

Draft for Comments

**A REVIEW OF ETHNIC MINORITY POLICIES AND PROGRAMS  
IN VIETNAM<sup>1</sup>**

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## Abbreviations

ADB	Asian Development Bank
BARD	Bank of Agricultural and Rural Development
CEM	Committee for Ethnic Minorities (formerly the Committee for Ethnic Minorities in Mountainous Areas)
CFM	Community-based Forest Management
DARD	Department of Agricultural and Rural Development (Provincial level)
GSO	General Statistics Office
HEPR	Hunger Eradication and Poverty Reduction
IEMA	Institute of Ethnic Minority Affairs
LUC	Land-Use Certificate (the land use rights certificate)
MARD	Ministry of Agricultural and Rural Development
MOET	Ministry of Education and Training
MOF	Ministry of Finance
MOH	Ministry of Health
MOLISA	Ministry of Labour, Invalids, and Social Affairs
MPI	Ministry of Planning and Investment
NTP	National Targeted Program
SBV	State Bank of Vietnam
SOE	State-Owned Enterprise
SFE	State Forest Enterprise
PC	People's Committee
P135	Program 135
PFMB	Protected Forest Management Board
UNDP	United Nations Development Programme
VHLSS	Vietnam Household Living Standard Survey
VND	Vietnam Dong
WB	World Bank

USD (\$) 1= VND 16,110.00 (as of 21<sup>st</sup> June 2007)

## 1. INTRODUCTION

Successive Vietnamese Governments have paid a great deal of attention to the development of ethnic minorities. One of the reasons for this is that ethnic minorities are among the poorest groups in Vietnam. For example in 2004, the ethnic minorities accounted for only 12.6% of the total population but made up 39.3% of the poor population according to the Vietnam Household Living Standard Survey of 2004 (WB, 2007). Most ethnic communities are located in remote and difficult areas, which account for three-fourths of the land area of the whole country.

Therefore, many policies have been targeted to the ethnic minority development in Vietnam. Prior to 1998, 21 national targeted projects were implemented to invest in the ethnic minority and mountainous areas. A more logical policy system was developed after that year, including the Hunger Eradication and Poverty Reduction program, Program 135, Program 134, and policies on land, forest, education and health, etc., which aimed to cover all economic, cultural and social fields.

This paper attempts to systematize the diverse current policies for ethnic minority development in Vietnam and explore the historical development of these policies over the last 10 years. Its contents are based on a review of key documents in Vietnamese (including national government decisions and decrees) and English (typically related to donor projects) plus a series policy process interviews that were conducted with government officials in three provinces (Lang Son, Son La and Tra Vinh) between January and August 2007.<sup>2</sup> In each province, the research team tried to trace how ethnic minority policies and programs were understood and modified at different level of government in order to understand (i) the consistency of different policies and (ii) whether modification of policies at successful levels of government were leading to 'policy dilution'. Due to time and budgetary constraints we focused on the departments, offices and officials responsible for: (a) ethnic minorities' issues; (b) forestry and forest land allocation; and, (c) education. In addition, some district offices of economics/planning were consulted. In each province, one representative district was chosen for district level investigations, with two communes (one relatively prosperous and the other relatively poor) chosen per district based on the 1999 poverty maps of Vietnam (Interministerial Poverty Mapping Task Force, 2003).

The paper first discusses the major hunger eradication, poverty alleviation and employment programs, before moving on to national programs that are specifically targeted toward ethnic minority areas and peoples (Programs 135 and 134). The policies for allocating forest land and the major afforestation programs are then discussed, as forest land is an important source of livelihoods for many ethnic minorities' people. Education and health policies are then discussed, focusing on the exemptions, preferences and targeted interventions that have been implemented for the ethnic minorities. The provision of subsidies for basic commodities, transportation and the media in remote areas together with integrated programs for the socio-economic development of disadvantaged regions are then considered. Reflecting the

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<sup>2</sup> These three provinces were selected to represent the main ethnic regions in Vietnam: Lang Son (the mountainous North East), Son La (the mountainous North West), and Tra Vinh (the Mekong Delta). It was originally planned to conduct policy process interviews in the Central Highlands rather than the Mekong Delta but this was not possible due to logistic constraints and political sensitivities.

focus of the policy process interviews, special attention is paid to the implementation of Program 135, Program 134, forestry and education policies. A final section compares and contrasts the objectives, financing and organization of these policies and programs.

## **2. HEPR and EMPLOYMENT CREATION PROGRAM**

The HEPR (Hunger Eradication and Poverty Reduction) Program, also known as Program 133 was launched in 1998, with the objective of eliminating chronic hunger and reducing the percentage of poor households in the whole country to 10% by 2000. The program also aimed to narrow the gap among population groups and geographical areas by accelerating the socio-economic development of the disadvantaged communes (MOLISA and UNDP, 2004).

