous and social diseases, construct roads to inter-commune centres, and develop rural markets.”

5 Q4: What happens to policies following enactment?

5.1 The main structural or institutional responsibilities for implementation¹⁹

After the decisions were ordered, the implementation was rolled out by the government apparatus involving ministries (at the central level) and local authorities (from provincial, district to commune levels). Figure 5 describes the agencies involved and the structure of the implementation.

5.1.1 *Implementation Arrangement of NTP on HEPR*

The organisational structure of the programme management for NTP on HEPR is depicted in Figure 5.

The organisations and their responsibilities are summarised in Appendix 2.

The programme's management structure is operational at four levels, namely the central, provincial, district and commune. At the central level, MOLISA (assigned as the Programme Managing Agency), MPI, MOF MARD, CEM, MOET, MOH and SBV are responsible for the programme's overall guidance.

Together with representatives from mass organisations (namely, VFF, VWU and VFA) they are represented at the National HEPR Steering Board, headed by the Deputy Prime Minister in charge of the rural sector, to assist the government in the programme's overall supervision, coordination and evaluation.

At local levels, PPCs are in charge of organising and managing the programme, and accounting for the use of all resources within their territory. The implementation authority is delegated to commune PCs or temporarily to district PCs wherever the former have capacity constraints. HEPR Boards have been established in all provinces and most districts and poor communes. Some PPCs and DPCs have an HEPR section or group of experts to help them and the HEPR Board in daily management and coordination of HEPR efforts.

Among central agencies MOLISA, MPI and MOF play key roles in HEPR planning, funding, and coordination. MPI and MOF are responsible for balancing demand and available resources for HEPR and allocating the total amount of funds to the NTP. Moreover, MPI and its local branches (e.g. DPI and SPI) have been designated as the government's focal points for the planning, managing and coordinating of national programmes at their respective levels. MOF is in charge of budgeting, and the transfer and use of funds. MOLISA is in charge of synthesising and submitting to MPI and MOF the proposed allocation of the NTP resources among provinces and participating programmes after being cleared by the National HEPR Steering Board.

The Programme Steering Board is designed as a mechanism for coordination, supervision and evaluation and its collective decisions are to be formalised by instructions from

¹⁹ This session draws on MOLISA& UNDP, 2005



concerned members (e.g. the Deputy Prime Minister or Vice Ministers). The Board's coordinating role also overlaps with the coordinating responsibility of MPI and MOLISA.

The key implementation players in HEPR are not central agencies but provincial authorities, particularly the VCP and PPC which are solely responsible for setting targets, organising, guiding, and coordinating the implementation of HEPR and its resources in the province. The role of commune authorities and mass organisations is essential since they are in charge of the bottom-up planning and implementation of the programme. The districts play a significant role in delivery since most specialised service providers (i.e. VBP, VBARD, extension service centres, education and health care providers) are based at the district level.

5.1.2 *Responsibilities for HEPR programme management*

Programme National Steering Board General guidance and overall supervision and coordination of programme implementation Standing Body MOLISA Assist the government and the HEPR Steering Board in programme implementation coordination, monitoring and supervision. Develop poverty lines and provide general HEPR instructions, training and information

Executing Agencies: MOLISA, MARD, CEM, MOH, MOET, SBV: Supervise the implementation of programme components delegated to them, develop sectoral policies and provide technical guidance and supports according to their mandate. CEM is the focal point for the P135.

Others:

MOF: (i) Prepare budget for the programme's recurrent expenditures, (ii) Allocate funds from the State Budget for the programme, (iii) Provide guidance to local authorities on financial management and (iv) M&E of funds utilisation.

MPI: (i) Budget the programme's capital investment part, (ii) Prepare budgets for the programme's recurrent expenditures in cooperation with MOF, (iii) Mainstream the NTP on HEPR and P135 in the national socio-economic development plans, (iv) Provide guidance to local authorities on integrating other poverty reduction related programmes and projects into their development plans, (v) Evaluate programme performance, and (vi) Mobilise and coordinate ODA for poverty reduction.

Mass Organisations: Vietnam Farmer Association, Viet Nam Fatherland Front, Vietnam Women Union, Youth Union

Involved in various activities according to their functions and mandates, such as helping organising credit savings teams, identifying the training needs of farmers for agricultural extension. In addition, these organisations have been allocated some funds from the state budget within the HEPRJC framework to provide credit to their members.

At the Province level: PPC

Fully responsible for HEPR in the province - planning and integrating HEPR activities, approving HEPR plans and projects of the sub-provincial levels, funding mobilisation and management, coordinating and supervising the implementation of HEPR efforts in the



province with assistance from DOLISA (in charge of monitoring, and the general HEPR general implementation coordination), DPI (in charge of integration and funds allocation) and Ethnic Minorities Board (in charge of the implementation of the P135). Often also adapt poverty lines, list of priority communes & HEPR policies to local conditions, identify commune infrastructures to be developed based on consultation with sub-provincial levels and approve infrastructure development projects.

At the District level: DPC

Approve HEPR plans and projects of the commune (except infrastructure projects above VND2 billion), implement commune-based HEPR projects if the commune level lacks necessary capacity; otherwise, provide support role (e.g. assist the PPC in monitoring and supervising the commune-based HEPR activities and support commune PCs in undertaking technical supervision of their implementation). Also provide technical services (including project design and construction works) to communes without approval authority for commune infrastructure projects.

At the Commune level: CPC

Focal point for implementation of commune-based HEPR plan/projects. Mobilising people's participation at the grassroots level, and organising and managing the implementation of the plan/projects. It is accountable to the Commune People's Council, DPC & PPC. Specifically, the PC regularly reports to the commune people's council & community, organising the preparation of the commune's HEPR plan and its implementation, when approved; mobilising commune resources and disbursing HEPR funds. Also conduct poverty mapping & maintain updated list of poor households.

Source: Compiled from materials in UNDP (1999)

5.1.3 Programme 135: Implementation Arrangement

At the central level, CEM is the Programme Managing Agency for the implementation of Programme 135.

The National Steering Committee for Programme 135 was established, and operates in accordance with the Regulation on the 135 National Steering Committee operations, as per Decision 01/TTg of 4 January 1999 and Decision No-13/1998/QD-TTg of 23 January 1999 issued by the Prime Minister. The Committee consists of representatives from various ministries and agencies such as CEM, MOLISA, MPI, MOF, MARD, VFA, and the Minorities Committee of the National Assembly. CEM is the Standing Agency in the committee.

There are guidelines for project implementation procedures. For individual sub-programmes, CEM as the standing body and the EAs have issued inter-ministerial circulars on programme management and implementation. MARD, as the other EA for P135, has also issued various guidelines on implementation of related components. The operational structure of Program 135 was similar to the NTP-HEPR (see Figure 5). However, the implementing apparatus was simpler because there were only two direct managing bodies of the program: CEM managed three components and MARD managed two components. The Vietnam Farmers' Union and Ethnic Council of the National Assembly were assigned to monitor the program. Placement of management agencies for Program 135 in many localities was inconsistent. At the central



level, CEM was the management agency, but most provinces assigned DPI to be the focal point of the program.

5.1.4 *Responsibilities for Programme 135 management*

Standing Body CEM Coordinating with relevant ministries/agencies and provinces in programme implementation, providing guidelines on programme implementation, management and monitoring.

Executing Agencies CEM Coordinating sub-programme implementation MARD Coordinating sub-programme implementation Providing guidelines to provinces on land planning and relocation, and agricultural and forestry production promotion linked to processing industries

Others Ministries:

MPI: In cooperation with MOF and other agencies, prepare programme budgets

MOF: Providing guidance and supervise disbursement and utilisation of funds from state budget, and report to Government on fund use from local budget

VFA, NCMA and MOLISA Participate in programme evaluation

Civil servants and field level bureaucrats take such policies forward. And, how do they describe the process[es] of implementation i.e. in terms of changes to the budget, changes to the types/cost of services; enforcement of particular legislation (who enforces, how do they ensure that it is pro-poor); through the dissemination of information on entitlements/rights etc.

In order to answer this question, reports of the two field trips to Dien Bien province in the North West and Hai Phong City in the Red River Delta are presented below. The first report - a story of Dien Bien province- will illustrate how field level bureaucrats take NTP on HEPR and Programme 135. It also addresses the question of how they describe the process(es) of implementation i.e. in terms of changes to the budget, changes to the types/cost of services; enforcement of particular legislation (who enforces, how do they ensure that it is pro-poor); through the dissemination of information on entitlements/rights etc. In addition, the second report - a story of "Hai Phong programme to eradicate thatched house for the poor"- will further describe the role of provincial government in taking the policies forward.

5.2 Story 1: Poverty Reduction in Dien Bien province²⁰

Dien Bien is a province located in the North West mountainous areas with the famous battlefield Dien Bien Phu that witnessed the end the one-hundred-year of French colonisation in Viet Nam. The province borders with China in the North and with Laos in the West. Dien Bien has the area of 9,554 square km with 50% of the area is more than 1,000 m above the sea level. The population was about 45,000 inhabitants (in 2005), made of from 21 ethnic groups, of which Thai accounted for 40.4 percent, H'mong: 28.8%, Kinh (Viet): 19.7%, Kho Mu 3.2%. Of the total 21,435 households 8,602 households or 44.8% were classified as poor in 2005. Of the total 59/88 communes, some 59 communes were classified as communes

²⁰ This session draws upon the discussions with government officers at provincial, district, commune and village levels during the author's visit to Dien Bien province, Dien Bien Dong districts and Na Son and Keo Luom Communes in early November 2006.



with extreme difficulties under Programme 135. Poverty is strongly associated with ethnic minority group living in isolated and remote communes.

In implementing NTP on HEPR, like other provinces, Dien Bien (formerly Lai Chau²¹) established the provincial steering committee on hunger eradication and poverty reduction (SC HEPR) in 1999 using the format in accordance with the guidelines prepared and issued by MOLISA. The Vice Chair of the provincial People's Committee responsible for cultural, educational and social affairs headed the committee. Members of the committee include representatives of the provincial agencies namely Department for Labour, Invalids and Social Affairs (DOLISA), Department of Planning and Investment (DPI), Department of Finance (DOF), Department for Agricultural and Rural Development (DARD), Committee on Ethnic Minorities (pCEM), Department of Health, Department of Education and Training, Department of Statistics, Bank for Social Policy (VBSP), the mass organisations (Fatherland Front, Trade Union, Youth Union, Women's Union, Veteran Association, Farmers' Association). Each of the department was given specific responsibilities. DOLISA was named as the coordinating agency for the Committee.

A similar set up was also applied for the district and commune level.

With regard to Programme 135, the provincial steering committee for Programme 135 was made up of almost the same committee. The only difference was that provincial Committee on Ethnic Minorities (pCEM) was the coordinating agency instead of Department of Labour, Invalid and Social Affairs (DOLISA) as in the lead agency hosting the Steering Committee for HEPR.

The establishment of the steering committees, its charter, membership, working modality, financial management and members' responsibilities were governed by decisions by the PPC and guideline issued by the relevant provincial agencies.

5.2.1 Period from 1998 to 2005

In this period, poverty reduction efforts at the provincial level meant implementing the relevant national government policies and adding some province-specific projects. In Dien Bien, followings are the national level programmes and projects implemented in the province:

1. Credit for the poor (part of NTP on HEPR)
2. Production support (part of NTP on HEPR)
3. School fee exemption for the poor (part of NTP on HEPR)
4. Health care for the poor (part of NTP on HEPR)
5. Agricultural and forestry extension (part of Programme 135)
6. Infrastructure at commune and village levels (part of Programme 135)
7. Infrastructure at cluster-cluster level (part of Programme 135)

²¹ Dien Bien province broke up from Lai Chau province in 2002.



8. Settlement and sedentarisation of ethnic minorities (part of Programme 135)
9. Training of commune-level cadres (part of Programme 135)
10. Cultivate land for the poor
11. NTP on rural water supplies and sanitation
12. Production model for hunger eradication and

These programmes and projects are designed and managed by the national level agencies like MOLISA, MARD, and CEM etc. Funds are from the national budgets.

In addition, Dien Bien designed and implemented one provincial programme- "Socio-economic development programme for the upland²² areas". This programme started in 2000 and targeted at 252 villages in the upland areas of Dien Bien. The purpose of the programme was to improve the infrastructure of the villages classified as poorest and most difficult. Annually each village would receive VND 60 million to build small-scale project at their own discretion. This support will continue until 2010.

Table 7: The results for overall HEPR efforts for 1999-2005 in Dien Bien province

	Objectives	Achievement rate
1	Poverty reduction at 5% annually	100%
2	100% communes have strong and active committees on HEPR	100%
3	100% of the poor access to free curative treatment	100%
4	80% to 90% poor households access to subsidised credit	100%
5	100% communes have cadres trained on HEPR	80%
6	100% of households belonging to "policy group" ²³ escape poverty	100%

Source: People's Committee of Dien Bien, October 2005

²² CEM uses terrain features to classify administrative units for purpose of the Programme. According to this classification, an administrative unit (province, district or commune) is "mountainous" if two thirds of it land are more than 25 degree slope or 200 m above the sea level; and "upland" if two thirds of it land are 600 m or more above the sea level.

²³ Families with members who are revolutionaries, war invalids, fallen soldiers or have significant contribution or sacrifices to the revolutionary cause.

**Table 8: Results of Programme 135 for 1999-2005 in Dien Bien province**

	Components	Number of projects constructed	Value at current prices (VND million)
1	Infrastructure at commune and village levels	440	174,723.0
2	Infrastructure at commune-cluster level	12 clusters	50,175.9
3	Settlement and sedentarisation of ethnic minorities	749 household (*)	3,338.9
4	Agricultural and forestry extension		2,328.0
5	Training of commune-level cadres	4,191 (**)	1,884.0

Note: (*) Number of households was relocated. (**) number of cadres was trained.

Source: People's Committee of Dien Bien, October 2005

5.2.2 Period of 2006-2010

At the start of this period, poverty reduction efforts in Dien Bien province have had a new face. Instead of being pulled by the national government as in the previous period, Dien Bien provincial government has taken ownership and leadership in its long-term plan for socio-economic development and hunger eradication and poverty reduction. The whole political system in Dien Bien is involved in HEPR efforts.

In July 2006, the provincial communist party cell issued Resolution no. 02-NQ/TU dated 10/7/2006 on provincial programme on hunger eradication and poverty reduction (HEPR) for 2006-2010. In this document, HEPR was considered a long-term strategic task, which has significant bearings on all aspects namely political, social, national defence and security and reflects Viet Nam's traditional value in assisting the disadvantaged. Economic growth is considered as the main engine for HEPR. While the Resolution emphasises that HEPR efforts need to be comprehensive, it plans to focus on the more difficult upland and ethnic minority areas.

The general objective of the HEPR efforts for 2006-2010 is to provide basic infrastructures regarding production, housing, safe water, roads, schools, clinics, telecommunication for poor communes. It also aims at narrowing the gap of living standards between the uplanders and the lowlanders. Specific objectives are as follows:

1. GDP growth rate at 11-12% per year on average for the whole period;
2. GDP per capita at USD 450-500 in 2010;
3. Poverty rate reduced from 44.06% now to under 20% in 2010 at the average reduction of about 4% to 5% per year, there will be no family living in chronic hunger;
4. 100% communes with extreme difficulties will be provided with basic infrastructures to include transportation, irrigation, electricity, communication, schools, clinics, television, cultural and information facilities. 70% or more of all houses will have tiled roofing; 70% or more of the villages will have motorway connections.



5. 70% or more households will access to basic social services to include healthcare, education and vocational training, banking etc.
6. Create 5,000 new jobs per year, vocation trainings provided for 3,000-4,000 people per years; 26% or more of the labour force will receive training by 2010.

In April 2006, Dien Bien PPC set up a working group to prepare the Provincial Programme on hunger eradication and poverty reduction (HEPR) for 2006-2010. The working group has conducted consultative workshops in 4 communes to solicit inputs and comments from farmers for the programmes. In addition, two workshops at the provincial level were conducted to for professionals, officers and members of the mass organisations to contribute and comment on the programme.

In July 2007, the Provincial People's Council (the legislative body) officially adopted the document proposed by the Provincial People's Committee on the Provincial Programme on HEPR for 2006-2010.

Objectives of the Provincial HEPR Programme:

1. Poverty reduction at 5% per year;
2. 100% communes have strong HEPR steering committees;
3. 100% of the poor get access to free healthcare services;
4. 80%-90% of the poor get access to subsidised credit;
5. 100% communes with officers receive training on HEPR; 100% of the poor receive training on extension services;
6. 100% of the households belonging the policy group escape poverty and belong to average-income group or better;

In the document, poverty analysis provides disaggregations regarding urban and rural, ethnic minorities, by geography, household incomes, poverty incidence by commune groups, household's characteristics regarding housing conditions and access to electricity and safe water. Budget commitments were made for the lifespan of the Provincial Programme on HEPR for 2006-2010. Annually budget allocations are made and incorporated in the provincial budget and will be managed by the Provincial treasury System that make reimbursements to the executing agencies.

Policy and Programme Options:

1. Production support: providing land to the poor ethnic people, increasing from one crop to two crop production
2. Mobilising more resources for HEPR efforts from the national, provincial budget, from businesses and from philanthropic individuals;



3. More education and vocational training: extending the training capacity of existing facilities, allowing the private sector to provide services, continue school fee exemption policy and subsidised textbooks;
4. Improved the quality of healthcare for people, increase investment in upgrading clinics and regional medical centres, increase the number of doctors serving in the clinics (by 2010 70% or more commune clinics have doctors, 50% or more communes have clinics that meet national standards, continue the policy to provide free healthcare for the poor;
5. Provided social relief's for victims of natural disasters, investment in natural disaster mitigation projects;
6. Provide housing and residential lands for the poor, by 2010 provide housing support to 14,241 families, provide residential lands for 1,200 families;
7. Providing cultural and information facilities, building cultural houses and post offices in all poor communes, increase television and radio coverage;
8. Better coordinate existing HEPR programmes and projects to ensure synergy of these efforts and to avoid overlapping and conflicts;
9. Upgrade the effectiveness of the Steering committees for HEPR at all level, focusing on capacity building for the officers involved in HEPR activities.

There are a number of changes in the way the Programme was prepared and approved in the province:

Firstly, ownership and leadership: The province initiated and drove the whole process instead of being pulled by the national government as in the previous period. The Dien Bien Programme for HEPR for 2006-2010 is a comprehensive programme serving as a mechanism to coordinate and synergise various programmes and projects funded by various sources including national and provincial budgets, ODA, NGOs and philanthropic individuals.

Secondly, poverty Reduction at the central stage: Poverty is high on the agenda of the party, the People's Council and the government agencies. Poverty targets are mainstreamed into the government socio-economic development plans with budget allocations. The whole political system is involved in the poverty reduction efforts.

Thirdly, participation, evidence-based: The preparation of the Provincial Programme for HEPR for 2006-2010 was participatory process involving stakeholders through consultative workshops at communal and provincial levels. In addition, the Programme has a vigorous analysis of poverty dynamics. It also a set of intermediate indicators for monitoring and impact evaluation. In addition, the budget allocation and source of funds were indicated.



5.3 Story 2: Hai Phong eradication of thatched houses programme²⁴

Hai Phong is the third largest city in Viet Nam after Ho Chi Minh City and Ha Noi. Its seaport serves as the main gateway to Ha Noi and the dynamic economic zone in the North of Viet Nam. Hai Phong is divided into two parts: urban and rural. The urban part, which is the city town of Hai Phong, is traditionally an industrial base for industries such as steel, shipbuilding and repairs, export processing and packaging. The rural part is agricultural economy basing on rice production, vegetable plantation and fisheries.

In 2002, as part of the overall HEPR efforts, Hai Phong City started a locally funded programme targeting at the poor identified by MOLISA poverty line- Programme on Eradication of Thatched Houses²⁵. The objective of the programme is to improve the housing condition for the poor by replacing thatched house by brick house that can sustain strong winds caused by typhoons. Yearly target was set out specifying the number houses in each district. Resources for the programme came from 2 sources: i) allocation from the city budget. This part would fund a fixed amount of around 30% of the costs. In the period 2006-2007 this amount is VND 4.0 million, and the cost estimate for an average house is VND 12.0 million. ii) a "fund for better house for the poor" raised from the contributions from individuals to include government officers, army officers, businesses and the general population. This fund is managed at the district level. The local authorities at all level are responsible for funding raising efforts. A targeted fixed amount is set out for individuals. They are VND 15,000 for urban areas and VND 10,000 for rural areas. These two sources would account for 50% of the cost. The (poor) family and their relatives are responsible for the balance of 50%. In case the family cannot contribute the balance, the district committee of the programme would consider funding 100% of the cost at the recommendation of commune authority and the endorsement of the communal mass organisations.

The programme was started out by a resolution of the Communist part cell of Hai Phong city in 2002 (Resolution 11/NQ-TU dated 28/10/2002). This resolution was followed by a directive of the standing committee of the Hai Phong party cell (Directive 15-CT/TU date of 24/3/2003) outlining the objectives and scope of the programme, and An Action Plan by the People's Committee of Hai Phong for 2003-2005 (Decision 1647/KH-UB date 28/4/2003) detailing the targets and mechanism for the programme. During the 3-year implementing the programme, 6,500 brick houses were built and given to the poor with the total funding of VND 71.0 billion (at current prices). For period 2006-2007, the Party cell had issue Directive 003-CT/TU dated 28/3/2006 and the People's Committee issued An Action Plan for 2006-2007. The target for this period is to replace all thatched houses by brick houses for all poor families. The number of households classified by MOLISA is 4,171. Yearly target for 2006 is 1,500 to 2,000 houses; the balance is the target for 2007.

In Cat Hai district, 80 brick houses were built and given to the poor families for 2003-2005. The total fund used was VND 1.296 billion. Of which, contribution from the families and

²⁴ The report uses information collected from documents and discussions with officials from Hai Phong City and Cat hai district.

²⁵ The programme come into existence by an executive order by the Chairman of Hai Phong City People's Committee (Directive 15-CT/TU date of 24/3/2003) and a resolution by the City Party Cell (Resolution 11/NQ-TU 28/10/2002).



relatives was 53.9%; contribution from the city budget was 16.4% and contribution from "district fund for better houses for the poor" was 29.7%.

At the national level, the implementation process changes are being made in areas of budget, services, capacity building, communication and public awareness. Reports of executing agencies (MOLISA, CEM etc.) and evaluation report conducted by UNDP and MOLISA cited improvement in the budgeting process, whereby planning and budgeting for the programmes are becoming a routine and normal planning process of the line ministries (executing agencies) and the local authorities and are becoming more transparent. After evaluation of NTP on HEPR and Programme 135 jointly conducted by UNDP and MOLISA in 2005, recommendations have been taken into account in the preparation of the two programmes for the 2006-2020 period. Major changes include more emphasis on implementation at the local level by giving more power and budget to local level executing agencies, more emphasis on communication to the public and the beneficiaries and more attention to "soft" component (capacity building, training and institutional development) as compared to the 2000-2005 implementation period. In addition, international donor community including UNDP, World Bank and other bilateral donors is providing more and more support to the implementation of the two programmes. Support comes into two forms: i) technical assistance given to management of the programme (UNDP supports the management of Programme 135) and budget support. The World Bank is preparing a budget support of around USD 150 million for Programme 135 for 2006-2010.