In 2001, Programs 133 and 120<sup>3</sup> were merged into Program 143<sup>4</sup> which covers the period from 2001 to 2005. The aims of Program 143 were to:

- Reduce the poverty rate to below 10% (i.e. annual decrease of 1.5-2%), and eliminate chronic hunger;
- Ensure that poor communes have basic infrastructure as small-scale irrigation, schools, health centres, roads, electricity, water, markets;
- Create jobs for 1.4 to 1.5 million workers annually;
- Reduce the unemployment rate in urban areas to less than 6% and promote the proportion of working time used by workers to 80% by the year 2005.

Program 143 was known as the HEPR and Employment Creation Program, and executed by the Ministry of Health (MOH) (health supports), Ministry of Education and Training (MOET) (education supports), Ministry of Agricultural and Rural Development (MARD) (extension services, production supports, resettlement supports, infrastructure supports), State Bank of Vietnam (SBV) (credit), and MOLISA (social supports, training, credits and other supports for employment creation<sup>5</sup>). Moreover, it is guided by the coordination by MOLISA, the Ministry of Planning and Investment (MPI) and the Ministry of Finance (MOF) in terms of planning, funding and management. Program 143 major elements are described in Box 1.

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<sup>3</sup> Program 120, stemming from the Resolution 120/HDBT by the Council of Ministers in 1992, has the objective of employment creation and vocation training. This program initially paid attention to labour restructuring and retaining laid-off state enterprise employees. Then, gradually, its share of credits for employment creation to mass organizations increased. The Program provides credits through the National Fund for Employment Creation which has been managed by the Bank for Social Policy of Viet Nam since 2003.

<sup>4</sup> Decision 143/2001/QĐ-TTg by the Prime Minister

<sup>5</sup> Only for non-P135 communes (not under the Program 135 which provides supports for the socio-economic development of extremely difficult communes in the ethnic, mountainous, boundary and remote areas).

**Box 1: Projects and Supportive policies Under Program 143**

Projects are budgeted for a total of VND 4,640 billion over 2001-2005, most of which is expected to come from the central budget but it channelled through province, district and commune levels.

1. Credit for the poor household
2. Extension service
3. Develop models of HEPR in poor communes
4. Infrastructure in about 700 poor communes (not P135 communes)
5. Production supports (processing, training)
6. Training of cadres responsible for HEPR implementation
7. Resettlement of migrants in New Economic Zones in poor communes
8. Resettlement and sedentarization in poor communes
9. Loans for small-scale employment creation
10. Modernizing and improving the capacity of employment service centres
11. Collect statistics of the labour market and establish an information system
12. Training and improving the capacity of cadres involved in employment management

Supportive policies are budgeted for a total non-refundable capital of VND 1,600 bil expected to come from local budgets over 2001-2005.

1. Low cost and good quality health cares for the poor (free health insurance card, supply and training health workers, infrastructure...)
2. Low cost, universal and good quality education for the poor (reduction and exemption from school fees, boarding schools for ethnic minorities, free or cheap books, scholarships, infrastructure...)
3. Supports for extremely difficult ethnic minorities (provision of basic needs, production inputs, extension service...)
4. Supports for vulnerable people affected by natural disasters and temporary migrants (production supports, extension service, houses...)
5. Houses for the poor
6. Supports with production tools and land

*Source: MOLISA and UNDP (2004)*

Although the program is nationally targeted, some of its sub-components are designed particularly for the development of ethnic minorities. These include education policies for ethnic minorities (boarding schools, scholarships for ethnic minorities...), support for extremely difficult ethnic groups, resettlement in new economic zones, and resettlement and sedentarization in poor communes. In addition, preferential credit programs to ethnic groups provide many benefits in terms of long period or low interest rate (Appendix 2). Ethnic groups also receive grants from general policies and projects, especially production supports and extension services.

Program 143, a national targeted program, is independent of other major development programs such as Program 135 (P135) and therefore can overlap geographically with them (especially at the commune level). Its components are often integrated into other programs, especially P135 at the commune, district and provincial levels. One of reasons for this, is that P135 spreads across most (52 of 64) provinces in the country (Tran, 2006) and also has some similar components (such as infrastructure, extension service, and training) to P143. The integration of programs is done through the annual planning at local levels, especially at the provincial level (MOLISA and UNDP, 2004). Besides, P135's largest component of infrastructure up to VND 7,416.4 bil over the period of 2001-2005, more than Program 143's budget over the same years,

has explained why local people in P135 area often mention Program 135 as the most important program. Other components of this program, which are not covered in P135, are integrated within the overall plan of the local respective executive departments.

Much more importantly, Program 143 has strengthened the on-going movement of poverty alleviation begun by the Vietnam Communist Party 7<sup>th</sup> Congress in 1991, which stated that hunger and poverty in mountainous and remote regions of Vietnam were a persistent problem. Its launch marked a new era, since when all communities, mass organizations and government bodies have made great efforts in the fight against poverty. As shown with reference to a mountainous province of Lao Cai in Table 1, local people can receive a system of social supports, which can be regular, seasonal or unexpected.