At the local level, story 1 and 2 above illustrate the changes in the implementation process taking place in the provinces. Take Dien Bien province as an example. In the early phase, the province was passive. They took their role as purely implementing the activities of the national targeted programmes in their locality. They followed strictly the guidelines from the central level agencies that took a top-down approach in the early years of implementation. In 2005-2010 period, after having learned from the previous phase, the province is becoming more and more active. They have developed their own poverty reduction programme. This programme incorporates the activities of the NTP on HEPR and Programme 135 implemented in Dien Bien province and other projects either initiated and funded by the province itself or funded by international donors²⁶. This provincial programme has been approved by the provincial people council and has been incorporated into five-year socio-economic plans and annual plan of the province. Story 2 (Hai Phong eradication of thatched houses programme) above tells a story of another province, besides implementing the NTP on HEPR and Programme 135, has initiated and funded a separate project to help the poor.

What do groups representing the chronically poor believe to be the most important aspects of such policy commitments?

The majority of poor people have seen their lives improved over time thanks to policy commitments which have led to increased economic activity, better infrastructure, access to education and health care as well as benefits stemming from available poverty alleviation programs. Besides, there has been a notable increase in community activities. More village

²⁶ One example of international funded project is the Agricultural Sector Programme Support for Dien Bien for 2007-2011 with budget of DKK 37 millions (USD 6.4 millions)



meetings have occurred. Society in general has become more open. General interaction between officials, at all levels, and the local people has improved. People are starting to get more involved in socio-economic planning activities for their community. Causes for these improvements include general open-door reforms, Decree 29 on Grassroots Democracy, as well as the implementation of Public Administration Reform. (PPA Ninh Thuan Province, CRP 2003)

What blocks implementation?

A number of factors that hinder implementation. They can be categorised in the follow groups.

Poor households eligible for support from the NTP on HEPR are identified by using the MOLISA 's poverty lines (as presented in Table 1, Question 1). A household, whose expenditures are below the threshold (the poverty line) is considered as poor. Every year, MOLISA, acting as the lead government agency, provides guidelines and technical assistance to authorities at provincial, district and commune levels to identify and count the number of poor households in their locality. Guidelines and trainings are coming from top-down from MOLISA to province to district and to commune. Implementation is from bottom-up. At the village level, of the village head (the lowest government officer) working together with the representatives women's union, farmers' union, youth league and the elderly to prepare a list of poor households, using the guidelines against their own calculations of the individual households. The list was then posted in the village for a month for people to come see. After that, the village head organises a village meeting for people to discuss and agree on the list. After that the list was submitted to the commune authority. The commune consolidates all lists from the village and then post the consolidated poverty list in a public place for people to view and have feedbacks. The commune will scrutinise and check some of the cases from the village lists. The commune will submit the poverty list to the district authority, who also scrutinise and check. Then the district will submit the consolidated list to the province, who approves the official list for the province and send it to MOLISA in Hanoi. Clearly this method of identifying poor households is highly participatory and fair. It identifies exactly the poor households to direct support to them. However, it is criticised from using the local subjective criteria , therefore, not comparable over localities. Other critique is on the low threshold used to determine the poor, thus, leaving many who are still poor out.

Poverty reduction performance of the local government at all levels is measured by the percentage points of poor people dropping out of the poverty list. In practice, the higher government level gives a quota of from 2% to 5% per year to lower level. As the discussion below this practice contributes to excluding many poor households from support from the NTP on HEPR.

There are a number of ways that the current targeting mechanism has excluded or missed out many poor people.

Firstly, poverty lines used by MOLISA at any period of time are perceived as too low by local farmers and government officers. This means that many poor people are not included in the official poor households list and therefore do not benefit from the programmes. This is normally explained by the limited resources that face the government. Box 4 below is



extracted from the a PPA in Ninh Thuan Province in 2003 conducted by The Centre for Rural Progress (CRP). Government officials interviewed and farmers participating in the discussion groups all agreed that the poverty lines used by the government to identify those who were eligible for support from NTP on HEPR were too low. As a result, many who were poor were not included in the official poor list and therefore were excluded from the support programme. As a matter of fact, the authority Ninh Son district of Ninh Thuan province developed a near poor list. They had to find extra resources and ways to support these near poor households. In addition, every commune, district and province is given a poverty reduction quota, normally ranging from 2% to 5% annually. So, every year, in order to achieve the poverty reduction target set by the higher level of government, the lower level must reduce a certain number of households from the official poverty list regardless of their welfare. This quota serves as a pressure against local government in identifying poor households, hence, more poor are excluded.

Box 4: Constraints in application of poverty thresholds

Officials and local people in Ninh Phuoc and Ninh Son Districts in Ninh Thuan Province said that the per person per month poverty thresholds of VND 100,000 for Ninh Phuoc (a Mekong Delta district) and VND 80,000 for Ninh Son (a mountainous district) do not reflect actual costs of living. In group discussions in Tuan Tu Village, An Hai Commune and in Hoa Thuy Village, Phuoc Hai Commune, people felt that these thresholds do not incorporate expenditures on necessary items such as education, healthcare, or income-generating investments. The general opinion is that the minimum income threshold must be VND 150,000 (per person per month).

Source: compiled from Ninh Thuan PPA by CRP 2003

Secondly, poor administration and bureaucratic procedures work to prevent the poor, who are already officially recognised as poor from receiving the support. In order to receive support at the point of delivery, poor people need to show the poor certificates together with their IDs. What happens is that delay in issuing poor cards, personal information on the cards do not match the ID, or the beneficiaries do not have IDs technically prevent them from receiving their entitlements. Box 5 below is another extract from the PPA in Ninh Thuan Province in 2003 conducted by The Centre for Rural Progress (CRP). The assessment revealed that because of poor administration regarding the issue of poverty certificates, many poor households could not received the benefits from the support programmes. Most people see this as a result of weak implementation capacity at all levels.

Box 5: Delays and errors in Poor Household Cards

The issue of poverty certificates is slow and subject to a high margin of error. For example, villagers in Tra Giang received their poverty certificates in July even though these certificates were dated 1st January 2003. These poor households therefore could only use the certificate for a maximum of 4 months. Furthermore, five out of 15 cards had the wrong date of birth entered for the recipient. Poor households without poverty certificates or certificates with the wrong information about the holders were denied the entitlements from the support programmes.

Source: compiled from Ninh Thuan PPA by CRP 2003

Thirdly, restrictions upon immigrants are particularly inhibitive. Until the very recent enactment of the law on residence, for a number of reasons, regulation on residence was



very restrictive. Despite the fact that the Constitution provides for and protects the free movement and residence of the citizens, regulations were set up in ways that limit this freedom. In the old days, in order to control the movement of people a very lengthy and cumbersome procedures were required to citizens to move from place to place. The extreme cases were Ha Noi and Ho Chi Minh City. No immigrant can officially register in these two cities. In Ha Noi, the regulations were such that, in order for an immigrant to be registered as Ha Noi resident, she or he must have possessed a house with his or her name in the deed. And, in order to possess a house with his or her name on the deed, the immigrant must be an officially registered Ha Noi resident. This sounds like a joke, but this policy had until very recently been in place for half a century.

In addition, the identification of poor households is also based on the official residential registration records, which again excludes immigrants. As a result, immigrants are not included in the official poor list and therefore not eligible for support in their new place of residence. Recently, this situation is improving but very slowly. One further irony is that in many rural communes, mostly in the central region, having a family member as immigrant worker in Ho Chi Minh City or any urban centre (and sending money back home) is a reason for a household to be excluded from the poor list at the home village²⁷. In a sense, being an immigrant, you are cut off from the Programme at both ends.

Fourthly, problems of communication: A number of surveys found out that people often do not know about the benefits of their entitlement and do not claim them. The (complicated) procedures of delivery serve to further limit access of the poor to the healthcare, education and credits.

Fifthly, a number of PPAs reported that farmers in the rural areas have strong opinions on a special group of people (often called "social evils"). This group includes those who are "lazy", drunken, drug additive or contracted of HIV/AIDS. In many cases, they are excluded from the official poor list. Undoubtedly, these people are among the poorest of the poor in all regions of Viet Nam.

5.3.1 *Factors constraining credit access to poor households*

Reviewing past research Huong and Thang (2003) summarised the factors that limit the access of the poor to subsidised credit. These are presented in Box 6 below.

Box 6: Factors constraining credit access to poor households

Not all poor households in need of capital, especially in very poor communes, can get access to credit. In mountainous provinces, e.g. Son La and Lai Chau, bank officials are unable to reach the communes frequently. In some cases it takes 3-4 days to get to necessary places, which costs the officials more than their transport allowance of about VND 300,000 (Hoang Son, 2001). This serves to limit the provision of services in these areas.

Targeting-related problems are documented as follows:

²⁷ Normally, a seasonal laborer coming from the rural village to take a manual jobs in the cities (construction sites, restaurants, cleaning jobs, nannies etc.) will send home from VND 500,000 to 800,000. This amount is good enough to lift from 2 to 4 dependents above of the consumption threshold that defines poverty in the rural areas. Information about remittances are known to villagers in the village where everyone knows about everything in other families.



Often the poor borrowers are screened out because of a low repayment capacity. Instead, households not poor according to the MOLISA's poverty thresholds but with a higher credit demand and repayment capacity get loans.

Insufficient information on financial services in rural Viet Nam is also a problem. The poor are often not aware of the eligibility conditions, interest rates, and other loan terms. Information about credit is mainly conveyed via credit officers and is usually inconsistent (The Viet Nam-Canada Rural Finance Outreach Project, 1999 cited in Dufhues 2002). This means that they do not know there are the services. In some cases people shy from using it because they do not know about terms and conditions of the loans; therefore are not sure whether they can pay back.

Evidence from the village survey by Dufhues *et al.* (2003) show that in some cases "hungry" households are officially excluded as they are assessed as too poor and therefore unable to repay the loans. In contrast to the national policy of providing collateral-free loans, some credit officers insist on collateral in the form of a "Red Book"²⁸ for a VBP loan. What is this?

This is in contrast to the national policy of providing collateral-free loans. Some farmers switched from VBARD to VBP²⁹ because of its lower interest rate, despite having collateral and not belonging to the eligible target group of the VBP.

In some cases poor households find it difficult to access the loans due to an absence of regular loan provision. The VBP provides loans to the selected poor households in a commune at one time a year but it is once in 2 or 3 years for each village. Then, a poor household that did not gain access to VBP loan at the first time has to wait for 2 or 3 years to next credit cycle to borrow (Nguyen Xuan Nguyen, 2001).

The poorest households generally do not access VBP loans partly due to self-exclusion (for fear of indebtedness), and also because of restricted outreach and limited range of credit product (Dao Van Hung 2001)

Focusing on ethnic groups. Huynh Thu Ba (2002) found out that in many credit and saving projects, some ethnic groups with no special needs might become beneficiaries of these projects. The provincial government aims at subsidising the preferential loans interest rate to the poorest communities, which can afford the rate set by Viet Nam Bank for the Poor. Nonetheless, there is no restriction on who can borrow this kind of credit. Many ethnic minorities refuse to borrow money because they do not feel the need to borrow and some of them are even afraid of not being able to pay back the debt. In addition, the Women's Union, which manages the fund, uses some loan criteria that cannot be met by ethnic minorities. Instead, 60-70% of borrowers are Kinh, who are not in the groups that are in need of low-interest loans most.

Source: Huong and Thang (2003)

5.3.2 Factors limiting healthcare access to the poor

Provision of free healthcare services to the poor is one the main parts of the NTP on HEPR. Under Programme 139, named after the Prime Minister's executive Decision 139 dated of 15/10/2002, poor households in the official poverty lists, people of ethnic backgrounds (or non-Kinh and non-Chinese) and officially registered residents living in communes with extreme difficulties in the mountainous and remote areas, in the border areas are eligible for free healthcare services. Programme 139, support the poor by giving them the health cards (or health insurance cards). Hospital fees for the cardholders are covered by the government.

²⁸ "Red Book" is the deed to the land, both cultivative and residential land.

²⁹ VBARD stands for Vietnam Bank for Agricultural and Rural Development, a big state-owned commercial bank. VBARD has the largest share in the rural credit market and "the bank" that provides loans to farmers.

VBP stands for Vietnam Bank for the poor, recently changed to VBSP-Vietnam Bank for Social Policy, the financial institution that provides subsidised credits to the poor and students. This bank is part of the NTP on HEPR.



A report of an assessment of Programme 139 under NTP on HEPR, which came out in September 2006, found out that there was still gap between stated policies and implementation. Survey in three provinces (Yen Bai in the North, Ninh Thuan in the Central and Dong Thap in the South)³⁰ revealed that:

- The Programme coverage is about 78%;
- Only 7% of those who have healthcare card (of Programme 139) understand the benefits they are entitled;
- Of those with 139 cards who took treatment at the public hospitals and clinics, only 62% were exempted in the case of in-patients, and 83% for outpatients.
- About 38% in-patients with Programme 139 cards and 17% out-patients have to pay the costs of treatment;
- Leakage rate is around 17%

Main reasons for weak implementation include inadequate supervision within the Ministry of Health, poor communication of the Programme with the targeted beneficiaries. In addition, quality of design and printing of the healthcare cards is poor; information about the cardholders is erroneous and missing. This led to denial of the beneficiaries by the service providers. Because database of the beneficiaries is not well collected, stored, analysed and used the time needed to process acceptance and clearance is long.

5.3.3 Factors constraining implementation of Programme 135 at commune level

This part uses CEM Report on the Assessment of the 7 years implementing Programme 135 (1999-2005)

Table 9 below show that number of communes covered by Programme 135 grows over time. Reasons cited by the report for this increase was that at the beginning of the Programme, provinces, partly not knowing the benefits, wanted to down play the number of difficult communes because they wanted to look good on poverty reduction records. This had prevented many communes from benefiting from the Programme. Later on, knowing the benefits of the Programme, provinces nominate all the eligible communes to the Programme.

Table 9: Number of communes benefiting from Programme 135 over time

Eligible Communes	1999	2000	2001	2002	2003	2004	2005
Communes with extreme difficulties	1,012	1,490	1,884	1,907		1,919	1,938
Communes on the border lines	188	388	388	388	388	388	389
Total	1,200	1,878	2,325	2,362	2,374	2,374	2,410

³⁰ Please see **Error! Reference source not found.** for more information



The report also pointed out a number of factors that have negative impacts on the implementation of the Programme. They included:

- Guidelines for implementation from the national government agencies late: guidelines on training of cadres in Capacity building component came in only after 4 years; guidelines for Component on "settlement and sedentarisation of ethnic minorities" has not been issued.
- Slow decentralisation process: government officers are generally reluctant to delegate power to lower level. After 7 years implementation, only 20 provinces delegated the authority to manage the budget to 385 communes.
- Communication about the activities, management and benefits of the Programme was very weak. This acted to limit the support of the public to the Programme and, more importantly, limit the access of the poor to the Programme.

5.3.4 *Factors constraining implementation of Programme 135 at provincial level*

The Review on 7-year implementation of Programme 135 for 1999-2005 (November 2005) by the People's Committee of Dien Bien province cited causes of slow or non-implementation of Programme 134 in their locality as follows:

- The Programme operated in a large and difficult areas and scattered population;
- In the first 3 years, the policy instruments were lacking, some policies were not suitable to reality needing time to adjust. As a result, implementation was delayed;
- The capacity to identify, select and formulate projects was inadequate at commune and district level; and capacity to appraise and approve projects at district and provincial were also weak. This led to slow and poor identification, selection and formulation of projects at commune and district level and slow and poor appraisal and approval at provincial and district level;
- Management capacity as well as technical capacity (especially in areas such as transportation, irrigation, construction, agriculture and forestry) was weak.



6 Q5: How much of what is expected in terms of tangible implementation actually occurs?

6.1 What is prioritised for spending/ action, and what isn't and why?

6.1.1 NTP on HEPR spending

There is no comprehensive and reliable data set available of the total spending the NTP on HEPR so far. The total budget for 1999-2000 period was approximately VND 19,000 billion (USD 1,35 million). From 1996-2002, a sum of VND 14,695 billion was provided as concessional loans to 2.75 million households across the country. Up to 1.5 million health insurance cards had been distributed to poor households by 2002, and more than VND120 billion has been set aside for education programmes for the poor.

Annually, Vietnamese Government spends VND 155-157 billion in providing notebooks and text books for poor children, of which 38.1 billion is given to 4 provinces in Central Highlands in 2001 and 64.9 billion for 6 mountainous provinces in the North.

The Joint UNDP-MOLISA evaluation of the NTP on HEPR and Programme 135³¹ selected four provinces namely Tuyen Quang, Son La, Quang Ngai and Soc Trang to conduct in depth analysis of the data. It was found that 50%-85% of the central resources during 2001-2003 were allocated for providing subsidised credit to the poor. If at all, the allocation for training HEPR staff was less than 1%.

6.1.2 Programme 135 spending:

In 2005, CEM conducted a review of the implementation of the Programme in order to learn from the lessons of the past and prepare a better programme for 2006-2010. The analyses that follow make use of the data of the review.

Table 9 shows the numbers of communes covered by the Programme over the years. One important thing to notice is that, despite poverty has been reducing; the numbers of communes receiving support from the Programme has been increasing steadily over time.

Table 10 depicts physical results in terms of small communal projects that had been put in laces in the communes. Transportation projects, mostly communal roads and bridges, are the biggest item, followed by schools and irrigation projects.

Table 10: Results of the implementation of Programme 135 during 1999-2004

Project types	Number of projects	Percentage of total number of projects	Percentage of total value
Transportation projects	6,652	33.35	40.28
Irrigation projects	3,608	17.08	17.08
Schools	4,654	24.08	22.79
Water supply schemes	2,346	12.02	5.84

³¹ See MOLISA& UNDP (2004)



Electricity	1,298	7.94	7.94
Clinics	487	1.72	1.72
Markets	237	0.97	1.2
Land reclamation	426	2.44	0.5
Other projects	318	0.4	2.65
Total	2,026	100	100

Unit: VND billions, current prices

Table 11 shows the financial resources used for Programme during 1999-2005, with the exception of an amount of VND 432.0 billion spent on Infrastructure at commune-cluster level before 1999. The lion share of the funds was from the central government budget. Of the total of VND 9,142.2 billions, some VND 527.0 billions came from local government budget, and VND 509 billions came from support individuals (officials of government and mass organisation and state-owned enterprises).

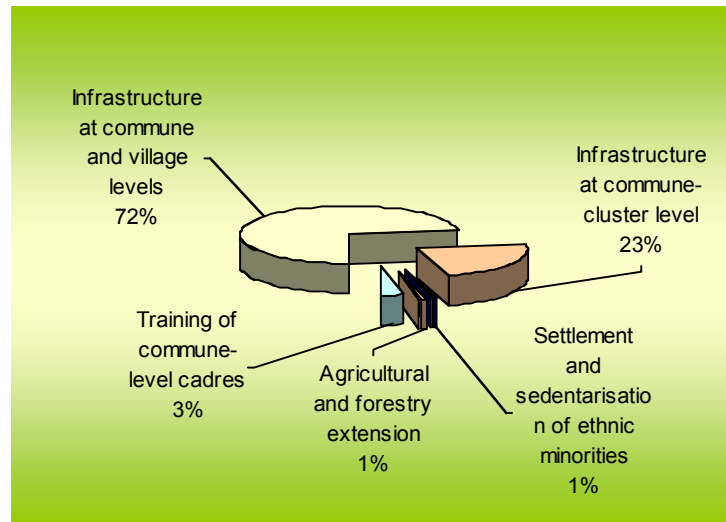
Table 11: Financial allocation for implementation of Programme 135 during 1999-2005

	Before 1999	1999	2000	2001	2002	2003	2004	2005	Total
Infrastructure at commune and village levels	0	483.2	701.2	880.0	893.2	1,116	1,120	1,417	6,611
Infrastructure at commune- cluster level	432.0	103.0	101.0	230.0	250.0	265.0	350	372.0	2,103
Settlement and sedentarisation of ethnic minorities	0	7.2	7.2	7.2	10.0	11.0	11.0	30.0	83.6
Agricultural and forestry extension	0	0	0	0	10.0	10.0	15.0	25.0	60.0
Training of commune-level cadres	0	0	0	50.0	0	100.0	64.0	70.0	284.0
Total	432.0	593.4	809.4	1,167	1,163	1,502	1,560	1,914	9,142

Unit: VND billions, current prices

Source: CEM 2005

Figure 6 constructed from data from Table 11 above, shows the lion share (95%) of the funds were on infrastructures. Only 5% of the total funds were spent on training of the commune-level cadres.

Figure 6: Financial allocation for Programme 135 in 1999-2005


6.2 What evidence is there that things are changing due to the trickle down of policy?

6.2.1 Pro-poor Public Spending and Investments in Infrastructure

At the national level, data suggest that public spending in Vietnam is generally progressive. The pro-poor pattern of public spending is evident from regional data as presented in Table 12 and provincial data in Figure 6. Both show a positive association between poverty rates and net transfers across regions or provinces in Vietnam³². The relatively prosperous regions are making contribution and the poor regions are consistently receiving fund from central government. Transfers are significant. The North West received per capita transfer in 2003 and 2004 as high as two thirds of the poverty line. The second highest per capita transfer recipient-region in 2002 and 2003 is the Central Highlands. The significance of this transfer prior to 2004 survey may have been a factor behind the progress in poverty reduction of this region.

Table 12: Budget transfers³³ per capita 1999-2004 by regions

Regions	1999	2000	2001	2002	2003	2004
Red River Delta	-598	-663	-733	-894	-945	-1,150
North East	196	270	377	446	645	662
North West	453	548	730	822	1,425	1,431
North Central	77	241	330	330	306	271
South Central	-121	-13	-44	-179	-367	-142
Central Highlands	217	334	505	622	659	626
South East	-3,243	-4,290	-4,529	-4,933	-5,699	-5,676

³² These transfers include spending under the poverty targeting programmes - National Targeted Program for Hunger Eradication and Poverty Reduction (HEPR) and Program 135, which amounts to roughly two percent of GDP. More details about these programmes including assessments of effectiveness and impacts of their various components can be found in World Bank 2004.

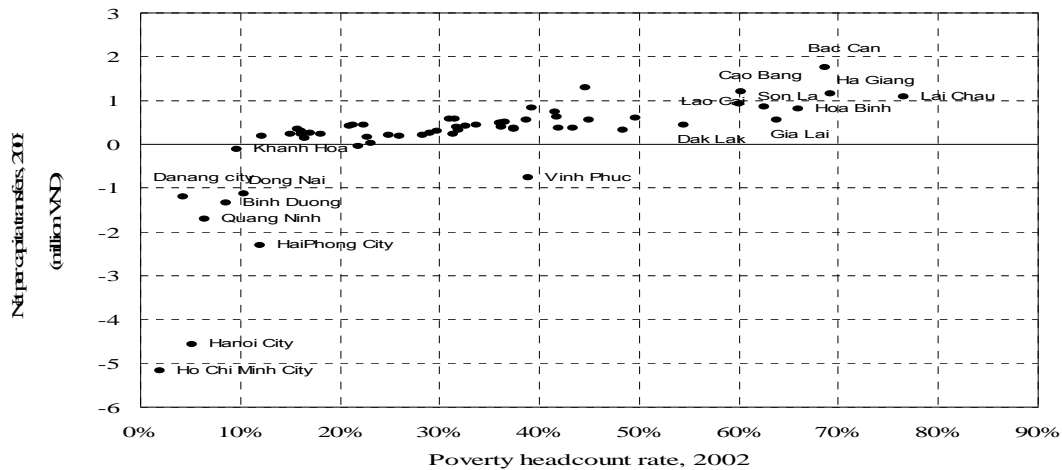
³³ Negative means that region is net contributor to central budget.

Mekong River Delta 114 170 246 223 263 228

Unit: VND in thousands

Source: GSO, Nguyen Thang (2006)

Figure 7: Provincial poverty rates in 2002 and net government transfers to and from provinces in 2003



Source: Hansen and Le Dang Trung (2006)

This figure depicts the flow of transfer from rich provinces to poorer ones. Hochiminh City and Hanoi are among richest provinces (poverty rates are low) and they give money to other provinces (negative capital transfer). They are located at the left and low corner of the graph. Bac Can, Ha Giang and Lai Chau are poor provinces (high poverty rates) and they receive money from other provinces (positive capital transfer). They are located at the right and high corner of the graph.

6.3 Is there any M&E?

6.3.1 Monitoring Programme Performance³⁴

Monitoring and evaluation is quite new to the government agencies in Viet Nam. In the period of planning economy, monitoring was done by a system of self-reporting made by the lower level of government agencies to the higher level. Indicators mostly cover inputs, output and activities. Evaluation function was done internally in a highly subjective fashion by the implementing agencies themselves. As such, there was a strong incentive to inflate the achievements and down play the shortcomings in the preparation of this self-evaluation. Independent evaluation did not exist. The evaluation of NTP on HEPR and Programme 135 conducted jointly by MOLISA and UNDP in 2005 represents a special case. It is a result of the joint effort by both the Government and the international donor community. Prior to the joint MOLISA/UNDP evaluation, CEM conducted an extensive self-assessment of the Programme 135 in September 2005. The assessment mostly collected data on inputs (funds expended) and outputs (number of physical projects built, number of officers and farmers received training, increase in food production, poverty rates and the resulting poverty

³⁴ This section draws upon UNDP and MOLISA, 2004



reduction rates). Impacts are subjectively judged without establishing a robust causal relationship.

As government programmes, monitoring and evaluation for NTP on HEPR and Programme 135 suffers from systematic weaknesses. The two programmes did not conduct baseline survey before they started to collect objective data and to create indicators to compare and assess changes in household well being over time. Data and information on a variety of indicators for both programmes is regularly collected, in all regions, but not in a systematic manner. Input, output and final impact indicators are mixed.

Poverty rate estimations are used to measure the success of the programmes. But there is considerable variation in the way in which poverty rates are calculated in communes. This variation arises from: (i) use of different sampling techniques (census or sample), (ii) the method of data collection (self-reporting and/or village-level discussion or interviews), and (iii) the calculation of household income on the basis of this data (prices and conversion rates). Often these variations are due to flexible interpretations of the definition of poverty lines.

Much of the tracking of poverty rates is driven by the pressure to meet poverty reduction targets set at the central and provincial levels. Annually, exact numbers of households, are assigned to each village as targets based on a certain percentage. These targets are often different from reality.

The central Executing Agencies (EAs) are unable to satisfactorily monitor the use of funds for HEPR activities. Funds are allocated by the PPCs to the provincial departments, and central EAs are often unaware of how much funding is received by provincial departments for sub-programme activities.

Additionally, there is no separate budget allocation for monitoring NTPs. Funds for programme monitoring are taken out of the normal annual budget of the EAs. Most agencies, however, are disinclined to spend resources for programme monitoring.

The HEPR Office and the EAs have very limited monitoring capacity. There is no full time monitoring staff in most EAs and provincial departments and there are few incentives for good monitoring.

Given this situation, researchers have to rely on the data compiled from VLSS, VHLSS, independent assessment and PPAs to get insights into the performance of the programmes.

6.4 Does anyone know what is or is not being delivered/enforced?

[Missing text section?]

6.5 What do representatives of chronically poor groups think about the record on implementation?

As discussed above in point 4 of question 4 with results from the PPA in Ninh Thuan conducted by CRP-WB, it has been widely perceived that people are fully aware of positive records and impact of the implementation of policy commitments.



In the UNDP report on PPA asking people about how happy they are – but also how they have found their experiences of the programmes, and the way in which they are implemented (how accessible are programme staff, how beneficial are the programmes, etc). Overall, people have clear vision of the infrastructure put in place: electricity, road, clinics, water supplies, schools, radio, TV. However, due to weak communication and lack of participation, most people do not know what they are entitled and who is responsible for what in each programs/policies. The result of the PPA in Ninh Thuan provide clear evidence of this with large discrepancies in opinions regarding the implementation of policies.

Box 7: Discrepant opinions on grass roots democracy in Ninh Thuan province

Assessment of local Officials	Assessment of people
<p>The decision making process at communal level runs as such:</p> <ul style="list-style-type: none"> a) People's Committee raises an issue; b) Local people discuss the issues during village meetings; c) Resulting comments and recommendations are submitted back to the Peoples' Committee; d) The People's Committee makes a decision, which in turn is announced to every village member and group. <p>All policies, socio-economic development plans are diffused at every village.</p> <p>Participation in village meetings is high -- 80% - 90% of population.</p> <p>People's contribution to socio-economic development plans is made through dialogues with voters.</p> <p>People make their comments on local authority activities through their elected deputies on the People's Council.</p> <p>The mechanism by which communal leaders who are responsible to villages must join party activities in those villages is applied.</p> <p>Information is publicised at communal</p>	<p>Many people are too busy making a living and can not afford to take the time to attend meetings;</p> <p>Illiterate people rarely attend village meetings. Those that do go may not understand the salient issues being discussed.</p> <p>Attendance is on invitation basis; those invited are known to be "noddors."</p> <p>When recommendations have been proposed, the changes did not ensue.</p> <p>People only care what directly influences their lives. They know family planning well, but not necessarily development planning.</p> <p>High level of attendance (70% - 80%) for Youth Union's or Women Union's meetings or on such issues as sanitation/ cultivation and animal husbandry, rice relief only.</p> <p>Meeting hall capacity is up to 100 seats, most of which are reserved for officials and representatives of mass organisations, few are available for people.</p> <p>People know nothing about infrastructure, invested and managed by Central, Provincial and District Levels.</p> <p>Incompetent elected deputies do not have the ability to and reflect the peoples' opinions and demands.</p> <p>Local officials, particularly Council Deputies, are less in touch with the people.</p> <p>People get information though their</p>



Assessment of local Officials	Assessment of people
<p>office or through village speaker system.</p> <p>Public question and answer venues are located in village.</p> <p>The motto, "People know, People discuss, People do and People supervise" is active.</p> <p>People participate in authority-building processes.</p>	<p>village heads only. It is impossible to hear what is said via headwind speakers. People, didn't know the communal budget.</p> <p>People only ask about what influences their lives and disputes and conflicts such as the current shrimp aquaculture land dispute.</p> <p>Supervision is weak, with no opportunities for people to supervise Central, Provincial or District-managed construction in the area.</p> <p>People have not yet participated. Many communal officials and village heads are not trusted and are clutching onto their positions.</p>

Source: PPA Ninh Thuan, CRP 2003



7 Q6: Is there any evidence that implementation is delivering outcome/impact improvements?

Can improvements be directly traced back to a particular policy or are they the result of more generalised policy effort around poverty issues (i.e. because of the presence of a PRS?) or because of a favourable conjuncture of growth, absence of conflict, good rains etc. etc.?

As discussed in above sections, both NTP on HEPR and Programme 135 do not have objective baseline data because no baseline survey was conducted at the inception phase of the programmes. In addition, the programmes suffer from an absence of a sound monitoring system that regularly collects and stores (panel) data on important intermediate indicators regarding inputs, outputs, outcomes, impacts as well as other managerial aspects of the programmes.

Therefore, it is not possible to establish causal relationship between improvements and a particular policy or project under NTP on HEPR and Programme 135. The best thing can be done is to identify correlation between the programmes' activities and improvements on, say, poverty reduction or health status or the like. In addition, it is possible to measure the direct benefits to poor in terms of costs savings, increased usage or access to services or increased incomes etc.

Below is some of the evidence of such benefits.

7.1 Healthcare benefits for the poor: Evidence

A study "An analysis of national level hospital expenditures for in-patients holding healthcare card of Programme 139³⁵ in three hospitals: Turmorology, Pediatrics and Maternity in Hanoi"³⁶ was released in August 2006. This study conducts interviews with in-patients who had completed settlement with the hospitals after their resident treatment periods. The sample includes 89 patients with 139 healthcare cards, 36 patients with other health insurance coverage and 49 patients with out any kind insurance or policies. In addition, the study conducted in-depth interviews managers and doctors in the three hospitals.

One of the main findings of the study revealed that Programme 139 covers 51% of the total national-level hospital expenditures for in-patients equivalent to VND 2,208 million. Total expenditures include direct treatment costs (fees, tests and medicines) and indirect costs (transportation, board and other related costs for both in-patients and accompanied relatives). As support under Programme139 only cover direct costs for in-patients, this means that for the chronically poor, in order to finance treatment at the national-level hospitals, they need to find extra finance to pay for indirect costs. This is often difficult for them. The case study here is in Hanoi, but the situation is the same across the country.

³⁵ Programme 139 is a sub-set of NTP on HEPR focusing on provision free healthcare for the poor by giving them free health insurance cards. See **Error! Reference source not found.** for some details of the Decision.

³⁶ For more information, please see **Error! Reference source not found.**



Another study was conducted in September 2006³⁷ to evaluate accessibility of the poor to Programme 139 in three provinces Yen Bai (in the North), Ninh Thuan (in the Central Coast) and Dong Thap (in the Mekong River Delta). The study used both quantitative and qualitative methods with a sample of 240 for each province. The treatments in question were in local-level hospitals or clinics.

Two of the main findings include:

- Programme 139 covers on an average VND 30,000 to 190,000 for out-patients and VND 47,000 to 220,000 for in-patients for an treatment within 4 weeks before the assessment;
- In addition to benefit accrued to patients, Programme 139 helps to reduce the deficits of the public hospitals due the over-due payments by the poor and to reactivate the operations of the clinics. The extent to which this effect is materialised is not known, but interview with hospital managers and doctors revealed that the Programme has brought about positive impacts on the financial health of the hospitals and improvement of the relationship between health workers and poor patients.

Data of household surveys revealed that health insurance coverage supported by Programme 139 as part on NTP on HEPR, has increased substantially across income groups, and an active redistribution policy through providing free health card in this area is particularly pro-poor: it doubles the coverage for the poorest quintile (or poor people, given the poverty rate of 19.5% in 2004) to make it the second highest among all income groups. This is particularly striking, as health shocks are widely believed to be one of major causes of poverty.

Table 13: Health insurance and free health card - expenditure quintiles

Regions	1998		2004
	Percentage of people having health insurance	Percentage of people having health insurance	Percentage of people having health insurance plus free healthcare card
Poorest	6.22	22.69	41.81
Near poorest	9.67	23.22	30.43
Middle	13.59	26.15	31.37
Near richest	20.18	34.41	38.22
Richest	28.99	44.12	46.70
Total	15.73	29.53	37.56

Source: Estimates from household surveys VLSS 98 and VHLSS 04

Table 14 below represents a mixed picture regarding health outcomes. The central two columns show a substantial improvement in the proportion of people who were ill over the last 12 months for the all Viet Nam and especially for the poorest and the near poorest

³⁷ Please see **Error! Reference source not found.**



quintiles, except for the richest. The last two columns, however, see an increase of proportion of ill people who were unable to work. This can be understood that their illness was more severe than before. Or it might mean that people are more conscious about health before. They would not try to work when not feeling well.

Table 14: Health outcomes, 2002-2004

	Proportion of people who were ill over last 12 months		Proportion of ill people who were unable to work	
	2002	2004	2002	2004
Poorest	33.5	20.0	13.4	17.8
Near poorest	40.4	27.2	13.3	19.6
Middle	39.3	27.8	11.8	20.9
Near richest	39.5	29.9	9.9	20.5
Richest	34.3	33.7	6.7	19.5
Viet Nam	37.4	28.8	10.9	19.7

Source: VHLSS 2002, VHLSS 2004

Table 15 below represents a positive change with regards to water access the poor and ethnic minorities. The rate of change in 2002-2004 period is much faster than the previous period. However, the rate of improvement for the poor and ethnic minorities is lower than the rich and the Kinh and Chinese. With regards to access to hygienic latrine, the change is not much for Viet Nam and the richer quintiles, and rate of change is lower than the previous period. The poorest quintile sees no improvement on this issue.

Table 15: Access to water and sanitation

	Access to clean water				Access to hygienic latrines			
	1993	1998	2002	2004	1993	1998	2002	2004
Viet Nam	26.2	40.6	48.5	57.0	10.4	17.0	25.3	28.5
Urban	57.5	76.8	76.3	82.1	44.9	60.1	68.3	70.7
Rural	18.1	29.1	39.6	48.3	1.8	3.4	11.5	13.8
Kinh&Chinese	29.0	44.9	52.6	62.7	11.6	19.3	27.7	32.1
Ethic minorities	5.3	9.9	11.8	17.5	1.1	0.8	4.1	3.1
Poorest	9.4	16.1	22.7	30.6	1.0	0.6	2.0	2.0
Near poorest	16.7	26.9	35.4	45.5	1.0	2.4	5.0	7.9
Middle	21.3	31.7	42.7	57.3	3.3	5.3	10.7	18.0
Near richest	27.5	45.5	54.0	66.2	7.9	14.5	28.4	38.6
Richest	51.3	72.1	78.8	85.8	34.8	53.0	69.6	75.8

7.2 Education for the Poor

As shown in Table 16, school enrollment rate of Viet Nam has been increasing over years at all school levels. Rate for primary school is over 90%, lower secondary 72% and upper



secondary 41%. Over the period from 1993 to 2004, school enrolment rate increases from 30% to 75% for lower secondary and from 7.2% to 48% for upper secondary level. However, the rates differ remarkably from the rich to the poor for higher school levels. In 200, the rate for richest quintile is 86% compared to 75% of the poorest quintile for lower secondary level. The rates are 73% and 48% respectively for upper secondary level. School enrollment rates for ethnic minorities have improved significant over 2002-2004 period for lower and upper secondary levels. However, when compared with the Kinh and Chinese, ethnic minorities as a group perform significantly less well.

Table 16: School enrolment rates

	Primary				Lower secondary				Upper secondary			
	1993	1998	2002	2004	1993	1998	2002	2004	1993	1998	2002	2004
Vietnam	86.7	91.4	90.1	91.2 4	30.1	61.7	72.1	75.0 7	7.2	28.6	41.8	47.9 3
Poorest	72	81.9	84.5	85.3 2	12	33.6	53.8	58.9 3	1.1	4.5	17.1	17.0 5
Near Poorest	87	93.2	90.3	92.1 1	16.6	53	71.3	71.5 2	1.6	13.3	34.1	39.8 7
Middle	90.8	94.6	91.9	94.0 6	28.8	65.5	77.6	78.4 7	2.6	20.7	42.6	47.0 7
Near richest	93.5	96	93.7	94.7 2	38.4	71.8	78.8	81.4 9	7.7	36.4	53	57.8 4
Richest	95.9	96.4	95.3	93.2 5	55	91	85.8	88.3 6	20.9	64.3	67.2	73.4 5
Kinh and Chinese	90.6	93.3	92.1	93.0 1	33.6	66.2	75.9	78.5 4	7.9	31.9	45.2	51.4 7
Ethnic minorities	63.8	82.2	80	82.6 1	6.6	36.5	48	54.9 9	2.1	8.1	19.3	25.4 4
Urban	96.6	95.5	94.1	91.6 6	48.5	80.3	80.8	83.3 7	17.3	54.5	59.2	63.3 1
Rural	84.8	90.6	89.2	91.1 3	26.3	57.9	69.9	72.8 6	4.7	22.6	37.7	43.6 8

Source: Estimated using data from the 1993 VLSS, 1998 and 2002 and 2004 VHLSS

Besides above-mentioned positive changes, the Government still faces numerous challenges to improve education for the poor. Primary school enrolment rates are still a low for several groups, especially H'mong (70%), Co Ho (50%), Dao and Gia Rai (40%), Xo dang, Khmer. The gender inequality still exists in most of ethnic minorities in terms of schooling opportunity for girls and boys. In addition, mountainous provinces are still facing serious shortage of teachers despite continued efforts from the Government to attract teachers to remote areas.

Is there a specific problem of implementation on issues concerning marginalised groups i.e. their voice is inadequate to demand that implementation is carried through or accountability to them weak; are there are specific capacity constraints in government depts/local level administrations responsible for follow through with marginalised groups, or no one in the



centre (in the executive or legislature) is committed to ensuring that such policies are fully implemented?

The story below reveals the situation as well as the needs and aspirations of a poor family lagging behind in a fast growing neighborhood in the red River Delta. This should give an answer the question above.

Box 8: A poor family in Hien Hao commune 39, Cat Hai district, Hai Phong province³⁸

After working with commune leadership, we paid a visit to a poor family in the commune. There were 5 persons in the family: an old lady, Ms. Ra at her late 70s, her son, Mr. Luyen, 42 years of age, his wife, Mrs. Diep 36 and their son, Hung at 12 and Trang at 8. The children are at school. Hung is at grade 6 and Trang is at grade 2. They live on the proceeds of rice grown on 2 "sao" (about 540 sqm) of sloping land in the forest, which produces one crop per year. Mrs. Diep works on this land and in the garden. Mr. Luyen works as hired labor to his neighbors in the village. When no one hires him, he would go to the beach to collect seashells. As a poor household, a number of policies applied to the family. These include: i) the lady got a monthly amount of VND 65,000 from social assistance for elderly without anyone who takes care of her, ii) the family members have health cards that entitle them free hospital fees, iii) the children are exempted from paying school fees and other contribution, iv) Mrs. Diep borrow 3.0 million from Bank for Social Policy at subsidised rate via the commune's Women's Union. In addition, the family received VND 7.0 million last year from the district fund for eradication of thatched house. They used this money, together with support from relatives and villagers to build a new brick house with fibro-cement tiles.

They told us that the entitlements have eased out many of their difficulties. The old lady suffers from a chronic digestive disease. Mrs. Diep suffers from a spinal pain for several years that prevents her from heavy-duty work. The health card entitles them free medical treatment that otherwise they could not have afforded. The children are at school because payment is waived. Still Mrs. Diep worried about the costs for textbooks and payment for extra classes for her son.

We visited her kitchen as Mrs. Diep was preparing dinner for the family. There was not much for a meal, except for rice and taro soup. The soup was thin as it was made of preserved taro of the previous harvest, added with some seasoning. There was no meat or any kind seafood, which can be found in many other family's meals in the neighborhood. When we were in the garden discussing about the livelihood activities, the district extension officer, Ms. Sen, who guided me in my trip to the commune, made some suggestions on the way Mrs. Diep was planting the vegetable in her garden. She told Mrs. Diep that what she did was not right as it took a long time for the vegetables to grow and much more water was needed. Sen explained to Mrs. Diep how to select the seeds and how to sow and plant it if she wanted to grow the next time. Sen also gave advice on how to rebuild the chicken house so that it allows more ventilation and prevent moisture. It was obvious that Mr. Luyen and Mrs. Diep need practical extension techniques that can make a difference to her family daily meals.

Or is it that policy alone can't hack it and there are deeper structural/historical factors that are affecting the culture of local governance and service delivery which get in the way of effective policy implementation for these groups.

Table 4 (See chapter 3) shows high poverty rates for ethnic minorities as compared to the Kinh and Chinese group for both general poverty (60.7% vs.13.5% respectively in 2004) and food poverty (34.2% vs. 3.5% respective in 2004). The rates of poverty reduction for ethnic minorities are very much slower than that of the Kinh and Chinese. More worrying is the food poverty rates were showing very slow improvement among the ethnic minorities. Poverty gap

³⁸ See Appendix 8 for Background on the locality



for ethnic minorities (19.2% in 2004) is much higher than that of the Kinh and Chinese (2.6 in 2004) and the improvement rate is much slower.

The table shows poverty rates for North West and Central Highlands are the highest of the national and poverty gaps are widest. More over, the rate of improvement is much slower than other regions. This suggests that growth, no matter how equally distributed, may not lead to improvement in living standards in some ethnic minorities in the mountainous and remote areas. Baulch, Chuyen, Haughton and Haughton (2002)³⁹ provide insights into the difference in performance of various ethnic minorities. They found out that there are different paths to prosperity for the ethnic minority groups. One path is to assimilate, both economically and culturally, with the majority group, and in effect obtain the same return on endowments as the majority. This is the path that some ethnic groups, such as the Tay, Nung, and Muong appear to be following quite successfully.

A second path, pursued by such groups as the Khmer and Thai (and possibly the Dao), is to integrate economically with the Kinh while retaining their own group's cultural identity. However, a third group of ethnic minorities, comprising almost all the minorities that are indigenous to the Central Highlands plus the H'mong do not appear to be benefiting from the rising living standards experienced by the majority. They concluded that if this third group of ethnic minorities is not to be left further behind by the growth process, specific interventions need to be designed that are appropriate to their circumstances, needs and aspirations.

Neil L. Jamieson, Le Trong Cuc, A. Terry Rambo, (1998) explained the development problems in the Northern Mountains by poor public policies, developed based on the lowland perceptions of the upland conditions. They argued that the critical significance of the mountains to Viet Nam's future was overlooked because the current thinking of lowland decision makers suffered from fundamental misconceptions. Development focus was on Ho Chi Minh City, the Red River delta and Mekong River delta. They also pointed out that many upland minorities are victimised by stereotypes that portray them as backward, superstitious and resistant to changes. In addition, there were dangers that the factual marginalisation of the ethnic minorities in the development process was not recognised in Viet Nam. The best example is the top-down approach used by Programme 135 at the early stage. The assumption from the top was that they are illiterate and not knowledgeable. Therefore, there is no need to involve them in the policy making process. This has changed gradually.

Some scholars cited that to the lowlanders, national defense and security is the concern of the policy for ethnic minorities.

Reviewing PPAs spotted repeated discussions by the farmers in many regions of Viet Nam on a special group of lazy, drunken, gambling, drug addictive superstitious, backwards⁴⁰ people not willing to move ahead. These people are often referred to by the state media and official documents as "social evils". This group of people are excluded from benefiting from government and communal programmes because they seen as not worthy of support by people in the communities in which they live. As a consequence, they are not considered by

³⁹ Please see **Error! Reference source not found.** for further information.

⁴⁰ Previously, people contracted HIV/AIDS were also considered part of this group. The recent government campaign has lessened this problem, not completely though.



the participatory process whereas fellow villagers nominate poor households into the official poverty list. As a result this group are socially disconnected and marginalised. Their voices are not heard and the needs and aspirations were not generally reflected in public policies and programmes.

However, discussions of this kind do not seem to be appearing formally because of the hesitance to blame the poor.

The second phase of Programme 135 (2006-2010) sees a determination of the government to further decentralise and to delegate more power to lower level of government. One aspect of this trend is to give authority of management of the projects to commune level of government in 100% of the communes under the Programme. This means that the local people and their leaders (ethnic or religious or political) will have the authority to select, approve, supervise and evaluate the project and the process. Albeit this is a difficult and will take some time to realise, this move represents a renewed hope for a bright future for many ethnic minority groups as they can empower themselves to actively participate in the mainstream development process of the country. The hope is grounded on the assumption that when given the authority, the cultural identity of the ethnic minorities will follow through and get reflected in the process as well as the results of the development activities they own⁴¹.

Some scholars suggest a more active role of the civil society and NGOs in piloting development approaches to serve the diverse needs of the various ethnic and the marginalised groups. There have been already success stories of local and international NGOs operating in the mountainous areas and in cities serving the ethnic minorities as well as disabled or HIV/AIDS patients. The new law on association and the general openness of the society will facilitate the growth and development of the civil society, allowing them to contribute more in the fight for the chronically poor.