**Table 1: Some Social Supports in Lao Cai Province in 2003**

No	Support	Implemented by	Beneficiary	Benefit
1	Support for hungry households <sup>6</sup>	People Committee	Hunger households	Rice or money (10 kg of rice per head)
2	Support for Tet holiday	People Committee, Father Front, For the Poor Fund, Friendly Relations Fund.	Poor households	Rice or money (10 kg of rice, VND 200,000 per household)
3	Support for roofing materials, water jars/tanks/wells,	People Committee	Poor households	60 – 90 roofing sheets, 8 – 10 roofing top sheets (about VND 2–2.5 mil/household), and water jar/tank/well materials (VND 1-1.5 mil/household)
4	Support for production inputs (seeds, fertilizers...) as free grants or preferential loans	MARD/DARD, HEPR program, Resettlement program	Poor households and non-poor households	Fertilizer grants (40-50 kg of phosphate, 1-2 kg of maize or rice seeds per household), transportation cost of fertilizers to communes, seed price subsidy up to 30%, preferential loans for fertilizers
5	Preferential loans	Social Policy Bank, Development Assistance Fund, Bank for Agricultural and Rural Development.	Poor and near-poor households, households in the planned areas	Preferential loans (can be 50% of normal rate of Bank for Agricultural and Rural Development)
6	Support for equipments, appliances, and production tools for households	CEM (Committee for Ethnic Minorities and Mountainous Areas)	Extremely poor households	Cast iron pan, bowls, cups, knives, blanket, nets... (VND 600,000 to 1 mil per household)
7	Support for tivis, radios	CEM	Villages, poor households,	Tivi (1-2 tivis per village), 50-percent price subsidy for radio
8	Support for disasters, fires	People Committee, Father Front, Red Cross, Other unions	Households facing risks	Money (VND 1.3-5 mil per household)
9	Community mutual support	Women Union, Farmer Union, Others	Difficult members	Help by labour, kinds, production equipment lending...

*Source: Poverty Task Force (2003a)*

<sup>6</sup> Households suffer hunger due to risks of per-harvest, disaster, and crop losses. For example, in the first half of 2005, the number of households suffering from hunger increased suddenly in ethnic area by 4-5% due to disaster and crop losses e.g. provinces of Ninh Thuan (22,585 households), Binh Thuan (31,880 persons), DakNong (15,200 households), Khanh Hoa (8,575 households), Binh Phuoc (2,077 households), Ha Giang (10,718 households), and Cao Bang (6,500 households) (Le, 2006)

Program 143's first phase ended in 2005. During its second phase covering the period from 2006 to 2010, approximately US\$ 4 billion will be invested in the fight against poverty. Program 143, phase 2 will prioritize mountainous areas in addition to providing funds for developing infrastructure in poor coastal and island communities.

### **3. PROGRAM 135**

The Program for the Socio-Economic Development of Extremely Difficult Communes in Ethnic, Mountainous, Boundary and Remote Areas was established by Decision 135/1998/QD-TTg issued in 1998. Initially, Program 135 aimed to reduce the proportion of poor households living in extremely difficult communes to less than 25% by 2005, to provide adequate clean water, to 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.

Beneficiaries of this program have come from 22 ethnic minority groups (ADB, 2000). During its first phase, Program 135 provided support to more than 10 million people living in extremely difficult (Region 3) communes, of whom nearly 5.5 million were from the ethnic minorities (Dinh, 2006).<sup>7</sup> Most communes benefiting from the Program 135 are in ethnic areas, where the Program was executed by the CEM<sup>8</sup>.

Program 135 originally had five components: infrastructure, the development of communal centres, resettlement, production support, and training. Then, in 2000, Decision 138/2000/QD-TTg moved the components of Program 133 concerned with resettlement and sedentarization, support for extremely difficult ethnic minorities, and communal centre development in mountainous areas policies into Program 135. In addition, the policy to support extremely difficult ethnic minority households was shifted from the Program 143 to Program 135 in 2001.

Despite merging Program 135 with resettlement and sedentalization and support for extremely difficult ethnic minorities, to make Program 138, these three programs are still known by their separate names and implemented separately at the local levels. So, in the next sub-sections, these three areas are discussed individually.

#### **3.1. The Components of Program 135**

Program 135 was first implemented in the country's 1,000 poorest communes and was gradually expanded to cover the 2,410 poorest communes by 2005 (Tran, 2006).<sup>9</sup>

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<sup>7</sup> The ethnic and mountainous area in Vietnam are divided into three regions accordingly to their development level: Region 1 (communities that are starting to develop), Region 2 (communities with mainly stabilized development), and Region 3 (the poorest and most vulnerable communities). Region 3 communes are often described as 'extremely difficult communes'. The latest criteria for these three regions are set-out in Decision 393/2005/QD-UBDT and include poverty, infrastructure, social factors (education, health, and information), production conditions, and location.