⁴¹ Reflection from the discussion with Bernard Wyler, UNDP project VIE-02/001



8 Q7: Finally, what are the implications for the PRS?

8.1 Are implementation problems linked to policy definition/ data and analysis issues?

Definition of poverty used in the CPRGS does not provide for a disaggregation of chronic poverty⁴². This reduces the visibility of the chronic poor to policy making process . No disaggregation of poverty may limit efforts to reach out to the chronic poverty and to hear them out. In the implementation phase, absence of a definition of chronic poverty lead to programme design that tend to exclude the chronically poor. Take Programme on Savings and Credit for the poor as an example: The poorest did not get credit because they are seen by lenders as least able to repay. In addition, it leads to the problem of excluding a group of people (called "social evils") including those who are "lazy", drunken, drug additive or contracted of HIV/AIDS. In many cases, they are not considered for the official poor list.

8.2 Is it a problem of policy enactment i.e. turning a specific policy proposal into a piece of legislation or a budget commitment?

Decisions by the Prime Minister are easy to make once the resolution of the party has been released. This as described in the above session on Evolution of the NTP on HEPR. Again, the case study in Dien Bien province described the process at the provincial level, whereby political decision get reflected into legislative body and programme were formulated and budget allocation was made. However, budget commitment is more difficult. National programme such as NTP on HEPR and Programme 135 are financed from the national budget. These programmes get into national budget by way of firstly getting into the Party resolutions and then to the National Assembly, where appropriations are made for the whole lifespan of the programme, normally 5 years and get reflected into the annual budget. The Ministry of Finance is responsible for preparing the national budget submitted to the National Assembly. At this level, the allocation made available for each provinces are based on a number of criteria, which are changing over time. These normally include provincial poverty rate, the health of the provincial budget (whether the province is poor or better off) and the living standards in the provinces (measured in terms of GDP per capita). Figure 7 shows that government transfer moves from rich provinces to poorer ones.

8.3 Is the problem administrative follow-through? (lack of resources, weak technical capacity, disinterest from field level bureaucrats, lack of M&E and clear lines of accountability)

There is evidence that problems in implementation of NTP on HEPR and Programme 135 for 2001-2005 resulted from administrative follow-through.

⁴² However, CPRGS provides analyses of poverty with geographical focus in the mountainous and remote areas and demographic focus of ethnic minorities. In addition, CPRGS provides analyses of vulnerable groups to include women, children, people with chronic illness and disables.



8.3.1 *Lack of resources*

Given the current workload, the human resource of the government agencies at all level is already strained. Recent regulations of control administrative costs use a fixed budget allocated per head of public servant. In most mountainous provinces, the budget allocation per head is around VND 23 million per year. This amount covers salary, travel cost and allowance, stationeries and some other small items. While this cost control may be an effective tool to keep administrative in check, it may severely limit the activities of the public servant to reach out to the more remote and difficult areas. An officer at provincial committee on ethnic minorities in Dien Bien province said that this budget control worked to limit the travel of officers at the provincial level affecting the supervision of higher level of the implementation of the lower level. She show worries that in the second phase of Programme 135 coverage and outreach are both extended and services are delivered at the households level, this budget control instrument will further constrain the implementation. This problem is more severe in mountainous areas where travel is difficult and time consuming.

8.3.2 *Weak technical capacity.*

In mountainous areas, general capacity is weak, especially technical capacity. Report of Dien Bien province on the implementation of Programme for 2001-2005 cited the following human resource problems:

- The capacity to identify, select and formulate projects were inadequate at commune and district levels; and capacity to appraise and approve projects at district and provincial levels were also weak. This led to slow and poor identification, selection and formulation of projects at commune and district level and slow and poor appraisal and approval at provincial and district level;
- Management capacity as well as technical capacity (especially in areas such as transportation, irrigation, construction, agriculture and forestry) was very weak.

This problem is more severe in poor and difficult provinces, where it is hard to educate and maintain educated people because of less attractive living conditions and professional development. It is extremely severe is the mountainous and remote areas.

An important factor that amplifies the problems of administrative follow-through: Vietnam's public servant salary system, as it stands now, allows for a relatively low compensation. To sustain a socially acceptable level of living standards for their families, the vast majority of officers rely on extra incomes from a second job or other sources to supplement their official salary. Therefore, they have to divide their energy and time between government work and other income generating activities. This is both a cause and a consequence of the ineffective and over-manned government apparatus. As a consequence, there is little monetary incentive for counterpart staff to work hard for the success of the programme but rather direct their attention to more lucrative activities, inside or outside their agencies.

Low salaries induce government officers to favor easy approach that requires less time and energy or look for rent seeking opportunities. One example is the Production component of the second phase of Programme 135. MARD has completed drafting guidelines for this component with heavy focus on input subsidies. Input subsidisation is easy to manage and



lucrative business for many agricultural state-owned companies under DARDs in many provinces. There is a combination of rent-seeking behaviors and the protection of vested interests. Also, this is explained a heavy focus on construction work in many government programmes, including NTP on HEPR and Programme 135.

8.4 Is it the absence of clear policy constituencies for the chronically poor within government at all levels?

There is not a particular group articulating the needs of CP and pushing policies to benefit them per se. However, within the government, there are agencies mandated to take responsibilities for the poor and the ethnic minorities⁴³. Ministry of Labour, Invalids and Social Affairs (MOLISA) is responsible for preparing policies, regulations and guidelines an programmes targeted at the poor. As such, it is assigned by the Prime Minister to be the lead agency the coordinate NTP on HEPR. Committee on Ethnic Minorities (CEM) is responsible for preparing policies, regulations and guidelines an programmes targeted at the ethnic minorities. CEM is assigned by the Prime Minister to be the lead agency the coordinate Programme 135. In addition, GOV and the society has always been paying special attention to the poor and poverty reduction has always been high in the development agenda.

8.5 Or is it an issue of complexity or multi-sectorality – i.e. CP policies are simply harder to do, and PRSPs have helped do the ‘easy’ things better but have not yet really helped with the harder and more politically sensitive things on the poverty agenda, at least not yet.

Poverty reduction in the past was largely attributable to pro-poor policies and, to a lesser extent, to generic targeted programmes. This "one size fits all" type of polices have been successful in the past decade in lifting millions of poor out of poverty. The remaining poverty is more diversified to include inner city street children (PPA in HCMC by Save the Children UK 2003), pocket of persistent poverty in the well-developed region (Story in Hien Hao Commune in Box 8) and ethnic minorities in the mountainous and remote areas.

Bob Baulch, Truong Thi Kim Chuyen, Dominique Haughton and Jonathan Haughton concluded that, the diversity of socioeconomic development experiences of the different ethnic groups calls for greater diversity in the anti-poverty and other policy interventions designed to assist them. Concretely, this will require far more input from ethnic minority households, and more decentralisation in anti-poverty programs, than has occurred up to now.

In addition to the quality and relevance of individual policies, reforms in other aspects of the society will be very important to amplifu the poverty reduciton efforts. Participation allows inputs from people grassroots level and beneficiaries to be incorporated in the policy making process, therefore, improving the relevance of the policies. Decentralisation allows policies to be made closer to where the problems started. This improves the responsiveness of the policies. Administrative reform to fight corruption and build better governance and

⁴³ Please see **Error! Reference source not found.**



democratisation can provide an enabling environment for better public policy and effective implementation of pro-poor policies and programmes. A strong and developed civil society will also be very useful. NGOs, both international and national, are highly capable in piloting innovative approaches and providing specific programmes to suit the needs of individual and diversified communities.



9 Recommendations

Identify up to 10 key recommendations for what should/could be done to improve policy and policy processes for chronic poverty reduction in the country context.

The discussion of this session makes use of the MOLISA/UNDP evaluation report (2004), which provides a list of recommendations for the design of NTP on HEPR for 2006-2010. These recommendations fall into 4 broad categories namely i) Resource allocation and budgets, ii) Targeting poor households, iii) Organisation and management, and iv) Capacity building. Though, these recommendations are specific to NTP on HEPR and Programme 135, many of its original ideas are relevant to our report. Please refer to Annex 10

In addition, information and insights collected from the various interviews conducted for the purpose of this report with international and national practitioners and researchers in Ha Noi, Hai Phong and Dien Bien are reflected herein.

9.1 Definition of poverty should be revised to include text that contains disaggregation of chronic poverty

This revision would allow poverty analysis to identify the chronic poor and articulate their (different) needs and aspirations. This would make chronically poor group visible in policy process and therefore induce associated policies most relevant to help the chronically poor. Viet Nam has entered into a new stage of the fight against poverty, whereas growth alone does not bring the same poverty reduction effect as before. Now as the easy part has finished, the remaining poverty is much more difficult to reduce, it is time the government and to society at large rethought about its poverty reduction strategy. This new thinking should take into account the diverse needs of the different poor and vulnerable groups in different areas, with different ethnic and cultural backgrounds. The diversity of causes of poverty calls for a greater policy diversity.

9.2 Better targeting mechanism

An effective and sound targeting mechanism starts with good poverty measurement. Poverty lines used by MOLISA and GSO are converging, and more or less reflecting the internationally recognised threshold for poverty. However, there is a need to improve the current practices used to identify poor households. As poverty is harder to tackle than before, targeting mechanism should be more sensitive to vulnerable groups that are normally invisible in the policy process. These groups include those who live in geographically remote and isolated areas, mostly ethnic minorities, single mothers, chronically ill, disabled and elderly people. While it is always good to focus on the rural and mountainous areas, we should not forget that there are pockets of persistent poverty in the middle of the more developed urban parts of the country. These normally include street children, people contracted HIV/AIDS, jobless or homeless. Also, there should be efforts to include those who are referred to as "social evils" in HEPR programmes. These include "lazy" people, drunken, drug addicts, gamblers etc. In addition, there may be a need to create a poverty tracking system to monitor those who move out or fall back poverty.



9.3 Better system for monitoring and evaluation.

There was no systematic mechanism installed in the NTP on HEPR and Programme 135 in the previous period of 2001-2005 to collect data and information to monitor progress/performance or evaluate impacts of the interventions. The government has recognised the importance of a sound monitoring and evaluation system and had take step to improve. The new degree on ODA management released recently has a separate charter on monitoring and evaluation. This is a good start, however, their needs to have an even bigger effort to institutionalise this system into the reporting system of the government. Among other things, capacity building for government officers on this area of expertise is important. Discussions with practitioners revealed a lack of incentives of the government officers at the national level to monitor performance at the provincial level. In addition, there is a need to make monitoring and evaluation more participatory at the grassroots level to encourage the local people and institutions to supervise the implementation process. Further, gradually, Viet Nam needs to use independent evaluation of the government programmes to promote transparency. Are there intermediary measures that would be usefully prioritised in this process and most helpful in reviewing the policy/programmes annually?

9.4 Further decentralisation

Many agree that too little decentralisation was done in the implementation of Programme 135 for 2001-2005. One of the principles of Programme 135 was to decentralise implementation to commune level and this was not materialised. The explanation was the inadequate capacity of the commune level to manage. Some fear of misuse of funds. Clearly, these concerns are real and legitimate. But, it is also clear that little was done to build up capacity at the grassroots level to manage and there was not much effort from the Programme to provide guidelines on the responsibilities and accountabilities of the various agencies and individuals at the commune level. Discussions with officers at different levels revealed a reluctance of officers at higher levels to delegate power to the lower levels. The success of the future phase of the programmes is dependent on the ownership and leadership of the local government to push implementation to higher and more difficult limit. To some extent, decentralisation is an end in itself of any development intervention, not merely a mean to an end.

9.5 More participation from the bottom up

Together with decentralisation, another encouraging trend is that planning and implementing development programmes have become more participatory. Nation-wide, government effort in improving planning process in the preparation of national and provincial socio-economic development plans⁴⁴ has promoted participation of various stakeholders through consultative process. The story of Dien Bien province provides information on such consultative process. In order to further institutionalise this participatory process, it is advisable to include scholars, members of the emerging civil society and journalists into the HEPR committees at all levels when possible.

⁴⁴ MPI report on streamlining CPRGS into national and provincial annual and 5-year socioeconomic development plans, November 2005



9.6 Rethinking of the development strategy of the upland areas.

Many scholars criticise that the importance of the uplands to the overall development of the nation is not well appreciated and that socioeconomic development plans for the upland areas are based on the lowland perceptions, which are often ungrounded. They also pointed out that many upland minorities are victimised by stereotypes that portray them as backward, superstitious and resistant to changes. In addition, there were dangers that the factual marginalisation of the ethnic minorities in the development process was not recognised in Viet Nam⁴⁵. Current social and economic development trends and movements such as decentralisation, grassroots democracy and accelerating integration into the global market give a better chance as well as necessitate a new approach to development issues in the upland areas. This new approach should move towards the direction of delegating more authority to the provincial, district and commune level, putting the interest of the poor and ethnic minorities at the central stage of the development while protecting the national interest regarding national defence and security, and integrating the uplands into the mainstream development of the country.

9.7 Communication

This area was considered weak in the implementation period 2001-2005. CEM report revealed that the Programme did not meet the target regarding mobilisation of funds contributed from businesses individuals. This was partly due to the absence of an effective communication strategy to enlist the support of the public at large to the Programme. Various studies reported that knowledge about the programmes and the associated benefits to the poor was very limited. This hinders implementation. In addition, limited information on the programmes' coverage and status of the implementation bred corruption and created suspicions. The communication strategy for the next phase of Programme 135, which was already designed, has taken into account these shortcomings. But the challenge is to push it through the bureaucracy in the implementation stage.

9.8 Poverty reduction must work hand in hand with other ongoing reforms

Implementation will be slow and transaction costs will be high if the system is bureaucratic, inefficient and corrupt. Participation of the grassroots people will in planning, implementation, supervision and evaluation will not be possible if grassroots democracy is materialised; empowering people will not be made possible if decentralisation is slow and officers in charge are clinging to power; accountability of the officers in power will not be checked and the voice of the weak will not be heard if the role of press is limited. Currently, the Government is pushing on all fronts including accelerating PAR, intensifying the fight against corruption, promoting grassroots democracy and delegating more power to the lower level of government. As the pace of change in this country is fast, these reforms need to accelerate further.

⁴⁵ Neil L. Jamieson, Le Trong Cuc, A. Terry Rambo, (1998)



9.9 Private sector involvement

The second phase of NTP on HEPR and Programme 135 will see more coverage and outreach and inclusion of services that are delivered at the households level, such as training of farmers, organising farmer into groups and creating demonstration models. This will require a lot of human resources to carry out these activities. The present capacity at all levels has already strained. Therefore, there is a need to promote the participation of the private sector into the implementation of the programmes. This requires, among other things, the change in the role of government from the providers of services to facilitators of the transaction. In addition, a whole range of issues regarding government cost norm, procurement procedures and financial guidelines need to be in place.

9.10 More international technical support to government

The Government and the international donor community have decided to move away from project support to budget support in an effort to promote ownership and leadership of the Government and to harmonise procedures. In addition, with the current growth rate, it is predicted that in the near future Viet Nam will not be eligible as a recipient of ODA. Ultimately the international community will phase out. This means that Viet Nameese have to take over many tasks that are currently performed and delivered by specialist employed by the donors. In order to ensure smooth handover, Viet Nam needs to learn about a lot of things. This means an overall upgrade of human capacity from the part of the government. This work best in the form of technological transfers when Viet Nameese officers or professional working together in tackling specific problems in real life. The range of issues involved includes setting up institutions, procedures and building capacity.



Appendix 1

Vietnam Living Standard Surveys (VLSSs) and Vietnam Household Living Standard Survey (VLHSSs)

Vietnam Living Standard Survey 1992-1993, VLSS 1993

- Undertaken from Oct 1992- Oct 1993;
- Financial support by UNDP, SIDA and World Bank; the later with more technical input;
- Apply a multistage cluster sampling procedure on two strata (rural and urban areas) to select a nationally representative sample of 4,800 households with 23,839 individuals
- Topics
 - Household income & expenditure
 - Housing
 - Education
 - Health (height, weight, arm circumference of all household members),
 - Employment
 - Agricultural activities
 - Non-farm business activities
 - Migration
 - Fertility
 - Savings and credit
 - The use of basic economic infrastructure and social services.
- The survey use three types of questionnaire: a household questionnaire, a community questionnaire and a price questionnaire which write the exact questions to be asked in order to ensure that each question was understood in the same way by interviewers and respondents.
- The data collection method consisted of face-to-face interviews. The data reference period was two weeks, four weeks, or the past twelve months or longer depending on the frequency of the subject under investigation.
- Fieldwork personnel (38 people) were organised into teams. Each team consisted of a supervisor, two interviewers, an anthropometrics and a data entry operator.
- Each team was equipped with a desktop computer so that data entry was done in the field. This ensured that collected data for the first round could be checked for errors



and corrected by re-interviewing households in the field during the second round. A high level of supervision ensured the quality of the survey: one supervisor for every two interviewers, one anthropometrics and one data entry operator.

9.10.1 *Vietnam Living Standard Survey 1997-1998, VLSS 1998*

- Started in December 1997, completed in November 1998
- Follow the same format and organisation of VLSS 1993;
- Kept 4,305 households- 17,763 individuals from VLSS 1993 and used a multistage cluster sampling procedure on 10 strata to augment the sample to around 6,000 households- 28,509 individuals; the additional ones were obtained from the sample of the Multi-purpose Household Survey (MPHS)
- The 10 strata consist of Hanoi and Ho Chi Minh City, medium size towns, smaller towns, and rural parts of the seven regions of Vietnam mentioned above.

Vietnam Household Living Standard Survey- VHLSS 2002

- VHLSS 2002 incorporates many aspects of the 1992- 93 and 1997- 98 Vietnam Living Standards Survey (VLSS) as well as many characteristics of past Multi Purpose Household Survey (MPHS).
- Conducted in accordance with Decision 675/2001/QĐ-TCTK of 23/11/2001 of the Director of General Statistic Office

Topics in VHLSS 2002- cover the core module with the questions of:

1. Basic demographic information on all household members (age, sex, relationship to head)
2. Household expenditures (food, education, health, etc.)
3. Household income (wages and salary, farm production, non-farm production, remittances, etc.)
4. Employment and labor force participation
5. A small number of questions on education (literacy, highest diploma, fee exemption)
6. A small number of questions on health (use of health services, health insurance)
7. A small number of questions on housing (type of housing, electricity, water source, toilet, etc.)
8. Assets and durable goods
9. Participation in poverty programs
10. Information on local infrastructure collected by a community questionnaire

It is planned that detailed data on topics that change less often could be done every five years, and detailed data on topics that change even less often could be done every ten years. These are defined as the rotated module topics



Module Plan

Year	Proposed topics
2002	Core only
2004	Core + Agriculture + Hh businesses
2006	Core + education + health
2008	Core + Agriculture + Hh businesses
2010	Core + education + health

Sample size: 75,000 households, of which:

30,000 households with all topics (called in short: Income and Expenditure Sample/Households), and

45,000 households without Expenditure Topic (Income Sample/Households)

Questionnaire: of the 9 sections in the questionnaire, six are very similar to the 1997- 98 VLSS: Household Roster, Education, Employment; Other Income; Housing; Food Expenditures and Non Food Expenditures;

Vietnam Household Living Standard Survey- VHLSS 2004

- Conducted in accordance with Decision 697/QĐ-TCTK dated 12/12/2003 of the Director of General Statistic Office
- Topics: Core in 2002 + Agriculture and Household Business (rotated modules)
 - *Expanded Agriculture:*
 - Agriculture Land: land transaction (renting in/out in past 12 months, changes in land and land use rights in last 10 years)
 - Sales of products
 - Changes in crops in last 10 years
 - Access to farm extension services
 - *Expanded Household Business*
 - Labor
 - History of the Business
 - Participation in business associations
 - Business Market
 - Business problems



Sample size: 45,900 households in 3,063 communes/wards, of which
9,180 households with all topics: Core and Rotated modules, and
36,720 households without Expenditure Topic (Income Sample/ Households).



Appendix 2

Administrative system and legislation enactment in Viet Nam

The state administrative system in Viet Nam

The State structure of the Socialist Republic of Vietnam includes four levels: Central, provincial, district and communal.

At the central level is the National Assembly, the Country's President, the Government, People's Supreme Court and the Supreme People's Procuracy.

The National Assembly is the highest representative organ of the people and the highest organ of State power of the Socialist Republic of Vietnam. Members of the National Assembly are directly elected by the people with working terms of 5 years.

The National Assembly has the authority to elect the Country's President, the Prime Minister of the Government, the President of the People's Supreme Court and the Director of the Supreme People's Procuracy.

At local government levels (in provinces, districts and communes), the People's Councils are directly elected by the people with 5-year terms. People's Committees which are elected by the People's Councils are State administrative agencies at local levels.

The Central Government and People's Committees at all levels form the State administrative system in Vietnam.

Government

Position and function

The Government is the executive organ of the National Assembly and the highest organ of State administration of the Socialist Republic of Vietnam

The Government consistently manages the implementation of the State's tasks in the fields of politics, economics, culture, society, national defense and security and foreign relations; ensures the efficiency of the State apparatus from central to grassroots levels; assures that the Constitution and laws are respected and executed; brings into full play the people's ownership in national construction and defense causes; and guarantees the sustainability and improvements of the people's material and spiritual lives.

Duties and authorities

Leading the operation of Ministries, ministerial equivalents, Government-affiliated agencies, People's Committees at all levels; building and strengthening a unified State administrative apparatus from the central to local levels; guiding and supervising the implementation of legal documents issued by superior State agencies of People's Councils; enabling People's Councils to fulfill and execute their legal tasks and authorities; and training, upgrading, arranging and utilising civil servants and public employees.

Organisational structure



<http://www.caicachhanhchinh.gov.vn/English/AdministrativeSystem/Government/104200409291838000/>

The organisational structure of the Government consists of:

- Ministries
- Ministerial Equivalents

The National Assembly can decide to establish or abolish certain Ministries and Ministerial Equivalents at the request of the Prime Minister.

Ministries

The Ministry of Foreign Affairs (MOFA)

<http://www.caicachhanhchinh.gov.vn/English/AdministrativeSystem/MinistriesMinisterial/8200409291937000/>The Ministry of Foreign Affairs is a Government agency performing the function of State management in the field of foreign affairs, including issues on: diplomatic affairs, national borders and territories, overseas Vietnamese; signing and implementing international treaties, overseas missions and public services in these fields; and representing the State ownership rights to the State investment capital in enterprises in fields under its management as prescribed by law.

Ministry of Justice (MOJ)

The Ministry of Justice, is a Government agency which has the function of implementing State management in the fields of legal system formulation, normative legal documents review, dissemination and education on law, civil cases enforcement, judiciary administration and support, and other judiciary issues nationwide; and over public services in its fields of management in accordance with legal provisions

Ministry of Trade (MOT)

The Ministry of Trade (MOT), is a Government agency which has the function of implementing State management in the field of commerce and over public services in this field; representing the State ownership in enterprises with State investment capital under the Ministry's management according to legal regulations.

Ministry of Labour, Invalids and Social Affairs (MOLISA)

The Ministry of Labour, Invalids and Social Affairs (MOLISA) is a Government agency which has the function of implementing State management in the fields of labour, jobs, work security, vocational training, policies for invalids, revolutionary martyrs and estimable people, social sponsorship, social evils prevention (generally considered as the fields of labour, invalids and social affairs) in a national scale, and over public services in these fields; representing the State ownership in enterprises with State investment capital under the Ministry's management according to legal provisions.

Ministry of Transportation



The Ministry of Transportation is a Government agency which has the function of implementing State management in the fields of road, railway, river, sea and air transportation nationwide and over public services in these fields; representing the State ownership in enterprises with State investment capital under the Ministry's management as prescribed by law

Ministry of Construction (MOC)

The Ministry of Construction is a Government agency which has the function of implementing State management in the fields of construction; building materials; houses and offices; urban architecture, planning for construction and rural planning for construction; urban infrastructure; and over public services in these fields; representing the State ownership in enterprises with State investment capital under the Ministry's management as prescribed by law.

Ministry of Fisheries

The Ministry of Fisheries is a Government agency which has the function of implementing State management in the field of aquaculture, including growing, processing, protecting and developing sources of aquatic species, and over public services in this field; representing the State ownership in enterprises with State investment capital under the Ministry's management as prescribed by law.

Ministry of Culture and Information

The Ministry of Culture & Information is a Government agency which has the function of implementing State management in the fields of culture and information, including cultural heritage, performance arts, movies, fine arts, photography, exhibitions, the press, publications, authorship for literature and art works, libraries, advertising, mass culture, propaganda, and over public services in these fields; representing the State ownership in enterprises with State investment capital in the fields of culture and information and according to legal provisions.

Ministry of Education and Training (MOET)

The Ministry of Education & Training is a Government agency which has the function of implementing State management in the field of education, including pre-school, general, professional high-school, tertiary, post-graduate education and non-regular training, and over public services in these fields; representing the State ownership in enterprises with State investment capital under the Ministry's management and according to legal provisions

Ministry of Agriculture and Rural Development (MARD)

The Ministry of Agriculture and Rural Development is a Government agency which has the function of implementing State management in the fields of agriculture, forestry, salt production, irrigation and rural development nationwide; and over public services in these fields; representing the State ownership in enterprises with State investment capital under the Ministry's management and according to legal provisions.

Ministry of Industry (MOI)



The Ministry of Industry is established by the Government and responsible to the Government for State management of the industrial sector namely mechanical engineering, metal industry, new energy, renewable energy, oil and gas, mineral mining, chemicals (including the pharmaceutical industry), industrial explosive materials, consumer-goods industry, foodstuff industry and other processing industries throughout the country; implements State management of public services and represents the State ownership in State-shared enterprises in industries managed by the Ministry under the Law.

Ministry of Planning and Investment (MPI)

The Ministry of Planning and Investment (MPI) is a Government agency which has the function of implementing State management in the field of planning and investment, including: providing comprehensive advice on the formulation of country-level socio-economic development strategies, programmes and plans, on economic management mechanisms and policies for general management as well as for some specific areas; on domestic and foreign investments, industrial and processing zones, on Official Development Aids (ODA) management, contracting, enterprise and business registration nationwide; and over public services in these fields under the Ministry's management and according to legal provisions.

Ministry of Public Health (MOH)

The Ministry of Health is a government agency responsible for the State management on health care and treatment in areas such as disease prevention, health consultation, disease treatment, rehabilitation, traditional medicine, medicine production for disease prevention and treatment, control of health-related products, food safety control and healthcare equipment. MOH also exercises the State management function over health-related public services and on behalf of the Government, the control over State capital in State-owned enterprises managed by MOH as stipulated by law.

Ministry of Science and Technology (MOST)

The Ministry of Science and Technology is a government agency responsible for the State management on science and technology activities; development of science and technology potential; definition of standards, measurements and quality of products; reservation of intellectual property rights; development of atomic power and assurance of radiation and nuclear safety; and public services related to science and technology. MOST also exercises the State management function over the control over State capital in State-owned enterprises managed by MOST on behalf of the Government and as stipulated by law.

Ministry of Natural Resources and Environment (MONRE)

The Ministry of Natural Resources and Environment is a government agency responsible for State management of natural resources i.e. land, water, minerals and environment; hydrometeorology; geographic measurement and topography. MONRE also exercises the State management function over public services and the control over, on behalf of the Government, State capital in State-owned enterprises in areas of land resource, water



resource, mineral resource, environment, hydrometeorology, geographic measurement and topography as stipulated by law.

Ministry of Post and Telecommunication (MPT)

The Ministry of Post and Telecommunication is a government agency responsible for the State management of post, telecommunication, information technology, electronics, internet, radio transmission and emission methods, radio-frequency management and national information infrastructure. MPT also exercises the State management function over post and telecommunication public services and the control over, on behalf of the Government, the state capital in State-owned enterprises in the areas of post, telecommunication and information technology as stipulated by law.

Ministry of Home Affairs (MOHA)

The Ministry of Home Affairs is a government agency responsible for the State management of organisation of the State administrative apparatus; organisation of local administrations; administrative land borders; contingent of cadres and public servants; associations and non-governmental organisations; State stationary and archive systems. MOHA also exercises the State management function over related public services and the control over, on behalf of the Government, State capital in State-owned enterprises managed by the Ministry as stipulated by law.

The State Inspectorate

The State Inspectorate is a government, ministerial-level agency responsible for the State management of inspection; settlement of complaints and denunciations; enforcement of inspectorate rights; prevention and fighting against corruption within its competency

The State Bank of Viet Nam (SBV)

The State Bank of Vietnam (hereinafter shortened to: State Bank) is a government ministerial-level agency responsible for the State management of monetary issues, banking and acting as the Central Bank of the Socialist Republic of Vietnam. The State Bank also exercises the State management function over banking public services and the control over, on behalf of the Government, State capital in State-owned enterprises of the banking sector as stipulated by law.

Committee for Sport and Games

The National Committee on Sport and Physical Training is a government ministerial-level agency responsible for the State management on sport and physical training activities nationwide; related public services; and the control over, on behalf of the Government, State capital in State-owned enterprises in the sport and physical training sector as stipulated by law.

Committee for Ethnic Minorities (CEM)

The National Committee on Ethnic Minorities is a government, ministerial-level agency responsible for the State management of work concerning ethnic minorities nationwide;



related public services; and the control over, on behalf of the Government, State capital in State-owned enterprises managed by the Committee as stipulated by law.

Committee for Population, Family and Children

The National Committee on Population, Family and Children is a government, ministerial-level agency responsible for the State management on population, family and children; and public services in these areas.

Office of the Government (OOG)

The Office of the Government is a ministerial-level agency, assisting the Government and the Prime Minister.

OOG functions are: To organise the general activities of the Government and the Prime Minister; advise the Prime Minister on the direction and administration of general activities of the State administrative apparatus; assist the Prime Minister in organising the regulation and coordination of activities of ministries, ministerial-level agencies, agencies attached to the Government, People's Councils and People's Committees of provinces and centrally-run cities for the implementation of the Government's and Prime Minister's working programmes and plans; to develop, manage and strictly observe the Government's and Prime Minister's Working Regulations and working programmes and plans; and ensure the material and technical conditions for the Government's and Prime Minister's activities.

Ministry of Finance (MOF)

The Ministry of Finance is a government agency responsible for the State management of public finance, state budget, taxation, fees and other source of revenues, national reserves, state funds, financial investments, state-owned enterprises corporate finance and financial services (finance and budget) customs services, accounting, audits and pricing nation-wide; represent state-ownership in companies.

Government-affiliated agencies

Position and function

Government agencies which are mandated and authorised to exercise the State management function over sectors and areas; public services of respective sectors and areas; and control over, on behalf of the State and as stipulated by law, the State capital in State-owned enterprises.

Government agencies which provide public services are mandated to exercise the State management function on behalf of the Government or provide important public services which require special oversight of the Government. These agencies are also assigned to carry out some tasks and authorities concerning the control over State capital in State-owned enterprises as stipulated by law. (Excerpt from the government Decree No. 20/2003/ND-CP dated April 1st, 2003 defining functions, mandates, authorities and organisational structure of government agencies).

Heads of government agencies are leaders of these agencies and responsible to the Prime Minister and the Government for implementation of functions, mandates and authorities



assigned to their agencies. Chairmen of government agencies are not entitled to promulgate normative legal documents. The Prime Minister is the only person who has full competence to sign normative legal documents in order to ensure the State management of issues related to sectors and areas managed by government agencies.

Central Commission for Emulation and Remuneration

The Central Commission for Emulation and Remuneration is an agency under the authority of the Government, which assists the Government in emulation campaigns and remuneration throughout the country; performs some State administration duties and organises activities in terms of emulation and remuneration in accordance with laws; performs State administration over public services in the field and scope of administration by the Commission as regulated by laws.

Organisational structure of the Central Commission for Emulation and Remuneration

1) Organisations assisting the Head of the Commission in performing the function of State administration:

- Department of Studies and Synthesis (called as Department I)
- Department of Emulation – Remuneration for Ministries, Boards, Branches and Societies at Central Level (called as Department II);
- Department of Emulation – Remuneration for Provinces, Cities at Central level (called as Department III);
- Department of Organisation;
- Inspectorate;
- Administration Office (with permanent office in Ho Chi Minh City)

2) Public service organisations under the Commission:

- Centre for Informatics and Archiving;
- Emulation-Remuneration Magazine.

General Department of Tourism (VNAT)

Vietnam National Administration of Tourism is a government agency, which exercises the State management function over tourism operations and activities throughout the country; tourism public services; and control over the State capital in State-owned enterprises attached to VNAT on behalf of the Government and as stipulated by law.

General Department of Statistics (GSO)

General Department of Statistics is a governmental agency mandated to perform the function of State management of statistics; to organise statistical activities and to provide socio-economic statistical information for agencies, organisations and individuals according to regulations of the law; to manage public services; to exercise the State management function



over related public services on behalf of the Government, and the control over State capital in State-owned enterprises managed by the General Department of Statistics as stipulated by law.

Voice of Vietnam (VOV)

The Voice of Vietnam is a government national broadcasting station responsible for disseminating information and policies of the Central Party and the law of the State, helping to educate and improve the people's intellectual standards, serving the cultural life of the people through regular programming; implementing some specific tasks and authorities to control on behalf of the State, State capital in State-owned enterprises managed by the Voice of Vietnam as stipulated by law.

Press Agency of Vietnam

Vietnam News Agency (VNA) is a government, Public Service Delivery Agency responsible for performing State media functions through publishing news, official documents of the Party and State; providing news to serve the requirements of the leadership of the Party and State management, collecting and disseminating news to serve the people inside Vietnam and abroad; implementing some specific tasks and authorities to control on behalf of the State, State capital in State-owned enterprises managed by VNA as stipulated by law.

The National Television Station

Vietnam Television (VTV) is a national government television station responsible for performing the functions of disseminating information and policies of the Central Party and the law of the State, helping to educate and improve the people's intellectual standards, serving the cultural life of the people through regular programming; implementing some specific tasks and authorities to control on behalf of the State, State capital in State-owned enterprises managed by VTV as stipulated by law.

VTV press activities are managed by the Ministry of Culture and Information; transmission frequency and television broadcasting are under the State management of the Ministry of Post and Telecommunication.

Government Commission for Religion

The Government Commission for Religion is the Governmental agency responsible for implementing some State management duties and authorities regarding different religions nationwide; to undertake the state management of the public services in the area of religion according to the law.

Viet Nam Academy of Social Science (VASS)

The Vietnam Academy of Social Science Institute is the governmental agency responsible for researching Vietnamese social science issues; providing scientific foundations for the outlines of public policy, strategy, planning and policies for efficient, sustainable development with socialist orientation; acting as a consultative and social science post-graduate training organisation; and involved in the development of the social science potential of the country.



Viet Nam Academy of Science and Technology (VAST)

The Science and Technology is the Governmental agency responsible for researching natural science and technology developments based on the key development areas of the Government.

Social Insurance of Viet Nam

Vietnam Social Insurance is a government public service delivery agency responsible for implementing the social and health insurance policy and regulation (referred to below as social insurance), and managing the Social Security Fund in accordance with the law.

The Management Board of the Ho Chi Minh Mausoleum

The Ho Chi Minh Mausoleum Management Board is the governmental agency with the function of steering and coordinating related agencies to protect and preserve President Ho Chi Minh's body on a permanent basis; to ensure the order and security of the entrusted areas; to manage and organise some activities at the Mausoleum, to protect the Monumental Stone of Heroes and Martyrs; to manage Ba Dinh square and other related constructions according to the law.

People's committees at all levels

Position and function

The People's Committee which is elected by the People's Council is the executive agency of the People's Council, the administrative agency at the local level, and is accountable to the People's Council at the same level and higher State agencies.

The People's Committee is responsible for executing the Constitution, Laws, documents promulgated by State agencies at higher levels and the Resolutions of the People's Council at the same level in order to ensure the implementation of policy, socio-economic development measures, the strengthening of national defence and security, and the implementation of other policies of the locality.

The People's Committee carries out the State management function in the locality, helping to ensure unified steering and management in the State administrative system from the central to local level.

Number of members of the People's Committee at all levels

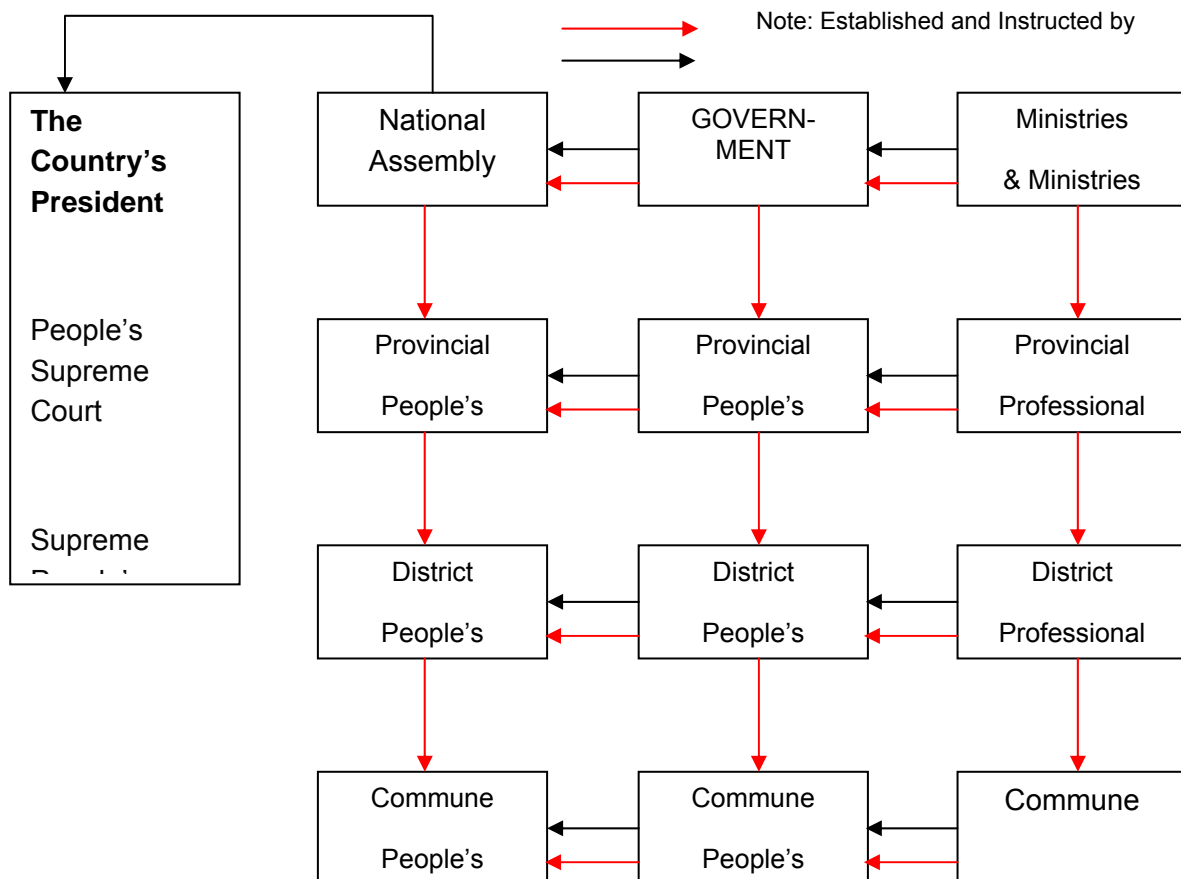
- There are 9 to 11 members of provincial People's Committees; The People's Committees of Hanoi and Ho Chi Minh City do not exceed 13 members;
- There are 7 to 9 members of the People's Committees at the district level;
- There are 3 to 5 members of the communal People's Committees.

The number of members and Vice Presidents of the People's Committee at each level is decided by the Government.

The professional agencies of the People's Committee at all levels

The professional agencies of the People’s Committees at all levels are consultative agencies to support the People’s Committees at the same level to implement governance functions in the locality as well as duties and authorities according to the People’s Councils at the same level and as stipulated by law; to contribute to the unified management of sectors or professional agencies from the central to local level.

Their positions can be depicted in the below chart:

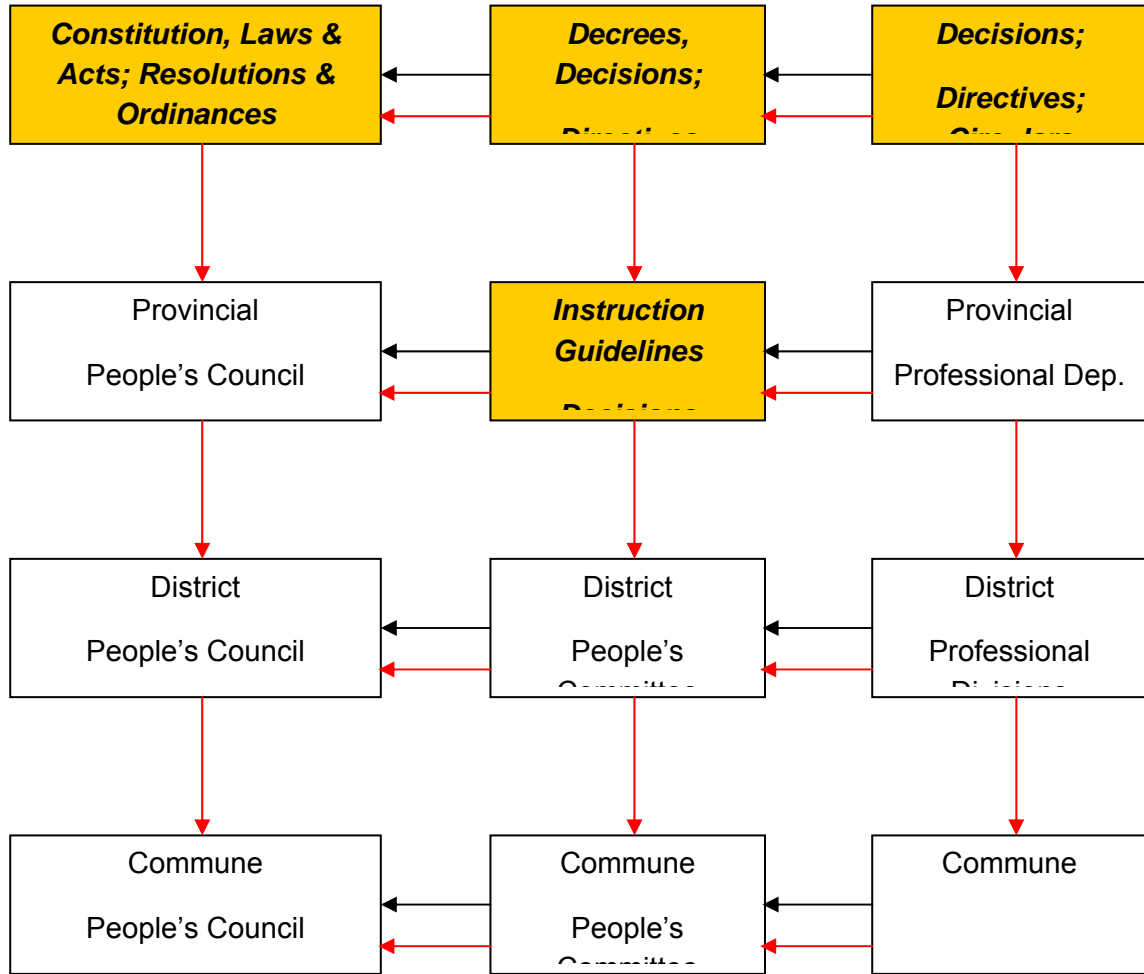


In conformity with the functions and responsibilities, the issuance of laws and legislations functions are assigned as follows:

- The National Assembly approves the **Constitution, Laws and Acts and Resolution**; The Standing Committee is assigned the task of approving **Ordinances**.
- To detail and instruct the implementation of laws, ordinances and resolutions, the Government issue **Decrees, Decisions and Directives**; Accordingly, Ministries and Ministerial Equivalents issue **Circulars, Decisions or Directives** to guide activities under their professional field of responsibility;

At local levels, People’s Committees and People’s Councils are assigned the tasks of issuing **Instruction Guidelines or Decisions** to further instruct the implementing of certain policies or legislation from central government.





→ Note: Established and Instructed by
→



Appendix 3

Selected important government documents

Decision No. 135/1998/QĐ-TTg of July 31, 1998 to approve the program on socio-economic development in mountainous, deep-lying and remote communes with special difficulties

The Prime Minister

Pursuant to the Law on Organisation of the Government of September 30, 1992;

Pursuant to Resolution No. 4/1998/NQ-CP of the Government at its March 1998 regular meeting;

At the proposals of the Minister-Chairman of the Committee for Ethnic Minorities and Mountainous Areas, the Minister of Planning and Investment, the Minister of Finance, the Minister of Labor, War Invalids and Social Affairs and the Minister of Agriculture and Rural Development;

Decides:

Article 1.- To approve the program on the socio-economic development in mountainous, deep-lying and remote communes with special difficulties, with the Committee for Ethnic Minorities and Mountainous Areas acting as its standing body to assist the Government in directing the program implementation, which includes the following contents:

I. Objectives

1. General objective:

To quickly improve the material and spiritual life of the ethnic minority people in mountainous, deep-lying and remote communes with special difficulties; create conditions for these areas to overcome poverty, backwardness and under-development and integrate themselves into the overall national development, thus contributing to the maintenance of social order and safety, national security and defense.

2. Specific objectives:

a/ For the 1998-2000 period:

- There will be basically no households suffering from chronic hunger, with the number of poor households to be reduced by 4-5% annually.

- To initially supply the inhabitants with water for their daily life, attract the majority of school-age children into schools; to be able to control a number of dangerous diseases, to build roads to the centers of commune clusters in service of the people's life and economic activities; to help the majority of people to enjoy cultural performances and communication services.

b/ For the 2000-2005 period:



-To reduce the percentage of poor households in communes with special difficulties to 25% by the year 2005.

- To ensure the supply of sufficient water for the inhabitant daily life; attract over 70% of school-age children into schools; to provide a great majority of inhabitants with production experiences, scientific, cultural and social knowledge so that they can take initiative applying such experiences and knowledge to their production and life, to be able to control most of dangerous social diseases; to build roads to the centers of commune clusters for motorised vehicles and in service of the people's daily life and economic activities; to boost the development of rural markets.

II. Directing principles

1. The socio-economic development in mountainous, deep-lying and remote communes with special difficulties must be, first of all, based on the promotion of the internal resources of every household and the community-based assistance and at the same time with the active support of the State in order to tap local land and labor resources as well as the natural, and socio-economic conditions in the areas, create new changes in the people's production as well as material and spiritual life.

2. The State shall create a legal environment and adopt socio-economic development policies, give priority to the allocation of the State budget, funding of the programs and projects located in the areas and capital sources donated by foreign countries and international organisations to communes with special difficulties.

3. There should be comprehensive measures for implementing the program, first of all concentrating on the agricultural and forestial development; building rural infrastructure; and at the same time boosting the educational medical, cultural and social development in the areas.

4. The provinces and cities directly under the Central Government, the ministries and branches shall have to assist the communes covered by the program; socio-economic organisations, people's armed forces, socio-professional organisations, enterprises and the people of all strata throughout the country as well as overseas Vietnamese... are encouraged to make active contributions to and support the program implementation.

III. Scope of the program

1. The Central Government shall select 1,000 out of 1,715 communes facing difficulties (the list of these communes is enclosed herewith) of the districts with special difficulties so as to concentrate investment under this program. The remaining communes shall receive priority investment through various national target programs and other development projects and programs.