<sup>8</sup> This agency is at the ministerial level, to help the Government develop and implement policies toward ethnic minorities and the mountainous areas. CEM also advises other ministries, e.g. MOET, MOH, on the development of policies relating to ethnic minorities and mountainous areas. It has a grass-root network to the commune level.

<sup>9</sup> Of which 1,938 are Region 3 communes, 389 are border communes, and 83 are communes in the historical resistance sites in 52 provinces (Tran, 2006).



In the second phase from 2006 to 2010, the target communes are being expanded to extremely difficult villages in Region 2 communes, and difficult communes in the coastal areas and islands. In addition to 1,799 communes in the ethnic minority and mountainous area plus border and historical resistance sites, the second phase or P135, will support infrastructure in 301 difficult communes in the coastal areas and islands beginning in 2008<sup>10</sup>.

In order to achieve its designed targets, five components were funded, including:

- Infrastructure improvement (roads, irrigation system, schools, water system, electricity, markets, health centres, cultural houses, post office) at the commune and village level. However, in the first phase by 2006, most of the projects were targeted at the commune centres, especially road building ones. This component has been the biggest in terms of budget allocation. Total budget allocated to each commune was planned at only 3.5% for resettlement and sedentarization of ethnic minorities and extension services, and 1% for cadres training, but up to 74.6% for this component (MOLISA and UNDP, 2004). This infrastructure component funded for 22,238 infrastructure project over Program 135's first phase from 1999 to 2005, in which the three biggest items were roads (6,952 projects), schools (5,228 projects), and irrigation (4,004 projects) (CEM, 2006b).<sup>11</sup>
- Infrastructure construction for communal centres which played the important role of socio-economic centres for clusters of some communes (usually 4 to 5 communes). It also included projects of roads, primary and lower secondary schools, boarding schools, clinics, water system, extension service centre, markets and commercial stores. A budget of VND 2,103 billion to 2005 was funded for 528 centres, in which about 200 centres was fully used. In total, these two components on infrastructure were allocated almost 95.5% of the whole budget.
- Resettlement projects (sometimes called residential planning) were mainly aimed at residential planning in border areas and mountainous areas, where there was usually a lack of water and agricultural cultivatable land. These projects were often funded for rural road improvement and agricultural production. About 297,788 households benefited from 120 development projects for new economic zones and 107 projects to settle spontaneous migrants in the ethnic and mountainous areas as for 2005 (CEM, 2006b).
- Agricultural and forestry extension associated with product processing and marketing. This component implemented by MARD was integrated with other economic projects in the local area. The main purpose of agricultural and forest product sale promotion has not been achieved due to difficulties in access to information, market and transportation.
- Training of commune level cadres (especially for management and monitoring of works). More than 1,000 training classes were opened for local cadres (CEM, 2006b). Apart from training for P135 implementation in 4 languages (Gia Rai, Hmong, Khmer, and Vietnamese), other training courses integrated within other local development projects provided knowledge and skills in

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<sup>10</sup> Decision 164/2006/QĐ-TTg and Decision 113/2007/QĐ-TTg

<sup>11</sup> At the national level, no information is available on the exact number of schools, irrigation projects, number of kilometres of roads constructed under Phase I of Program 135.

diversified topics such as agricultural extension, administration, and project monitoring.

Infrastructure construction, especially roads and electricity supply, has been conducted in many communes as these are considered preconditions for market development, especially in the most difficult and poorest communes which were selected to receive allocations from the national budget of Program 135. Some provinces could afford to cover additional communes from their own budgets, and 129 out of 2,233 communes were financed by provincial budgets in 2004. Local authorities have tried to do their best to mobilize all other resources to fund additional communes, e.g. Lao Cai, a province in the Northern Mountains, spent VND 2 billion for 20 additional communes (Poverty Task Force, 2003a).

Program 135's infrastructure component coincides with the objectives of many other policies. All of them were under the umbrella program of Infrastructure and Socio-Economic Development in Rural and Mountainous Areas during the 1996-1999 period. They included the Program of Rural Transport, the Program of Universalization of Primary Education and Anti-Illiteracy in mountainous areas, and Mekong River delta, the Program for Electrification in Rural Areas, the Program for Elimination of Communes having No Health Service available, the Program for Irrigation in Agricultural Areas, and the Program for Safe Water in Rural Areas.

Following the Decree 70/200 on grass-root democracy as a part of the administrative reforms, local people in mountainous communes have been encouraged to exercise their democratic rights through accessing information, discussing, and participating in local decision-making process, implementation, and management. Local people have participated in discussions about spending and investment priorities (CEM, 2006b). They have also been directly employed in local projects although most jobs available have been manual and construction work. The slogan "people know, people discuss, people do, and people supervise" had been applied as a principle of Program 135 implementation.