2. The program shall be implemented from 1998 to 2005.

IV. Tasks of the program

1. To make a planning on the population redistribution in places where it is so necessary, step by step rationally organise the daily life of the inhabitants in mountainous and rural



villages and hamlets in areas where conditions permit, particularly in border and island communes, create conditions for the inhabitants to quickly stabilise their production and life.

2. To boost agricultural production and forestry in association with products processing and marketing so as to tap local natural resources and utilise the local labor force, create more opportunities of employment and income generation, stabilise the inhabitants' life and gradually develop goods production.

3. To develop the rural infrastructure in line with the production planning and the population redistribution planning, first of all, the communications system; the drinking water supply systems; and the power-supply systems in areas where conditions permit, including mini hydro-electric power stations.

4. To plan and build centers of commune clusters, focusing on the investment in building medical and educational establishments, commercial centers, handicraft and cottage – industrial establishments, production and service establishments, radio and television networks.

5. To train cadres for mountainous and rural communes and villages, help grassroots cadres to raise their administrative and economic management abilities in order to meet the local socio-economic development requirements.

Article 2.- Some major policies

1. Land policy:

The presidents of the provincial People's Committees shall direct the assignment of land and forests and the granting of land tenure certificates in association with the sedentarisation and development of new economic zones, creating conditions for the people to have access to land for production and stabilise their life.

a/ Farmers' households in mountainous areas where there are forest protection and planting projects shall be contracted to protect and zone off areas for forest regeneration in combination with additional plantings be assigned land for planting protection and/or production forests under Decision No. 661/1998/QĐ-TG of July 29, 1998 of the Prime Minister on the "objectives, tasks, policies and organisation of the implementation of the Project to plant five million hectares of new forests". The land area quotas to be assigned under contracts shall depend on the specific conditions of each locality and be decided by the provincial People's Committees.

b/ In areas where farmers have no land or too little land for agricultural and/or forestal production, the following solutions may be applied:

- In provinces where land is still left waste and can be reclaimed for the development of agricultural and/or forestal production, the State shall support the investment in the land reclamation and the assignment of such land to inhabitants for production.

- To assign State-run and military agricultural farms and/or afforestation/logging camps based in the localities to receive landless people, nomadic people and assign land to them under contracts for production.



- The provincial People's Committees shall adopt policies to encourage non-State agricultural and forestial organisations to receive and offer jobs to poor farmers' households.

The State shall earmark some investment capital for the expansion of several new economic zones, chiefly for receiving poor farmers' households who come to carry out production therein, including those in the Long Xuyen Quadrangle, the Central Highlands, Binh Thuan and other areas with conditions. To assign the Ministry of Agriculture and Rural Development to assume the prime responsibility together with the Ministry of Planning and Investment and the Ministry of Defense for coordinating with the concerned provincial People's Committees in expeditiously performing this task.

1. Investment and credit policies:

a/ To give priority to investment in building infrastructure in service of agricultural and forestial production. In places where irrigation works can help develop wet rice cultivation, the State shall allocate the budget capital to support the investment in building irrigation works. In a number of highland areas with special difficulties where there is no wet rice field, the State shall provide funding for developing terraced fields, helping the inhabitants to have conditions for on-the-spot food production.

b/ The State shall subsidise prices and transport freights of goods essential for the production and life of farmer' households living in communes with special difficulties according to Decree No. 20/1998/ND-CP of March 31, 1998 of the Government.

c/ Households with are assigned land and/or forests for growing industrial plants, fruit trees, specialty trees, herbal plants and forestial production shall enjoy the policy stipulated by the Prime Minister in his Decision No. 661/1998/QD-TTg of July 29, 1998 on the "objectives, tasks, policies and organisation of the implrmentation of the Project to plant five million hectares of new forests".

d/ The national target programs and relevent programs within the areas should give priority to investment in this program. The households covered by this program shall be given priority to borrow capital from the bank for the poor and other preferential credit sources for production development.

e/ The presidents of the People's Committees of the provinces covered by this program shall concentrate on directing and mobilising various local resources for the program implementation. Apart from the source of investment capital for the overall development of the whole region, the State shall also give financial support for performing the following tasks:

- Building of the centers of commune clusters, which shall be financed by the capital source of the national program on hunger elimination and proverty alleviation.

- Development of the traffic network: each district shall be provided with one bulldozer, one rear-dump truck and one road-roller. The State shall provide explosives, cement, steel and iron for building subterranean passage, bridges, culverts as well as food for the construction of rural roads.



- Construction of power projects: in areas where conditions permit, the State shall support the investment in building the electric transmission lines to the centers of commune clusters according to the planning and the investment capability in each period. In areas where conditions permit the construction of mini-hydro-electric projects, the State shall support the inhabitants part of the expenditures and lend credits for development investment.

- In places where exist difficulties in the drinking water supply: the State shall support part of expenditures for building a number of water supply points suitable to the population distribution planning.

g/ The State encourages the establishment of interfamily terms or groups for mutual assistance in production and daily life, and efficient use of rural credit sources.

h/ The people in communes with special difficulties shall enjoy free health-care and medical treatment at State medical establishments under Decree No. 95-CP of August 27, 1994 of the Government.

2. Human resource development policies:

a/ The State shall allocate funding for the training and fostering of cadres for mountainous and rural communes, villages and hamlets so as to raise their capability of organisation and direction, production management, administrative management and the capability of managing and using rural credit sources to meet the local socio-economic development requirements.

b/ Pupils in communes with special difficulties who go to school shall be provided with textbooks, stationery and exempt from school fees.

c/ In each of communes with special difficulties under the program, several farmers' households which achieve good production results shall be selected for training in skills to conduct the agricultural and forestrial production promotion work in the localities and enjoy allowances from the funding for agricultural and forestrial promotion work.

d/ The State shall allocate funding for opening job training courses for ethnic minority children so as to tap local potentials, develop non-agricultural production and business lines for the purpose of income generation and improvement of the living standards.

4. Tasks of various levels and branches and support and contributions of individuals and organisations inside and outside the country for the program implementation:

- The steering committee for the program implementation shall discuss in detail with the provinces and cities directly under the Central Government where conditions permit, which, in the immediate future are Hai Noi, Hai Phong, Quang Ninh, Ho Chi Minh City, Dong Nai, Ba Ria- Vung Tau, Da Nang and Khanh Hoa, and assign them to directly assist a number of communes targeted by the program, focusing on such contents as giving-financial support for the infrastructure construction, mobilising their local cadres to visit and assist these communes...

- To assign each ministry or branch at the central level to assist a number of communes and at the same time assign each of State enterprises in the branch to assist a number of



communes. The ministries, branches and enterprises shall work out plans to save their expenditures and mobilise voluntary contributions from their employees and workers so as to have funding to support these communes.

- To assign the Ministry of Defense to build new economic zones in areas where conditions permit, sponsor and receive about 100,000 households to settle down in waste land areas, border and island areas.

- The State shall encourage socio-political organisations, socio-professional organisations and people of all strata throughout the country as well as overseas Vietnamese to support and assist the implementation of the program.

1. Tax policies

Trading in agricultural and forest products and goods catering for production and life of the inhabitants in communes with special difficulties shall be entitled to preferential tax policies as stipulated in Decree No. 20/1998/ND-CP of March 31, 1998 of the Government and other tax policies which promote investment in accordance with current regulations.

Article 3.- Capital sources and their use

1. The investment capital for implementing the program shall be mobilised from the following sources:

- The State budget capital (including the capital donated by foreign governments and international organisations).

- Credit loans.

- Capital mobilised from organisations and population communities.

1. To assign the Ministry of Planning and Investment to assume the prime responsibility and coordinate with the Ministry of Finance, the State Bank of Vietnam, the Committee for Ethnic Minorities and Mountainous Area and concerned ministries and branches in working out solutions to balance various capital sources in annual plans before submitting them to the Government for decision and making investment in different projects to implement the program.

Article 4.- Organisation of implementation

1. The Central Steering Committee for the “Program on the socio-economic Development in mountainous, deep-lying and remote communes with special difficulties” shall direct the ministries and functional branches to implement the program according to their respective functions and tasks and direct the provincial boards for the program implementation and management to formulate specific projects then submit them to the competent branches and levels for evaluation and approval according to current regulations, and make annual plans and organise the effective implementation of these projects in the provinces.

2. The annual plans on the program implementation shall be drawn up by the provincial People’s Committees as a separate part of the socio-economic development plans of the



provinces and submitted to the Government. The Ministry of Planning and Investment, the Ministry of Finance, the concerned ministries and branches and the Central steering Committee for the Program on the socio-economic development in mountainous, deep-lying and remote communes with special difficulties shall base themselves on their respective functions and task to submit to the Prime Minister for decision the investment capital allocated for the program, which shall be included separately in the annual plans of the localities and purpose and target beneficiaries and in conformity with the plans so as to ensure the effective implementation of the program.

Article 5.- This Decision takes effect 15 days after its signing. The head of the Steering Committee for the Program on the socio-economic development in mountainous, deep-lying and remote communes with special difficulties, the ministers, the heads of the ministerial-level agencies, the heads of the agencies attached the Government and the presidents of the People's Committees of the provinces and cities directly under the Government shall have to implement this Decision.

Prime Minister

Phan Van Khai

Decision No. 139/2002/QĐ-TTg on health care of poor people.

On 16th of December, 2002, the joint circular No. 14/2002/TTLT-BYT-BTC was issued for guiding the implementation of health care for the poor, including organisation, planning, management, and accounting. According to the decision, beneficiaries of the programme for health care for the poor include:

The poor people identified by current regulations and poverty criteria specified by the Decision No. 1143/2000/QĐ-LĐTĐXH dated 01/11/2000 by the Minister of MOLISA.

The people of communes of special difficulties as decided by the Decision No. 135/1998/QĐ-TTg dated 31/7/1998 by the Prime Minister on approval of "Socio-economic development programme for mountainous and remote communes".

People of ethnic minority groups in the Central Highland in accordance with the Decision No. 168/2001/QĐ-TTg by the Primary Minister, dated 30/10/2001 on "Long-term orientations, five-year plans for 2001-2005, and basic solutions to socio-economic development of the Central Highland" and the ethnic minority people of 6 Northern mountainous provinces according to the Decision No. 186/2001/QĐ-TTg by the Prime Minister on "Socio-economic development of 6 provinces with special difficulties in the Northern Mountainous region in the 2001-2005 period" .

A stable source of budget for the implementation of free health care for the poor at all levels will be established, especially the communal level. The fund for free health care for the poor is a national fund and operates in the principles of non-profitability, security, and development. Provincial people's committees establish funds for free health care for the poor on the minimum level of 70.000 VND/head/year, where at least 75% is from the state budget, the rest being mobilised from contributions made by home and international organisations and individuals.



Appendix 4

Independent studies on the impacts of the Policy on Healthcare for the Poor

An Analysis of national level hospital expenditures for in-patients

A study "An analysis of national level hospital expenditures for in-patients holding Programme 139 healthcare cards in three hospitals: Turmorigenicity, Pediatrics and Maternity in Hanoi" was released in August 2006. It is part of Research Project 2005-08 "Foundations and solutions for improving access to healthcare service for the poor" conducted by CCSE- Central Committee on Science and Education of Communist Party of Viet Nam. This study conducted interviews with in-patients who had completed settlement with the hospitals after their resident treatment periods. The sample includes 89 patients with 139 healthcare cards, 36 patients with other health insurance coverage and 49 patients with out any kind insurance or policies. In addition, the study conducted in-depth interviews managers and doctors in the three hospitals. The main findings include:

1. Programme 139 covers 51% of the total national-level hospital expenditures for in-patients equivalent to VND 2,208 million. Total expenditures include direct treatment costs (fees, tests and medicines) and indirect costs (transportation, board and other related costs for both in-patients and accompanied relatives)
2. Support from relatives, friends and colleagues /co-workers cover an additional 14% of the total expenditures. The in-patients shoulder the balance of about 35%.
3. Support from mass organisation, associations and non-government organisations is negligible.
4. Indirect costs (transportation, meals, boards and other related costs for both in-patients and accompanied relatives) account a large share of the total expenditures, equivalent to VND 1,70 million for one treatment period.

Recommendations:

1. Programme 139 does help the poor the reduce the burdens for curative treatment. Therefore, coverage of the Programme to all eligible is important to reducing poverty in Viet Nam
2. Programme 139 should use its funds to buy health insurance for the poor;
3. Programme should consider increasing support to cover indirect costs to patients;
4. Conduct periodical assessment of the Programme
5. Assessment of the Programme 139 in three provinces Yen Bai, Ninh Thuan and Dong Thap



Also as a part of Research Project 2005-08 " Foundations and solutions for improving access to healthcare service for the poor" chaired by CCSE- Central Committee on Science and Education of Communist Party of Viet Nam, the Research Group for Poverty reduction policies under the Viet Nam Union of Science and Technology Associations (VUSTA) conducted an assessment of Programme 139 in three provinces Yen Bai (in the North), Ninh Thuan (in the Central Coast) and Dong Thap (in the Mekong River Delta) in September 2006. The assessment used both quantitative and qualitative methods with a sample of 240 for each province. The treatments were in local-level hospitals or clinics

Main findings include:

1. Programme 139 covers on an average VND 30,000 to 190,000 for out-patients and VND 47,000 to 220,000 for in-patients for an treatment within 4 weeks before the assessment;
2. In addition to benefit accrued to patients, Programme 139 helps to reduce the deficits of the public hospitals due the over-due payments by the poor and to reactivate the operations of the clinics. The extent to which this effect is materialised is not known, but interview with hospital managers and doctors revealed that the Programme has brought about positive impacts on the financial health of the hospitals and improvement of the relationship between health workers and poor patients.
3. Evaluation of the accessibility of the poor to the Programme revealed a gap between the stated policy and implementation. This is reflected in the following aspects:
 - a. The Programme coverage is about 78%;
 - b. Only 7% of those who have healthcare card (of Programme 139) understand the benefits they are entitled;
 - c. Of those with 139 cards who took treatment at the public hospitals and clinics, only 62% were exempted in the case of in-patients, and 83% for outpatients.
 - d. About 38% in-patients with Programme 139 cards and 17% out-patients have to pay the costs of treatment;

Leakage rate is around 17%

4. Main reasons for weak implementation include inadequate supervision, poor communication of the Programme with the targeted beneficiaries, quality of design and printing of the healthcare cards is poor, information about the card holders is erroneous and missing, database of the beneficiaries is not well collected, stored, analysed and used;



5. The performance of the provinces varies. The mean that management at the provincial level or lower matters in following through the Programme.

Recommendations:

1. Using funds of Programme 139 to buy health insurance for the poor, making 139 as part of the national system of social insurance is a move in the right direction. This solves the problems of delayed issuance of the healthcare cards to the beneficiaries and allows the Programme to use IT to create database for the insured in general and the poor in particular;
2. The design of the healthcare cards needs to be sensitive to the requirements of both the cardholders and the Programme management. On the one hand the cards should provide information to the cardholders so that they understand the benefits they are entitled, the procedures of using the cards. On the other hand, it must contain correct information about the beneficiary to process the services and store information. In addition the cards need to be plastic coated to last long.
3. There is a need to have an impact evaluation independent of the government system of the Programme.



Appendix 5

Ethnic minority development in Viet Nam: A socio-economic perspective

Policy research working paper 2836

The World Bank Development Research Group

Macroeconomics and Growth

May 2002

Authors: Bob Baulch, Trung Thi Kim Chuyen, Dominique Haughton, and Jonathan Haughton

Abstract

Baulch, Chuyen, Haughton, and Haughton examine the latest quantitative evidence on disparities in living standards between and among different ethnic groups in Vietnam. Using data from the 1998 Vietnam Living Standards Survey and 1999 Census, they show that Kinh and Hoa ("majority") households have substantially higher living standards than "minority" households from Vietnam's other 52 ethnic groups. Subdividing the population into five broad categories, the authors find that while the Kinh, Hoa, Khmer, and Northern Highland minorities have benefited from economic growth in the 1990s, the growth of Central Highland minorities has stagnated. Disaggregating further, they find that the same ethnic groups whose living standards have risen fastest are those that have the highest school enrollment rates, are most likely to intermarry with Kinh partners, and are the least likely to practice a religion.

The authors then estimate and decompose a set of expenditure regressions, which show that even if minority households had the same endowments as Kinh households, this would close no more than a third of the gap in per capita expenditures. While some ethnic minorities seem to be doing well with a strategy of assimilating (both culturally and economically) with the Kinh-Hoa majority, other groups are attempting to integrate economically while retaining distinct cultural identities. A third group comprising the Central Highland minorities, including the H'mong, is largely being left behind by the growth process. Such diversity in the socioeconomic development experiences of the different ethnic minorities indicates the need for similar diversity in the policy interventions that are designed to assist them.

Summary and Conclusions

We conclude by drawing together the main strands of our analysis and examining their implications for ethnic minority policies in Vietnam. Using data from the 1998 Vietnam Living Standards Survey, we have shown clearly that Kinh and Hoa ("majority") households have substantially higher living standards (as measured by per capita expenditure) than ethnic minority households. This gap is also reflected in lower school enrolment rates, higher fertility and poorer access to health services by minority households. However, ethnic minority households do not appear to be more malnourished than the population at large.



The sample size of the VLSS98 allows a crude breakdown of the 54 ethnic groups into five broad categories: the Kinh, Hoa, Khmer and two composite categories, the "Central Highland Minorities" and the "Northern Upland Minorities." Based on this categorisation, we find that both the Kinh and Hoa experienced rapid growth in their per capita expenditures between 1993 and 1998, and are now markedly materially better off than before. The Khmer and Northern Upland Minorities also experienced reasonable growth in per capita expenditures during the 1990s and now have expenditures distributions that are clustered at or just below the poverty line. This indicates that as long as economic growth is distributed equitably in the future, rapid and significant reductions in poverty are likely to be experienced by these groups in the next five years or so. In contrast, the poorest people are members of the Central Highland Minorities, whose average level of expenditure per capita has remained stagnant since 1993.

For a finer desegregation of the ethnic minorities, we turned to the 3% enumeration sample of the 1999 Census, where we can distinguish 12 separate ethnic groups with adequate sample sizes. The Census data do not include information on expenditures or incomes, but they do allow us to compute gross and net school enrolment rates and to examine patterns of intermarriage and religious observance. Although school enrolment rates are generally high in Vietnam, they are low for the Central Highland Minorities, and for some of the Northern Upland Minorities (especially the H'mong). These are also the ethnic groups that are least likely to intermarry and are the most likely to be religious. Since the high-intermarriage/non-religious groups (such as the Tay and Nung, and to a lesser extent the Thai) are also the groups where school enrolments are the highest, we hypothesise that these are the ethnic groups that have assimilated the most with the Kinh and Hoa majority.

Why are ethnic minority households so poor? They may lack endowments (physical and human capital) or they may have low returns on their endowments, perhaps because of discrimination, or for cultural or informational reasons. The low endowments and returns thereon are in turn partly due to the remoteness of many ethnic minority households. To tease out the relative importance of the main effects we estimate and decompose a set of expenditure equations. The results of these decompositions suggest that geographic and cultural remoteness is important. More importantly, our decomposition analysis shows that even if minority households had the same endowments as Kinh households, this would close no more than a third of the gap in living standards. This implies that, for some reason, minority households have a lower return to their endowments than the Kinh and Hoa majority.

There are thus at least two paths to prosperity for the ethnic minorities. One path is to assimilate, both economically and culturally, with the majority group, and in effect obtain the same return on endowments as the majority. This is the path that some ethnic groups, such as the Tay, Nung, and Muong appear to be following quite successfully. A second path, pursued by such groups as the Khmer and Thai (and possibly the Dao), is to integrate economically with the Kinh while retaining their own group's cultural identity.

However, a third group of ethnic minorities, comprising almost all the minorities that are indigenous to the Central Highlands plus the H'mong do not appear to be benefiting from the rising living standards experienced by the majority. If this third group of ethnic minorities is



not to be left further behind by the growth process, specific interventions need to be designed that are appropriate to their circumstances, needs and aspirations. The Government of Vietnam and other development agencies should recognise that that the interventions that work to reduce poverty among the Kinh and Hoa majority will not be effective for all other minority groups. Abstractly, the diversity of socioeconomic development experiences of the different ethnic groups calls for greater diversity in the anti-poverty and other policy interventions designed to assist them. Concretely, this will require far more input from ethnic minority households, and more decentralisation in anti-poverty programs, than has occurred up to now.