Being remote and having low capacity have been obstacles to ethnic minority communities to exercising their rights. However, local authorities, especially at the commune and village levels, have provided training so the ethnic minority people can take-up positions in planning, implementation and management. Strong decentralization to commune level has been experienced, particularly in the first phase of P135. Projects up to VND 1 billion can be appraised and approved at the district level. Up to 2005, above 400 communes were the investors of local projects (CEM, 2006b). For the second phase of P135, 100% of qualified communes based on their local cadre capacity and experience is planned to be investors of local projects by 2008 (CEM, 2007).

### **3.2. The Resettlement and Sedentarization Program<sup>12</sup>**

As in the Decree 140/1999/ND-BPTNT of MARD in 1999, the national sedentarization program aimed to reduce shifting cultivation and shifting residences and 'settle' ethnic minority households; to contribute to poverty reduction; and to

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<sup>12</sup> This program is also called the Fixed Cultivation and Sedentarization Program in some sources, and the Residential Planning and Sedentarization Program in others.

contribute to a reduction in deforestation and other environmental impacts. This program was originally under the Ministry of Forestry and was then moved to CEM in 1992 under the framework of Program 327 for the afforestation of mountainous areas and reclaiming of the barren hills. It was integrated with the New Economic Zones component of Program 133 managed by MARD later in 1995. This program induced migration (mostly Kinh migrants) to uplands and other under-developed areas with the hope that Kinh people would transfer experiences to the local community. Then, in 2000, the resettlement and sedentarization program was moved to Program 135 under Decision 138/2000/QD-TTg and management MARD until it was handed over the program to CEM in 2004.

Before being integrated into Program 135, the program had a budget of VND 100 to 135 billion per annum, which means approximately VND 20 million per household for 608,000 households (3.7 million people) involved (Le et al, 2006). Most of the budget was allocated for infrastructure as irrigation, the terracing of sloping land, extension services and production loans. Production projects and loans aim to encourage households to reclaim the unused land and reforest the poor forest.

After becoming part of Program 135 in 2000, resettlement and sedentarization activities focused more on in-situ development rather than movement of households. The program aimed to settle 367,000 households (2.3 million people) that had fixed residences but practiced rotational agriculture, in addition to sedentarizing 28,400 households (175, 000 people) that practiced shifting cultivation. Within Program 135, resettlement and sedentarization activities focused on 1,410 communes but in addition some projects were undertaken in non-P135 communes. In the period 2000 to 2004, VND 35 billion was spent for resettlement in P135 communes, and another VND 700 billion in non-P135 ones (Le et al, 2006). The overall execution of Program 135 was by CEM but resettlement projects in non-P135 communes were implemented by MOLISA and MARD.

Phase II of Program 135 has continued to de-emphasize resettlement and sedentarization activities, although some provinces continue to have small resettlement programs (often connected with the large public infrastructure project such as dams). In some mountainous commune, there have also been efforts to move groups of households living in remote hamlets into larger villages.

### **3.3. The Policy of Support for Ethnic Minority Households in Extremely Difficult Circumstances**

This policy was initially called the Program to Support Ethnic Minority Households in Extremely Difficult Circumstances and was established under Decision 826/QD-TTg of 1995. Its original objective was to support ethnic minorities whose populations are below 10,000 persons.<sup>13</sup>

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<sup>13</sup> According to the 1999 Census, there were 16 officially recognized ethnic groups with population of less than 10,000 people. These groups are the Bo Y, Co Lao, Cong, La Ha, La Hu, Lao, Lo Lo, Lu, Mang, Ngai, Pathen, Pu Peo, and Si La in the Northern Uplands; the Brau and Ro-Mam in the Central Highlands; plus the Chut and O-Du in the North Central Coast.

Like the Resettlement and Sedentarization Program, Program 826 became a sub-component of Program 135 under Decision 138 in 2000. Ethnic beneficiaries of this program have to meet three criteria:

- Residing in remote and mountainous areas with average incomes less than VND 80,000/person/month;
- Using old-style production techniques, or being landless;
- Having average assets worth less than VND 1 million per person (excluded the land-use certificate (LUC) value and houses in slopping fields).

Ethnic households which met these criteria were entitled to grants of up to VND 500,000 grant for food (3 times at most), clothes, blankets, and bed nets (2 times at most) and household tools (only 1 time); plus an annual one-off grant of up to VND 1 million for production tools and seedlings. The total budget for the program was VND 182 billion for the period 2001-2006 and covered over 230,000 households in 42 provinces. This budget was estimated to be sufficient for about 10% of the total demand.

Since 2007, a revised orientation has put more focus on production development for ethnic minorities living in extremely difficult circumstances. Under Decision 32/2007/QĐ-TTg, a system of loans for ethnic minorities living in extremely difficult circumstances was established.<sup>14</sup> Eligible households could borrow up to VND 5 million from the Bank for Social Policy with no interest charged on loans. Beneficiaries for such loans have to satisfy three criteria:

- Average income lower than VND 60,000/head/month;
- Total assets lower than VND 3 million (excluding land use certificate value, and the value of houses supported by programs/grants);
- Have business/production proposals but no capital.

Further projects targeting seven ethnic groups with small populations (the Si La, Brau, Ro Mam, Pu Peo, Odu, La Hu, and Cong) have recently been proposed by CEM.

### **3.4 Implementation of Program 135**

All levels of government confirmed that the major component of P135 was infrastructure, with 80 to 90% of total program funds being devoted to infrastructure and the construction/improvement of roads and schools being the two primary activities. In addition, some market centres, cultural houses, health clinics and commune centres had also been constructed with P135 funds. In Lang Son and Son La, Phase I of P135 had succeeded in eliminating communes without roads to their centres, although in around 10% of communes these were not all weather roads so vehicle access to the commune centre during the rainy season was still difficult. The majority of officials envisaged that a primary focus of the infrastructure Phase II of Program 135 would be to extend or improve the road network to villages within communes, as well as constructing village classrooms.

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<sup>14</sup> Which is defined by Decision 30/2007/QĐ-TTg

During Phase I, P135 communes had received a standard block grant of VND500 million per commune per year irrespectively of their population and size. In Lang Son, 20% of this block grant was reserved for production development between 2003 and 2005, although expenditure in this area usually fell short of its target. Although, the standardised nature of these block grants has been criticised by some commentators (MOLISA and UNDP, 2004), this aspect of P135 was not questioned by provincial, district and commune level officials.

All provinces and most districts had proposed that a higher number of communes be included in P135, Phase II than were actually proposed by CEM and approved by the Prime Minister in late 2006/early 2007<sup>15</sup>. There were also a number of examples of provincial and district authorities combining a number of different programs together to achieve its infrastructure objectives were encountered. For example, in Son La, P135 and regional development funds under P186 have been combined to fund road construction.

Resettlement activities were generally mentioned separately from Program 135, and had declined in recent years in both Lang Son and Son La. Several examples of resettlement in Son La were associated with dams and hydro-electric power projects and tension between settled households and the traditional inhabitants of an area. Sedentarization of shifting cultivators (*dinh canh, dinh cu*) was now extremely rare in all three provinces but in some cases the sedentarization program had been used to encourage households living in remote hamlets to move to village centres. However, it was recognised that the resettlement program was an extremely difficult component to implement in the Northern Mountains.

The policy of support for extremely difficult ethnic minority households operated in one of the two communes we visited in Son La. It focused on distributing mosquito nets, blankets, knives and seedlings to households from the smaller ethnic minority groups such as the Xinh Mun, La Ha and Khang and had a provincial budget of just VND 1 billion. In Lang Son, ethnic minority groups with lower levels of economic development, such as Dao, Hmong, and San Chay, had also received support from this component of Program 135.

#### **4. PROGRAM 134**

Program 134 stems from Decision 134/2004/QD-TTg on support for production land, residential land, housing and water for disadvantaged ethnic minority households facing, and is managed by CEM. It was preceded by Decision 132/2002 on support for production and residential land for the local ethnic minority people in the Central Highlands; and loans for building houses in flood prone areas in Mekong River Delta<sup>16</sup> (Decision 105/2002) and in Central Highlands (Decision 154/2002). One of the central objectives of the program was to counteract land sales by ethnic minority households, especially in the Central Highlands and Mekong River Delta, following the liberalization of land markets following Resolution 10 of 1988 and the 1993 Land

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<sup>15</sup> Decision 164/2006/QD-TTg and Decision 113/2007/QD-TTg

<sup>16</sup> Mainly for Khmer group

Law.<sup>17</sup> To this was added construction of houses and the provision of drinking water systems, which have become the most important components of the program.

#### **4.1 Design of Program 134**

With the funding from the National budget of VND 5 million per hectare of reclaimed land and the same amount for house construction or improvement, plus VND 300,000 (or 0.5 ton of cement) for improving drinking water systems, Program 134 aimed to provide:

- at least 0.5 ha of sloping field per household (or 0.25 ha of single cropped wet rice field or 0.15 ha of double cropped wet rice field);
- at least 200 m<sup>2</sup> of residential land per household;
- a permanent house;
- drinking water systems for households and communities.

To achieve these targets, a provincial budget contribution of at least 20% of the national budget was assumed<sup>18</sup>. In addition, other contributions in cash or kind at the community level were expected to be mobilized. Communities of villages having more than 20% of ethnic minority people and facing water supply difficulties can also receive support for public water systems and land for community infrastructure under Program 134.