Appendix 6

Policy matrix of CPRGS

Policy areas and Objectives	Policies, measures and timetable for implementation during 2003-2005
A. Macroeconomic and Structural Policies to promote economic growth raise income and create opportunities for the poor.	
<i>I. Create legal environment for fair and competitive business</i>	
1. Create a fair business environment for different forms of enterprises and increase the transparency of regulations and policies	<p>Remove impediments for registration and start-up of businesses and create a level playing field for different forms of enterprises through implementation of the Law on Enterprises, continue to revoke or modify business licenses in the remaining sub-sectors where restrictive licensing exists.</p> <p>Create equal conditions for all types of enterprises to access capital, credit, land, technology, profession, information, and current preferential systems of the State.</p> <p>Develop and improve a legal framework to ensure a stable and predictable investment environment and to promote openness, and transparency of measures and policies to encourage greater investment.</p> <p>Create more favourable conditions for attracting foreign investment. For example, gradually remove the dual pricing system imposed by the State on state-supplied services for business activities of domestic and foreign invested enterprises.</p> <p>Promote direct foreign investment in export production and in social sectors.</p> <p>Unify step by step the legal framework, policy and conditions for domestic and foreign-invested enterprises.</p> <p>Issue implementing regulations for Decree No. 90/CP on promoting development of small and medium size enterprises (2002-2003).</p> <p>Promote the activities of the farm economy by implementing Decree No. 03/CP (2002-2003).</p> <p>Promulgate regulations to implement the Revised Land Law (2002) and issue land-use right certificates to all land users (2005).</p> <p>Prepare conditions to unify the Law to Encourage Domestic Investment and the Foreign Investment Law (2003).</p> <p>Promulgate the Bankruptcy Law (revised) applied to all types of enterprises (2003).</p> <p>Revise and amend some articles of the Labour Law (2002).</p> <p>Promulgate State Law on Price (2002).</p> <p>Promulgate State Law on Trade Arbitration (2002-2003).</p> <p>Implement the Decree No. 132/CP on the development of rural professions.</p> <p>Revise and amend selected articles of the Co-operative Law (2003).</p> <p>Promulgate the Best Company Management Rules and require all companies listed on the Stock Market and Joint stock banks to implement them within 18 months; encourage joint stock companies to</p>



Policy areas and Objectives	Policies, measures and timetable for implementation during 2003-2005
	<p>implement these Rules also.</p> <p>Construct the legal framework to allow for establishing business associations.</p> <p>Construct and approve the Electricity Law.</p>
<p>2. Reform state-owned enterprises (SOEs) to strengthen their efficiency and competitiveness.</p>	<p>Implement a medium term five - year SOE reform program during the 2001- 2005 period, with annual targets to improve efficiency and to curtail losses in this sector. Complete the equitisation, transfer to employees, sale, contracting out, leases, mergers, divestitures and liquidation of around 2,800 SOEs. Of which, complete equitisation, sale and liquidation of, in 2002: 400 SOEs, in 2003: 500 SOEs.</p> <p>Promulgate criteria for the classification of SOEs and State Corporations into business- oriented SOEs and public-service SOEs (2002).</p> <p>Issue guidance for transforming SOEs into single owner limited liability companies (2002).</p> <p>Promulgate a new decree to replace Decree No. 44/1998/ND-CP on SOE equitisation.</p> <p>Promulgate the Decree on Social Welfare Fund to extend to workers of SOEs (2002).</p> <p>Promulgate Decree on the Treatment of Redundant Workers (2002).</p> <p>Develop an incentive mechanism to encourage redundant workers to resign voluntarily during the process of implementing the SOE reform program.</p> <p>Develop a pilot plan to restructure several selected corporations (about 3).</p> <p>Then, complete the plan to restructure 3 corporations (2002) and start the action plan (2003).</p> <p>Promulgate the Decree on SOE Debt Clearance.</p> <p>Develop a set of criteria to supervise and evaluate the business performance and effectiveness of SOEs. Complete the system of debt control of 200 large SOEs in order to have suitable reform policies. Develop the system of debt control to all SOEs in order to have policies to limit risks, clear bad debts, re-arrange or liquidate ineffective SOEs.</p> <p>Carry out performance assessment/diagnostic audits of several large SOEs.</p> <p>Complete the performance assessment/ diagnostic audits of 30 SOEs (2002) and another 30 SOEs (2003) if there is enough financial support.</p> <p>Revise and amend Decree No. 103/CP on the sale, transfer, contracting out, and leasing of SOEs (2002).</p> <p>Issue regulations requiring all private, limited liability and joint stock companies to improve their accounting and financial reports (2002).</p> <p>Promulgate a new decree on labour, salary and income management</p>



Policy areas and Objectives	Policies, measures and timetable for implementation during 2003-2005
	in SOEs (2003), including proper incentive mechanisms.
<i>II. Create a stable macroeconomic environment</i>	
<p>1. Fiscal policy and public expenditure anagement:</p> <p>Implement appropriate fiscal policies to safeguard medium-term sustainability</p>	<p>Strengthen tax system, increase tax base along the lines of developing the sources of tax revenue and increasing the efficiency of the tax payment system but still remain pro-poor tax policies and system. Amend some articles of the Revised State Budget Law (2002).</p> <p>Gradually implement the recommendations that are agreed upon in the Public Expenditure Review. Increase expenditures for basic social services and rural infrastructure and bias public expenditure in favor of poor provinces.</p>
<p>Increase budget transparency to improve the information base for decision-making and target setting.</p>	<p>Improve budgetary revenue and the expenditure monitoring system at all levels.</p> <p>Continue to make public information on annual budgetary revenues and expenditures at various levels in a more scientific and proper manner.</p>
<p>2. Monetary policy:</p> <p>Implement prudent monetary policy to control inflation</p>	<p>Introduce monetary and credit controls with an aim to improving the effectiveness of monitoring monetary policy and meeting the targeted objectives.</p> <p>Continue to implement a basic interest rate policy with an aim to move towards liberalising interest rates.</p>
<p>Reform banking sector and financial organisations to mobilise domestic capital resources.</p>	<p>Develop and implement the plans for restructuring four state-owned commercial banks (SOCBs) in accordance with the overall framework for banking sector reform (2002-2004).</p> <p>Complete the international accounting standard (IAS)-based financial audits for four large SOCBs by independent auditing companies (2003); resolve all inadequate issues of auditing (2004).</p> <p>Separate preferential and policy-based credit activities from the State-owned commercial banks, and let them operate in a competitive environment.</p> <p>Address audit qualifications laid out in the IAS Audit Report on 2000 accounts (2003).</p> <p>Resolve non-performing loans of state-owned commercial banks to 20% of total debts (2002) and another 30% of non-performing loans (2003).</p> <p>Complete the separation of the Bank for the Poor from the Bank for Agriculture and Rural Development of Vietnam and let it act as a policy-based bank. (2003).</p> <p>Increase Bank for the Poor' s lending to disadvantaged areas.</p> <p>Restructure and reinforce joint stock banks, close or merge weak banks and ensure that they are in compliance with prudential regulations. Reduce the number of total joint stock banks to 28 (2003).</p> <p>Implement Decision No. 1627 to reclassify all non-performing loans in the four SOCBs and to phase-in provisioning within 3 years (2003-</p>



Policy areas and Objectives	Policies, measures and timetable for implementation during 2003-2005
	<p>2005) to bring loan loss provisions in line with international standards and to allow for financial status assessment of SOCBs.</p> <p>Promulgate a decree guiding the implementation of the revised Land Law to create favourable conditions for transfer, leasing, and mortgage to borrow loans from banks and to make contribution to joint ventures.</p> <p>Provide concrete guidelines on regulations to allow foreign banks operating in Vietnam to accept land use rights as collateral.</p> <p>State-owned commercial banks should raise gradually the share of credit to private small and medium enterprises and enterprises operating in rural and disadvantage areas.</p> <p>Allow Postal Savings and the People Credit Funds to receive deposits and expand their operating scope in order to lend for production development.</p>
Foreign exchange policies to increase competitiveness, liberalise the current account	<p>Increase flexibility and transparency of the foreign exchange regime.</p> <p>Develop inter-bank foreign exchange market.</p> <p>Build a system and measures to control the foreign capital rotation, especially short-term capital. Control and limit using foreign currencies within Vietnam territory.</p> <p>Reduce gradually the ratio of foreign exchange surrender.</p>
3. External debt policies to keep debt service burden at a serviceable level	<p>Monitor all debts including debts incurred by government, SOEs, and those guaranteed by Government, debts of joint venture companies (including FDI loans) and private sector debts.</p>
4. Trade policy: Measures to open trade, promote exports and international integration, and strengthen the country's competitiveness.	<p>Promote vigorously economic integration; strictly implement commitments in the process of integration.</p> <p>Make active preparations to take part in committed bilateral and multi-lateral cooperation mechanisms. Carry out the bilateral trade agreement with the United States, paving the way for accession to the World Trade Organisation (WTO).</p> <p>Implement trade policies for rural, mountainous and island areas; review the performance of the Law of Trade (2002-2003). Increase the access to markets of the poor, particularly from rural, remote and isolated areas.</p> <p>Continue to remove quota restriction barriers imposed on restricted import goods, excluding the barriers on petroleum, lubricant, diesel and sugar....</p> <p>Strictly implement Decision No. 46/QD-TTg on the export-import mechanism in the period 2001-2005.</p> <p>Put all import goods that are currently in the Temporary Exemption List (TEL) into the Inclusion List (IL) with reduction of minimum rate import tax to 20% in order to implement CEPT/AFTA agreements (2003).</p> <p>Continue to remove quantitative restrictions imposed on rice exporting enterprises and on fertiliser imports.</p> <p>Increase gradually activities to organise quota auctions for garment exports to create favourable conditions for exporters (including those</p>



Policy areas and Objectives	Policies, measures and timetable for implementation during 2003-2005
	<p>from private sector) to access the market. Expand the rate of quota auctions for garment exports to 35% and apply measures to improve auction procedures (2003).</p> <p>Promulgate the Law of Competition (2003); promulgate the State Law on National Treatment and Most Favoured Nation Status (2003); promulgate the State Law on self-defense measure in international trade business (2002- 2003).</p> <p>Implement the Customs Law (2002) to simplify and rationalise customs procedures (2002-2005).</p> <p>Operate effectively the Export Support Fund, the Export Credit Guarantee Fund (2002-2005).</p> <p>Publish all trade laws, decrees, decisions, and rules of procedures in official gazettes.</p>
<p>Protect the poor from the negative impact of trade liberalisation</p>	<p>Undertake research to examine the impact of trade policy reforms on the poor.</p>
<p><i>III. Public Administration reform; promote grass roots democracy and legal support for the poor.</i></p>	
<p>Accelerate the reform of public administration, providing the poor with knowledge of the Law and their legal rights and obligations.</p>	<p>Implement Decree No. 136/2001/QD-TTg issued by the Prime Minister on accelerating public administration reform in four areas: administrative institutions, management bodies, personnel strengthening and public expenditure.</p> <p>Prioritise administration reform in key agencies that directly relate to the poor, such as MARD, MOH, MOTE, etc. to ensure the access of the poor to basic services of health, education, infrastructure, etc. in provinces, especially mountainous and urban poor areas.</p> <p>Ensure that all citizens have access to information about the law and their legal rights and obligations, and that the poor have better access to the justice system.</p> <p>Improve targeting for the poor and the allocation of resources to pro-poor programs.</p> <p>Implement the action plans embedded in the Legal Needs Assessment.</p>
<p>B. Development of large-scale infrastructure services for growth and poverty reduction.</p>	
<p>To better the work of planning and planning management in large-scale infrastructure development; guarantee a suitable construction timetable, a long-term effectiveness and balanced to available economic resources.</p>	<p>To integrate sectorial plans for development of infrastructure into master plan and land-use plan; closely combine large-scale infrastructure and small and medium-scale infrastructure into an integrated network.</p> <p>To reform the work of planning towards regional planning so that socioeconomic development planning includes country-wide and inter-region dimensions.</p> <p>To publicise and make transparent the master plan and strategies for socioeconomic development of the whole country, based on which planning for each sector or industry is carried out.</p>



Policy areas and Objectives	Policies, measures and timetable for implementation during 2003-2005
<p>Large-scale infrastructure should be developed in a way that the spill-over and spreading effects of the dynamic economic areas, thus creating opportunities for inter-region cooperation.</p>	<p>To extend the spill-over and spreading effects of dynamic economic areas in line with Vietnam's current trend of development.</p> <p>To intensify links between growth centres and adjoining areas in order to guarantee a balanced growth among different areas.</p> <p>To build new policies and mechanism to mobilise to the maximum resources for development.</p>
<p>Diversify investment resource for large scale infrastructure</p>	<p>To carry out policies and mechanism encouraging private sector' investment in large-scale infrastructure development.</p> <p>To attract outside resources for infrastructure investment.</p> <p>To ensure a fair and effective distribution of resources appropriate for infrastructure investment requirements.</p>
<p>To pay due attention to environmental and resettlement problems that arise from large-scale infrastructure projects.</p>	<p>To observe environmental standards imposed by the State environment authorities; efficiently use natural and human resources with a view to sustainable development.</p> <p>To carry out surveys of public opinions on environmental and social impacts of infrastructure projects.</p> <p>To facilitate the State environment protection authorities in examining, supervising the implementation of environment commitments set out in the project's Environmental Impacts Evaluation Report.</p>
<p>Reform management mechanism for infrastructure service projects in line with current management trend.</p>	<p>To reform the management mechanism for principal construction investment, enhance management devolution for projects.</p> <p>To harmonise relations with partners.</p>
<p>Enhance the work of maintenance for large-scale infrastructure projects.</p>	<p>To increase State budget funding for maintenance work as a separate cost item.</p> <p>To build a mechanism for mobilising non-budget funding for maintenance cost. Maintenance cost is allocated as separate from project spending.</p> <p>To fully account fee incomes from public work investment.</p>
<p>Realise cost-reduction solutions for infrastructure services, increase accessibility of the poor to</p>	<p>To extend private sector investments and promote society investment in education, health and social activities; encourage local and foreign investors to invest in BOT for public work projects.</p> <p>Devolution of management for public works, using unpaid labour in the</p>



Policy areas and Objectives	Policies, measures and timetable for implementation during 2003-2005
infrastructure services.	<p>maintenance work.</p> <p>To have appropriate fee policy to large-scale infrastructure services in poor localities so that the local community can use the services.</p> <p>To have solutions to raise the efficiency of building and operating infrastructure services; enhance management capacity and apply advanced technology with a view to reducing costs and raising competitiveness for infrastructure services; apply solutions for prevention of waste and downgrading of infrastructure services.</p>
C. Policies and measures to develop major sectors and areas to ensure sustainable growth and for	
<i>I. Policies and measures to develop sectors and areas and create opportunities for the poor.</i>	
1. Develop agriculture and the rural economy to reduce widely poverty	<p>Continue to implement the Government's Resolution No. 09 and No. 05 on directions and policies to shift the economic structure and product sale.</p> <p>Implement Resolution No. 13 to continue reform and improve the efficiency of Cooperatives; Resolution No. 14 to continue reform of mechanisms and policies to encourage the private sector.</p> <p>Provide concrete guidelines to protect land use rights in accordance with the Revised Land Law. Advance the task of planning land use and link it to land transfers. Complete land classification and accelerate the process of issuing land use right certificates to farmers, including those living in mountainous communes.</p> <p>Develop rural industrial zones at the district and commune level. Implement Decree No. 90 on support policies for developing small and medium enterprises.</p> <p>Diversify professions and encourage developing off-farm professions in rural areas. Implement Decision No. 132 issued by the Prime Minister on developing rural professions.</p> <p>Promote measures to help poor households that need cultivation land to be given enough land for production, to stabilise their livelihood, reduce poverty and gradually become richer. Allocate un-used and under-utilised land to poor farmers.</p> <p>Encourage all economic sectors to invest in the agricultural sector; develop household-scale economies; disseminate economic models for farming in order to promote agricultural diversity and development.</p> <p>Complete rural financial policies, expand access to financial and credit resources in rural areas. Increase the role of the People's Credit Fund and micro fiscal programs in rural areas.</p> <p>Develop regulations and standards regarding the safety and quality of agricultural products, and work jointly with farmers and traders to apply a monitoring mechanism for quality assurance.</p> <p>Continue to liberalise input markets (fertiliser, insecticide, etc.) and output markets (rice, coffee, etc.).</p> <p>Create an environment that enables farmers to become more market oriented by establishing a system for rapid access to market prices and price forecasts. Facilitate the development of closer links between farmers, traders, processors and exporters.</p>



Policy areas and Objectives	Policies, measures and timetable for implementation during 2003-2005
	<p>Policies to develop and manage fishery resources. Implement Decision No. 132 issued by the Prime Minister on the fiscal mechanism for rural road development programs, fishery infrastructure and rural professional infrastructure.</p> <p>Research and issue policies on supporting production and consumption of important agricultural, forestry and fishery products that have high economic value, are competitive, have a large consumer market, both export and import substitutions, using technical, economic and market analysis to assess Vietnam's comparative advantage for producing these commodities.</p> <p>Raise annual investment in agricultural research with a fair share going to research for upland farming. Increase spending on extension to put in place a highly qualified extension service that is responsive to the needs of farmers, especially in ethnic minority areas. Encourage co-payments by farmers for extension services for industrial crops.</p>
<p>2. Develop industry and urban areas to create more jobs and to improve the living standard for the poor.</p>	<p>Develop agricultural industries (chemicals, fertiliser, packaging, etc.)</p> <p>Develop industries to process agricultural, forestry and fishery products, and microbiological industry.</p> <p>Implement Decree No. 90 on encouraging the development of small and medium scale enterprises in specific traditional sectors and professions with modern technology.</p> <p>Develop the legal framework to permit establishing business associations.</p> <p>Develop an enabling policy environment for the operation of Business Development Service (BDS) providers, regardless of their ownership structure. [BDS refers to training, consultancy, technical services, accounting and auditing services, market information services, computer services, internet and telephone, advertising, etc.]</p> <p>Provide guidance and implement regulations on preferential policies to encourage industries to relocate to rural areas.</p> <p>Establish a strategy for urban development; promote urban-rural linkages that include suburban development along the lines of masterplans.</p> <p>Integrate the development of urban infrastructure with job creation to reduce urban unemployment. Promote the efficiency of employment promotion and vocational training centers; accelerate the export of workers and experts.</p> <p>Carry out the reform of public administration procedures to reflect the actual situation of the urban poor in such areas as land and housing management, business and construction certificate issuance, residency registration, etc.</p> <p>Develop criteria, process and norms in urban planning and design to ensure that sanitation and environmental requirements are met and that also take into account the requirements of the urban poor and their ability to pay.</p> <p>Develop housing development policies for the urban poor; upgrade current residential neighborhoods squares taking into account the economic condition of the urban poor and also ensuring their</p>



Policy areas and Objectives	Policies, measures and timetable for implementation during 2003-2005
	<p>employment.</p> <p>Create access to basic social services for all urban people, including unregistered migrants. Develop measures to help poor people find appropriate jobs in urban areas.</p> <p>Review labour migration policy and household registration policy to make it easy for people to move to better-paying jobs.</p> <p>Develop decrees on the demand side of energy management and energy efficiency</p>
<p>3. Develop infrastructure and create opportunities for the poor to access public services.</p>	<p>Implement policies to ensure the provision of basic infrastructure, especially water supply and hygienic conditions for all poor areas, poor communes and poor quarters in cities and towns (Program No. 135. No. 143).</p> <p>Continue the mechanism of the "State and people will do it together" to develop infrastructure in rural areas. The Government will provide support to train and coach staff responsible for effective management, operation, and maintenance of basic infrastructure construction. Formulate regulations on basic infrastructure construction at the commune level.</p> <p>Promote the use of local labor in carrying out infrastructure projects.</p> <p>Strengthen the participation of local people in planning, implementation and maintenance of local infrastructure projects.</p>
<p>4. Training and Education: Build a more equal and higher quality education for people.</p>	<p>Consolidate and develop the gains from primary education universalisation and eradication of illiteracy, with the goal of achieving universalisation of the net enrollment rate of primary education and gender equality, paying special attention to disadvantaged areas and communities.</p> <p>Increase the net enrolment rate in lower secondary education with the aim of achieving universal lower secondary education by 2010.</p>
<p>Move towards completion of junior secondary education universalisation and illiteracy eradication.</p>	<p>Raise the budget expenditure for education and training from 15% of total budget expenditure to 18% in 2005, moving in the direction of increasing expenditure for basic education. Continue policies on package exemption of school fees for poor children, extend preferential loans to poor students to cover training fees.</p> <p>Raise the awareness of parents in remote, isolated and ethnic minority communities about the value of education through information, education and communication.</p> <p>Provide improved school infrastructure and facilities for basic education in difficult areas to replace "leaf" schools and start the move towards full-day schooling for such communities.</p> <p>Expand the lending of textbooks and books for children to schoolchildren from ethnic minorities.</p> <p>Encourage the participation of the private sector in education and training, especially vocational. Adjust the rate of training levels; focus on training for a skilled workforce.</p> <p>Develop special policies for teachers and training staff working in disadvantaged areas, complete the salary and allowance regime,</p>



Policy areas and Objectives	Policies, measures and timetable for implementation during 2003-2005
	<p>training priorities and other preferential regimes. Have appropriate policies to strengthen, train and stabilise the livelihood of teachers and training staff working in disadvantaged areas and to train them on new teaching programs, methodologies and information to improve teaching.</p> <p>Improve curriculum and teaching in tertiary education by linking scientific research and technology transfer in universities and colleges with research institutes.</p> <p>Implement priority regimes regarding land use and preferential loans for investment in education infrastructure.</p> <p>Promote training according to location; apply the appointed selection enrolment for disadvantaged areas.</p>
<p>5. Health: Improve quality of health services; increase the equity and efficiency of the health care system: concentrate on developing basic health care and community health care.</p>	<p>Implement Instruction No. 06 issued by the Party's Central Secretariat on strengthening and completing the grassroots-based health care network; continue support policies on primary health care tasks for people, especially for poor people and poor areas.</p> <p>Continue investments to develop health stations and ambulatory health groups in mountainous, remote and isolated areas.</p> <p>Maintain the achievements in abolishing infant poliomyelitis and tetanus.</p> <p>Continue to implement extended vaccination in 10 kinds of vaccine for children.</p> <p>Have appropriate policies to provide financial support to health services for poor people.</p> <p>Encourage the development of traditional medicine in light of Instruction No. 25 issued by the Prime Minister.</p> <p>Implement Government Resolution No. 90 on the socialisation of health, education and culture.</p> <p>Continue investment and complete policies for the National Action Plan on HIV/AIDS control and prevention. Mobilise the masses to strive to control and prevent HIV/AIDS and to manage the care of those infected with HIV/AIDS.</p> <p>Have appropriate preferential mechanisms and policies for medical personnel working in disadvantaged, remote and isolated areas.</p> <p>Strengthen information dissemination, education and propagation of hygienic practices, disease prevention and health improvement for poor people and poor areas.</p> <p>Gradually increase the share of recurrent budget expenditure for health to 5% of total budget expenditure in 2005 and to 8% in 2010. Implement appropriate policies to channel financial resources to support health care for the poor.</p> <p>Implement the National Strategy on Maternal Health Care for the period of 2001-2010.</p> <p>Promote the regime of health insurance and free-of-charge health examination and treatment for the poor. Continue to expand the scope and level of support for medical examination, treatment and medicines</p>



Policy areas and Objectives	Policies, measures and timetable for implementation during 2003-2005
	<p>for poor people and disadvantaged children.</p> <p>Increase population coverage of health insurance by mobilising premium collections among those who can afford to pay.</p> <p>Implement Decision No. 147 issued by the Prime Minister on the implementation of the National Population Strategy of Vietnam for the period 2001-2010, strengthening information dissemination on family planning.</p>
<p>6. Develop a modern culture closely lined to the identity of the nation and improve the provision of information to help people expand their capacity to make choices.</p>	<p>Promote investment to develop culture and information; develop a modern culture closely linked to our national identity.</p> <p>Concentrate investment on the development of commune cultural centers, which can be extended to meeting houses and recreation areas. The Government will provide primary material support to build essential infrastructure works such as cultural houses, post offices, radio and television stations, library of technological and scientific books, etc.</p>
<p>7. Strengthen environmental protection and ensure a healthy environment for the poor.</p>	<p>Continue implementation of Decision No. 104 issued by the Prime Minister on the National Strategy for Rural Hygiene and Clean Water to the year 2010.</p> <p>Approve and implement the National Strategy for Environmental Protection (NSEP) 2001-2010. Strengthen capacity in government agencies at the central and local level for environmental assessments. Improve environmental monitoring and disclosure of environmental data;</p> <p>Limit and roll back the environmental degradation in industrial zones and densely populated areas in cities and rural areas.</p> <p>Strengthen education, mobilisation and control of environmental hygiene with respect to animal breeding at the household level and at the large scale level, and in craft villages.</p> <p>Supplement, complete and develop new legal normative documents to provide concrete guidelines for implementation of the Water Resource Law, Environmental Protection Law and other legal documents. Expand the range of regulatory instruments and incentives for pollution reduction.</p> <p>Build construction works to clean the environment such as wastewater and rubbish treatment stations, dust and noise treatment facilities in cities, townships. Develop auto-disintegrative latrines in rural areas. Improve the quality of natural resource management with respect to the poor, who mainly depend on natural resources for their livelihood. Develop the framework to enable community participation in natural resources management.</p> <p>Encourage the use of biogas in rural areas and develop solar, wind energy and other energy resources.</p> <p>Develop the classification of forestry and reform forest data collection.</p>
<p>Strengthen the sustainability of using natural resources in</p>	<p>Implement the transfer of land and forests to farmers in association with fixed-cultivation and fixed-residence and stabilise the livelihood of mountainous farmers.</p>