Program 134 has been facilitated by many other policies which relate to land and forestry issues (ethnic minorities can exploit timber and forest products to build houses). Among supportive policies, the land reallocation to ethnic minorities<sup>19</sup> seems to be the most important. In the future, it is hoped that the reform of state forest enterprises (SFEs) to might lead to a release of more land to ethnic minorities.

There have been high expectations for Program 134 in terms of its land reallocation component, which is regarded as crucial for the economic development of ethnic minorities. However, these expectations have proved difficult to achieve where ethnic minority communities mainly cultivate sloping or mountainous land, in which many areas are rocky, natural watersheds or protected areas such as national parks. This program has recently been extended to 2008.

#### **4.2 Implementation of Program 134**

According to the review of Program 134 conducted after two years of implementation (MOF, 2006), a national budget of VND 1,610 billion has been spent for 51 target provinces with local budget contributions of VND 413 billion. As shown in Table 2,

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<sup>17</sup> Actually, Resolution No. 10 in 1998 has not as much impact on some ethnic minority high area as that on the other part of the rural areas in terms of defragmentation movement later after 1990s. The reason is that most of land was back to its owner at the same area like before the land contribution to cooperatives as lands are long-traditional ancestors' or family's land. However, land was reallocated per head in other rural areas in Vietnam.

<sup>18</sup> Detailed guidelines in Joint Circular 819/2004/TTLT-UBDT-KHDT-XD-NNPTNT

<sup>19</sup> Decision 146/2005/QD-TTg and Decree 197/2004/ND-CP to reallocate production lands from forest state enterprises to poor ethnic minority households Decree 170/2004/ND-CP on reform of state farms; Decree 200/2004/ND-CP on reform of forest state enterprises; Decision 03/2005/QD-BNN approved P134 households to exploit timber wood for houses; Decision 304/2005/QD-TTg on pilot forest allocation to households and communities (priorities to P132 and P134 cases in Central Highlands) with the annual support of VND 50,000 (which was increased to VND 100,000 per ha later).

below, most of this budget has been spend on house construction, with public infrastructure for village water systems being the second biggest item. Common reason for a low achievement of land support in most provinces is the shortage of land and the too low support per hectare compared to the market rate.

**Table 2: Results of 2-year Implementation of Program 134**

Support	Beneficiaries (households)	Quantity	Budget (VND billion)
Residential land	7,088	361.1 hectare	15
Production land	38,189	30,088 hectare	114
Houses	218,608		1,167
Water system	99,330		43
Public infrastructure in villages (water system and land)		1,903 items	384

*Source: MOF (2006)*

In the three provinces visited, the construction of houses for poor ethnic minority households was also seen as the primary component of the program, but the type of houses constructed and the means used to achieve this differed substantially between, although not within provinces. In Lang Son, the recommended type of Program 134 house is 40 m<sup>2</sup> has breeze-block walls, a concrete floor and corrugated cement/tile roof, costs around VND 15 million to build and is built by contractors. In contrast, in Tra Vinh, the recommended type of Program 134 house is 32 m<sup>2</sup> has a corrugated concrete roof and concrete frame, with walls by wattles made of dried nipa leaves (a tin front wall recently), and dirt floor and costs VND 5.5 million to build. Household are left to build walls by wattles made of dried nipa leaves. In Son La, Program 134 houses were built according to traditional designs with roofing sheets and other building materials to the value of VND 2.5 million delivered to the commune, and the remaining VND 2.5 million used for local construction materials and labour (often involving village-based work parties). The targeting of Program 134 house construction is generally appropriate but does little to improve recipient household's livelihoods (Box 2).

**Box 2: Program 134 Houses in Tra Vinh**

Long Khanh commune, Duyen Hai District, Tra Vinh is a moderately prosperous commune specialising in aquaculture. Since 2004, the commune authorities have constructed 95 houses for poor households, the vast majority of whom are Khmer. One such household consists of an elderly Khmer husband and wife (age 77 and 76 years) living with their son (age 30). All three can speak Vietnamese but are unable to read and write. The son works as a hired labourer when he can, and they all raise fish, chickens and water cork. The couple has three other children, all daughters, who are married and live in the commune but they all have young children and are too poor to be able to help their parents. The household has 300 m<sup>2</sup> of land, 100 m<sup>2</sup> of which is the housing area and 200 m<sup>2</sup> is fish pond and swampy land.

Two years ago, a Program 134 house was built for them consisting of a concrete frame and roof with wooden doors and window frames. However, after the construction the household did not have enough local building materials left from their old house to build the walls to the same height as the concrete frame, and the floor of the house is of compacted dirt. The only durable goods of value in the house were an old bicycle and a small transistor radio.

During the rainy season, the household uses rain water from a concrete tank installed by Program 134. But during the dry season, they have to fetch water from a neighbour's

tubewell 300 meters away (which they are allowed to use for free). The household doesn't have electricity (though many surrounding houses do) and no toilet of any kind.