Policy areas and Objectives	Policies, measures and timetable for implementation during 2003-2005
rural areas.	<p>Research, revise and amend policies on standard price norms in caring for protected forests, afforestation and protective forest protection.</p> <p>Evaluate the current forest classification system and improve the monitoring system of forest covering level.</p> <p>Integrate the National Program on 5 million hectare afforestation with the Forestry Assistance and Co-operation Program.</p> <p>Implement the Water Resource Law to improve the sustainable management of water resources, river headed forests and land resources.</p> <p>Develop prudently fishery production, ensuring the environment assessment and proper area selection to be carried out.</p>
<i>II. Ensure the balanced development, increase gender equity and advancement for women</i>	
1. Promote balanced and sustainable economic growth between regions.	<p>Continue increasing investment in less developed areas with the aim of reducing the development gap between different areas, urban and rural areas in particular.</p> <p>Ensure an appropriate population distribution across areas; increase step by step the quality of life for all population strata with the aim of reducing the gap in living standard between different strata and groups; bring population variables into development plans.</p>
2. Promote gender equity, enhance the participation of women at all levels of leadership.	<p>Implement Decision No. 19 issued by the Prime Minister on the National Strategy for the Advancement of Women to the year 2010.</p> <p>Ensure that the names of both husband and wife appear on land-use rights certificates by 2005.</p> <p>Increase the number of women in government-elected bodies.</p> <p>Reduce inequality in making decisions in families. Increase the role of women with respect to their family's assets.</p> <p>Strengthen women's access to credit resources and capital from the National Strategy for Poverty Reduction, creating conditions for them to access social services fully, equitably and equally.</p> <p>Have policies to reduce the vulnerability of women against family violence.</p>
3. Create conditions to enable all social strata to fully take part in economic growth	<p>Ensure that ethnic minorities in the mountainous areas benefit from growth.</p> <p>Evaluate and disseminate models to support disadvantaged areas and ethnic minorities, and encourage them to take part in the economic development process.</p> <p>Encourage NGOs and socio-political organisations to take part in poverty reduction by providing a legal framework for NGOs.</p> <p>Improve the access of the poor to legal support services. Help the poor improve their knowledge of their legal rights and obligations.</p> <p>Increase the two-way information system between local government and poor families.</p> <p>Implement fully the Decree on Democracy at the Grassroots Level,</p>



Policy areas and Objectives	Policies, measures and timetable for implementation during 2003-2005
	and create an enabling environment for poor households to take part in local economic development plans.
<i>III. Develop the social safety net to support poor and vulnerable people.</i>	
1. Minimise social impacts on the poor in the process of adjustment	<p>Reduce negative impacts on the poor caused by ongoing reforms. Broadly disseminate information on policy changes to facilitate farmers in changing their production and business operations.</p> <p>Ensure job security, extend unemployment insurance, training for the redundant workforce and improve working conditions.</p>
2. Minimise the impacts of natural disasters on the poor	<p>Develop a set of solutions to effectively address emergency social relief for poor and vulnerable people who are hurt by natural disasters and accidents.</p> <p>Expand the official social safety net (health insurance, social insurance, etc.) and encourage the development of the voluntary safety net (school insurance and insurance of crops, diseases, etc.)</p>
3. Protect worker rights and working conditions in a market economy.	Review and strengthen the role of labor unions in protecting worker rights and working conditions.
4. Provide targeted assistance to vulnerable groups.	<p>Improve the targeting mechanisms of programs 133, 135, and 143 and implement them in a more participatory way.</p> <p>Undertake independent evaluations of these programs and use findings to improve the design of the projects.</p>
C. Monitoring and Evaluation	
1. Improve macroeconomic statistics	<p>Promulgate the Law of Statistics.</p> <p>Strengthen statistical agencies at various levels.</p> <p>Promote transparency and data quality.</p> <p>Strengthen the statistical database.</p> <p>Strengthen the national account within 2 years and improve budget data quality to correspond to the Government's fiscal statistical standards.</p> <p>Present a website of Vietnam in the International Fiscal Statistical Book published by the IMF.</p>
2. Poverty monitoring	<p>Collect high quality data on the poverty situation and trends, and ensure that data and information is publicised and used regularly.</p> <p>Implement enterprise surveys to collect high quality data on growth and employment trends, and make it publicly available.</p>

Appendix 7

Characteristics of Dien Bien province

Dien Bien (Điện Biên) means "frontier seat of government". The province was created in the beginning of 2004 by a split of the former Lai Chau Province into two new provinces: The new [Lai Chau](#) and Dien Bien. Dien Bien province incorporates all areas south of the Black River. Administratively, Dien Bien is divided into the town Muong Lay, the city of Dien Bien Phu and six districts: Dien Bien, Dien Bien Dong, Muong Cha (formerly called Muong Lay), Muong Nhe, Tua Chua, Tuan Giao. The capital is [Dien Bien Phu](#) city.

Geography

Dien Bien is a mountainous border province in the Northwest of Vietnam. It covers a total area of 991,080 hectare. It is located at the latitude of 20o54'-22o33' North, and at the longitude of 102o10'-103o36' East. It shares a borderline of 38.5 km with China, and 360 km with Laos. In Vietnam, it borders to Lai Chau province in the North and Son La province in the East and Northeast.

Terrain

The province has a complex terrain, constituted by high mountain chains and deep valleys. Small rivers and streams are distributed in all areas within the provincial territory. The province has one large valley (Dien Bien) that spreads over an area of 150 hectares. This is the largest flat valley in the Northwest.

Weather

The province is under a high mountain tropical climate regime. There are distinguished dry and rainy seasons. Rainy season begins in April and ends in October. The dry season is between November and March. It is reported that the high-peak rain occurs from June to August, and the driest months from December to January.

Natural Resources

Dien Bien possesses a diversity of natural resources, including land, forests, water and minerals.

Land and land use

The province covers an area of land (991,080 ha), of which 11% is used for agricultural production and 35% for forestry. The area that remains unused is large, which gives opportunities for the on-going land-reclaiming program. The land use pattern is shown in the table below.

Table 1: Land Use in Dien Bien Province

Type of land	Area (ha)	Percentage
Total	991,080	100.0
Agricultural land	108,158	10.9



Forest land	348,049	35.1
Land for special use	6,503	0.7
Unused land	528,370	53.3

Source: Dien Bien Department of Tourism, 2005

There are three major soil types in the province: Alluvium, rich and humus. These soils are suitable for agricultural crops and short-term industrial crops.

Forests

Dien Bien has a number of precious timber species, such as chucrasia, parashorea, and thika. Pines, rattan and bamboo are common species in the local forests. Forests cover 35%. Government programmes on forest plantation have given an annual increase of 2% of forest cover in recent years.

Water resources

Dien Bien has three main systems of rivers: (1) Da River Basin consists of such branches as Nam Lay, Nam Muc, (2) Nam Rom Basin has total area of 1,650 km², and is a tributary to Mekong River, and (3) Ma River Basin has a total area of 2,550 km². If used appropriately the water resources of Dien Bien can provide some support to socio-economic development through small-scale irrigation.

Mineral resources

The following resources are found distributed in the province: Brass, lead, gold, granite, marbles, limestone, and a few other minerals.

Traffic system

The provincial traffic system includes three major components: roads, waterways, and airlines. There are three highways passing through the province, namely: 6A, 12 and 279. The highway 6A (498 km length) runs from Lai Chau through Dien Bien to Hanoi (via Son La and Hoa Binh). The highway number 12 (105 km length) connects Dien Bien to Ma Lu Thang border gate with China. The highway 279 links Tuan Giao to Tay Trang border gate with Laos. Dien Bien also has a diverse system of rivers and streams. However, due to its broken topography, the waterway only serves the need of local transportation. Dien Bien Phu airport was built during the French time and is now upgraded to connect Hanoi and the northwest. There is normally one flight a day, however it increases to two flights per day during the peak tourist season.

Demography

Population by District

According to the provincial statistics, Dien Bien has a population of 432,632. Tuan Giao and Dien Bien are the two largest districts in terms of population. Whereas, the population of Muong Lay provincial town occupies a very small portion of the total population. The population distribution by district is shown in the table below.


Table 2: Dien Bien Population by District

Administrative unit	Population	%
<i>Total</i>	432,632	100.0
Dien Bien city	43,863	10.1
Muong Lay town	9,526	1.9
Muong Nhe	35,089	7.0
Muong Cha	49,242	9.8
Tua Chua	42,583	8.5
Tuan Giao	104,255	20.8
Dien Bien	99,759	19.9
Dien Bien Dong	48,315	9.6

Ethnic Minority by District

There are nearly 20 ethnic groups residing in the province. The major groups in terms of size include Thai, Hmong, Kinh, Kho Mu, Lao, Khang, Dao and Ha Nhi. Distribution of the ethnic population is shown in the table below.

Table 3: Distribution of Ethnic Minority by District

Districts	Ethnicity (%)								
	Thai	H'mong	Kinh	Kho Mu	Lao	Khang	Dao	Ha Nhi	Other
<i>Total</i>	40.0	30.9	20.2	3.5	1.1	0.9	0.8	0.8	1.9
Dien Bien city	15.2	1.6	78.0	1.8	0.2	0	0.1	0.1	3.0
Muong Lay	37.4	0.4	59.5	0	0	0	0	0.3	2.4
Muong Nhe	10.4	67.7	2.7	1.3	0	1.6	3.9	9.2	3.2
Muong Cha	36.5	48.5	6.3	4.7	0	1.7	0.1	0	2.2
Tua Chua	15.8	72.7	4.2	0.8	0	0	4.8	0	1.7
Tuan Giao	62.8	19.0	11.8	3.8	0	0	0	0	2.7
Dien Bien	53.5	8.5	28.1	5.0	3.2	0	0	0	1.7
Dien Bien Dong	32.4	54.2	2.5	5.0	2.7	0	0	0	3.2

Poverty level by District

The poverty rate is measured by household unit. Measurement is based on the most update poverty standard applied for 2006-2010, which is 180,000-200,000 VND per person per month. The poverty rate varies among districts. However, the rates in Dien Bien city and



Muong Lay provincial town are lower than that in the remaining districts. The provincial survey of poverty rate is shown in Table 4 below.

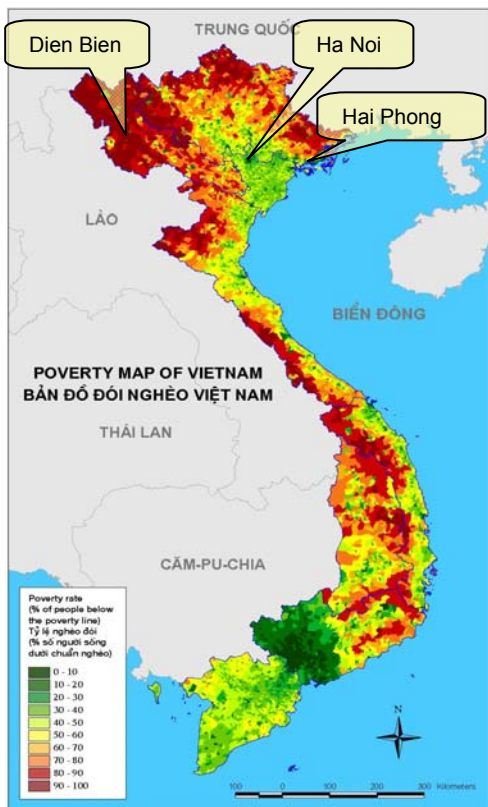
Table 4: Poverty Rate by District

<i>Administrative unit</i>	Total number of household	Number of poor household	Percentage (%)
<i>Total</i>	82600	36394	44.06
Dien Bien Phu city	10833	420	3.88
Muong Lay town	3291	431	13.1
Muong Nhe district	6129	4624	75.44
Muong Cha district	7477	3425	45.81
Tua Chua district	7105	3972	55.9
Tuan Giao district	18858	10790	57.22
Dien Bien district	21435	8467	39.5
Dien Bien Dong district	7472	4265	57.08

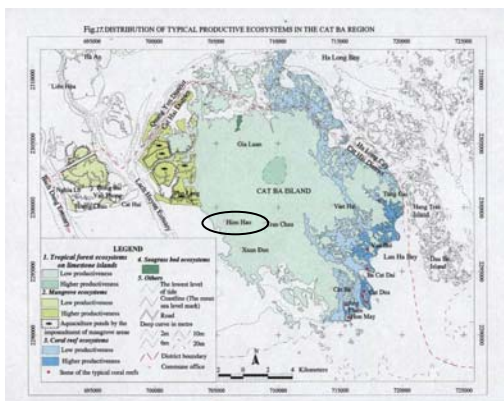
Appendix 8

Hai Phong city and Hien Hao commune of Cat Hai district

Hai Phong is the third largest city in Viet Nam after Ho Chi Minh City and Ha Noi. Its seaport serves as the main gateway to Ha Noi and the dynamic economic zone in the North of Viet Nam. Hai Phong is divided into two parts: urban and rural. The urban part, which is the city town of Hai Phong, is traditionally an industrial base for industries such as steel, shipbuilding and repairs, export processing and packaging. The rural part is agricultural economy basing on rice production, vegetable plantation and fisheries.



Cat Hai is a district of Hai Phong city located on two islands in South of Ha Long Bay (a World Heritage), off-shore Hai Phong City in the North of Viet Nam. The district has a population of 27,000 inhabitants living in 8 communes and one district town. Cat Ba, one of two islands of Cat Hai district, was named as bio-mosphere by UNESCO in 2005 for its unique ocean and forest bio-diversity . Until recently, Cat Hai district was a isolated and poor district with its economy relying main on fishery and salt production. Since 2002, the economy of Cat Hai district started to pick up, mainly propelled by tourism development on Cat Ba island. In the peroid from 1998 to 2001, a number factors that contributed to the development of Cat Hai. These include connection to the national electricity grid, operations of the telephone (both mobile and fixed line), operations of fast boat services connecting Cat Ba to Hai Phong City and road connecting Cat Hai to the mainland via Hai Phong City (using two ferry terminals).



Hien Hao is a commune belonging to Cat Hai district located in the mountains by the sea right in the national park, about 20 kms away from the district town. In 2006 Hien Hao commune has a population of 354 inhabitants or 103 households. In 2005, 17 households were classified as poor, and 8 households were poor in 2006. In the recent years, due to tourism development of the island, mostly concentrated in the district town, many of the young people got pay jobs in hotels, restaurants or sea-food processing plant in the district town. Life has been improving since then.

food processing plant in the district town. Life has been improving since then.



Appendix 9

Extracts from the UNDP/MOLISA Report 2005: Implications for design of NTP on HEPR for 2006-2010

Ten themes emerge from the overall evaluation. Addressing these issues will greatly enhance the programme's effectiveness in the next phase. These are presented as proposals and grouped under four main categories:

1. Resource allocation and budgets

Provide programme funds as block grants to provinces to increase local-level autonomy

The next phase of the HEPR programme should move towards a system whereby provinces are *formally and legally* allocated annual *block grants* for funding poverty reduction activities. Provinces should have considerable and official discretionary spending powers

Grants should consider (i) discretion over HEPR budgetary allocations that provinces already appear to enjoy, (ii) the new State Budget Law, which devolves further budgeting responsibilities to the provincial and local levels, and (iii) the location-specific nature of poverty which requires local - rather than national - planning.

Establish a transparent and easy-to-administer system of allocating budgetary resources to provinces

A simple and transparent mechanism should be established for allocating annual funds to provinces. It is important that the formula is simple, easy to administer, and widely disseminated so that a large number of people can understand the basis on which provincial allocations are made. In addition, the information used to calculate provincial allocations should be unambiguous and not subject to manipulation.

Build incentives by linking resource allocation to performance

The current HEPR funding mechanism provides no incentives (or sanctions) for improved (or deteriorating) performance at the provincial level. This issue could be addressed by setting-up a system of (i) *minimum conditions* (MCs) for provincial access to annual block grants, and (ii) *performance criteria* (PCs) for assessing provincial performance.

2. Targeting poor households

Strengthen targeting mechanisms to increase the coverage of poor beneficiaries

The present system of identification of poor households uses arbitrarily set poverty thresholds to assess the household's well being against an absolute poverty standard. These are often at variance with local perceptions where relative poverty criteria are used to identify the poorest households. In addition, identification of poor households is driven by the pressure to meet poverty reduction targets, set at the Central level.

Setting poverty reduction targets realistically, for example, to be determined over a two-year period rather than over one year, can help increase the coverage of poor beneficiaries.



3. Organisation & Management *Develop mechanisms to promote transparency and accountability of financial management*

Mechanisms to promote transparency and accountability, consistent with the spirit of the Grassroots Democracy Decree, could include expanding and deepening “commune development fund” mechanisms. Clear incentives and sanctions for the publication of programme budgets and plans, and a stronger role for community-based monitoring are also essential.

Improve participation at local levels by operationalising the Grassroots Democracy Decree

Consistent with the Government’s Socio-economic Development Strategy for 2001-10, the primary aim of the NTP on HEPR for the next phase should be “empowerment of poor people,” to ensure their participation in decision making at all stages of the project cycle. At the same time, the programmes must strengthen horizontal links with other projects and policies, especially in regards to administrative reform and the decentralisation processes.

Develop an effective M&E system with a focus on reporting and tracking intermediate indicators

The monitoring system presently used needs to be strengthened in four essential ways: (i) develop a set of intermediate indicators that help track outcomes, (ii) conduct a baseline study prior to the start of the next phase, (iii) build-in plans for a mid-term review in 2008 and an evaluation in 2010-11, and (iv) streamline the reporting system to reduce the number of narrative reports.

Make the programme more manageable by reducing the number of programme components

Some components e.g. health cards, tuition waivers and extension do not need to be under the NTP framework and can be mainstreamed within their respective ministries. Consolidating and reducing the number of components of the HEPR programme, whilst maintaining the use of existing programme management boards, will make funding allocations more transparent. It will furthermore improve the financial accounting system and make funding choices easier. All infrastructure-related components may be put together under a single programme such as Programme 135, and all employment-related components could be moved to a separate programme to make the HEPR programme leaner and more efficient.

4. Capacity Building

Build capacity at all levels, especially at the commune level including local cells and leaders of mass organisations

Additional investment in capacity building is necessary for the successful implementation of the NTP on HEPR 2006-10. The total budget for training should be increased, and closer collaboration should be sought with other capacity building efforts such as those under internationally-funded projects.

The next phase of the NTP on HEPR should also encourage capacity building of local people through mass organisations, and other local groups (including informal groups and newly



emerging local associations) to enhance the basic technical supervisory skills for local level monitoring.

Strengthen the stature and capacity of the HEPR Office for better programme management

The capacity of the HEPR Office in communication, organisation, coordination, reporting and policy analysis is critical for the successful implementation of the programme. However, the Office does not seem to enjoy the same level of administrative authority as other departments of MOLISA. This handicaps its ability to coordinate with other HEPR stakeholders.

The HEPR office should have a stronger mandate for monitoring and evaluating the performance of provinces and act as a central location for exchanging information and advising the government on the strategic direction of the programme.



Appendix 10

List of provinces in seven regions of Viet Nam

North mountains

Ha Giang

Tuyen Quang

Cao Bang

Lang Son

Lai Chau

Dien Bien

Lao Cai

Yen Bai

Bac Can

Thai Nguyen

Son La

Quang Ninh

Vinh Phuc

Phu Tho

Bac Giang

Red River Delta

Bac Ninh

Ha Noi

Ha Tay

Hoa Binh

Ninh Binh

Ha Nam

Nam Dinh

Thai Binh

Hai Phong



Hung Yen

Hai Duong

North central coast

Thanh Hoa

Nghe An

South Central Coast

Ha Tinh

Quang Binh

Quang Tri

Thua Thien Hue

Da Nang

Quang Nam

Quang Ngai

Binh Dinh

Phu Yen

Central Highlands

Kon Tum

Gia Lai

Dak Lak

Dak Nong

Lam Dong

South East

Khanh Hoa

Ninh Thuan

Binh Thuan

Binh Phuoc

Tay Ninh

Binh Duong



Dong Nai

Ba Ria- Vung Tau

Ho Chi Minh

Mekong River delta

Long An

An Giang

Tien Giang

Dong Thap

Vinh Long

Ben Tre

Can Tho

Hau Giang

Tra Vinh

Soc Trang

Kien Giang

Bac Lieu

Ca Mau



References

- ActionAid Vietnam and Asian Development Bank. (2003). Dak Lak: A participatory poverty and governance assessment (PPGA). Draft report.
- Baulch, B., Chuyen, T.T.K., Houghton, D. and Houghton, J. (2002). Ethnic Minority Development in Vietnam- A Socioeconomic Perspective, *Policy Research Working Paper*. Washington D.C.: World Bank.
- CEM (2005) Assessment of the 7 years implementing Programme 135 (1999-2005).
- CRP and World Bank. (2003). Participatory poverty assessment in Ninh Thuan province.
- Chung, D.K. (2006) Programs by the Government and Roles of Government Agencies IN ASED, *Actors for Poverty Reduction in Viet Nam 73*.
- DFID and UNDP (2003). Poverty reduction in the Northern Mountains: A synthesis of participatory poverty assessments in Lao Cai and Ha Giang provinces and regional VHLSS data.
- DFID (2003). Participatory poverty assessment in Lao Cai province.
- ICARD, GSO and NCCR (2004). *Socio-economic Atlas of Vietnam: a depiction of the 1999 Population and Housing Census*. Hanoi, Viet Nam and Zurich, Switzerland: Information Centre for Agriculture and Rural Development, General Statistics Office and Swiss National Centre for Competence in Research North – South.
- IDRC (2004). Implementation of Poverty Reduction Policies in Ethnic Minority Regions in Vietnam: Evidence from CBMS, by Vu, Tuan Anh, Vietnam Institute of Economics, *Working Paper 2004-09*.
- Inter-Ministerial Poverty Mapping Task Force. (2003). Poverty mapping and market access in Vietnam, *Report*. Inter-Ministerial Poverty Mapping Task Force including the International Food Policy Research Institute, the Institute for Development Studies, the Ministry of Agriculture and Rural Development, the Ministry of Labor, Invalids, and Social Affairs, the General Statistics Office, and the Ministry of Planning and Investment, International Food Policy Research Institute & Japan Bank for International Cooperation.
- Jamieson, N.L., Le Trong Cuc, and Rambo, A.T. (1998). The development crisis in Viet Nam's Mountains, East West Center..
- Japan International Cooperation Agency & Institute of Sociology. (2003). Participatory poverty assessment in Nghe An province.
- MOLISA and UNDP (2004). Taking stock, planning ahead: evaluation of the national targeted programme on hunger eradication and poverty reduction and program 135.
- MPI (2003). Implementation of CPRGS in 2002- 2003, *Report*. CPRGS working task force.
- Phong, N. (2005). An Overview of socio- economic surveys in Vietnam: Methods, achievements and challenges, *Proceeding of Statistics Canada Symposium*..



Project VIE/02/001- Project Document.

Save the Children and Poverty Task Force. (2003). Participatory poverty assessment in Ho Chi Minh City.

Socialist Republic of Vietnam. (2002). The comprehensive poverty reduction and growth strategy (CPRGS). Hanoi.

Swinkels, R. and Turk, C. (2004) Poverty and remote areas: Evidence from new data and questions for the future, *Background paper* for PAC conference, 24-26 November 2004.

Thang, N. (2006). Poverty and Poverty Reduction in Vietnam 1993-2004: An Update, *Draft*.

Minot, N., Baulch, B. and Epprecht, E. (2003) *Poverty and Inequality in Vietnam: Spatial patterns and geographic determinants*. Hanoi, Viet Nam: Inter-Ministerial Poverty Mapping Task.

UNDP and AusAID. (2003). Regional poverty assessment - Mekong River region: Synthesis report. *Draft*.

UNDP and Poverty Task Force. (2002). Localising MDGs for poverty reduction in Viet Nam: Promoting ethnic minority development. Hanoi. June.

UNDP, AusAID, and Long An Community Health Centre. (2003). Mekong Delta participatory poverty assessment, *Draft*.

van de Walle, D. and Gunewardena, D. (2000). Sources of ethnic inequality in Vietnam, *Policy Research Working Paper 2297*. Washington, D.C.: World Bank.

Vu, T.A. (1998). Rural Poverty Monitoring Survey in Vietnam, Paper Presented at the Micro Impacts of Macroeconomic and Adjustment Policies (MIMAP), Third Annual Meeting, November 2-6, 1998, Kathmandu, Nepal.

World Bank (1999). Vietnam development report 2000: Attacking poverty. Hanoi, Viet Nam: World Bank.

World Bank (2000). Attacking Poverty, *Viet Nam Development Report*. Washington D.C.: World Bank.

World Bank (2004) Poverty, *Viet Nam Development Report*. Washington D.C.: World Bank.