In Lang Son and Son La, some communes had used funds from Program 135 (including its resettlement component) to supplement Program 134 funds. In particular, Program 135 funds had been used to provide corrugated cement/tile roofs to poor households moving down from remote villages or hamlets. In Tra Vinh, where the Khmer make-up almost 30% of the provincial population and are the only significant ethnic minority group, P134 funds had also been used to construct houses for poor Kinh households in some communes. Commune official explained that this was to prevent tension occurring between poor Kinh and poor Khmer households.

Improved drinking water systems had also been provided in all three provinces using a variety of different systems, ranging from individual water tanks to standpipes to hoses supply water from mountain streams.

To date Program 134 has met about 41% of total local demand for land (CEM, 2006a) and the goal of meeting this goal by 2006 has not been achieved. Almost 200,000 ethnic households were estimated to still lack of production land in 2006 (see [Appendix 3](#)). All three provinces noted that the production and residential land components were extremely difficult to implement due the limited availability of land in their provinces and the relatively low prices that could be offered to households willing to transfer some land to P134. In Van Quan district (Lang Son), the official compensation offered for land (VND 5 million/hectare) is too low compared with the market rate at VND 5 to 7 million/*sao*<sup>20</sup>. Officials in all three provinces reported that land was simply too scarce in their provinces and districts to be able to acquire land for redistribution. In some cases, commune officials had resorted to exhorting larger land holders to transfer some of their unused land to their poor relatives, but with limited success.

Decision 134/2004 specifies that provinces are expected to contribute 20% of the value of grants received from central government under Program 134. However, at the national transfers typically accounts for 70-80% of the total provincial budget annually (CEM, 2006a), most provinces have found it very difficult to meet this 20% provincial contribution. The Ministry of Finance's review states that only a few provinces such as Hue, Ninh Thuan, and Quang Nam have contributed to the Program by the local budget (MOF, 2006). In our three case study provinces, only in Lang Son was the Provincial Department of Finance able to contribute additional funding to Program 134 housing supports, and all districts and communes regarded this co-funding requirement as the responsibility of the village/hamlet (*xom*) in which the household lived. At the commune and village level, Program 134's co-funding requirement is typically discharged in terms of contributions of unpaid labour, local building materials and occasionally donations of cash from extended family members.

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<sup>20</sup> *Sao* is the local land unit, which is equal to 360m<sup>2</sup>.



## 5. FOREST LAND ALLOCATION AND AFFORESTATION PROGRAMS

One of proposed solutions for poor ethnic minorities who lack agricultural production land is to develop forestry by allocating forest land, and showing households how to benefit sustainably from forest use. The linkage was first pointed out in Decision 327 in 1992, when the Government of Vietnam started a number of reforestation programs.

Forest land allocation to households, individuals, organizations, and communities has been carried out in many provinces since 1990s. It showed a reform from the State Land and Forestry Land Management to a socialized one with the strong land and forest land allocation. This movement had been taken place even before the national Policy 178 of households/individuals' rights and benefits from forest land allocation in 2001<sup>21</sup>. For example, Dak Lak has been considered as the first pilot experience. Son La province had applied the Participatory Forest Land Planning and Allocation in the period from 1996 to 1998, Villages' Community Forest Management Regulations in 1999 – 2000, and Forestry Land and Forest Allocation to households, individuals, organizations and communities in 2000-2003 under a provincial Decision 3011 (Vu, 2003). For the case of allocation of forest land to communities, the newly revised Law on Forest Protection and Development in 2004 marked a clearer framework for village communities' land use rights. This stimulated the movement toward Community-Based Forest Management throughout the country<sup>22</sup>.

In order to allocate forest land, forest land has been classified into specific types with different management arrangements. Forest land can be divided into three types based on usage (production, protected and special-use forest<sup>23</sup>) and into categories based on its current status (which species are grown, whether the forest established or recently planted, whether the land is barren etc).

One visible output of forest land allocation is that land-use certificates (LUCs) have been distributed to users, who can be individuals, households, organizations, or communities. Since Decree 02 in 1994, and Decree 01 in 1995, households, individuals and organizations had been granted the *Forest Protection Contract* or *Certificates of Forest Protection and Management* (popularly known as 'green books') which gave them the right to improve and protect the forest only. Since the Land Law of 2003, it has also been possible to issue Forest Protection Contracts to community groups. It is expected that holders of LUCs will manage their land better, and know more about their rights of the land use. However, many ethnic minority households, especially those who are poor and uneducated, are not aware of their land use rights, and don't appreciate the value of their forest certificates. Since Forest

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<sup>21</sup> Decision 178/2001/QD-TTg

<sup>22</sup> There is now an institutional framework for Community Forest Management (CFM) in Vietnam. At the national level, the CFM National Working Group takes responsibilities of supporting MARD on the issue of CFM guidelines. At the ministerial level, the Trust Fund for Forests of MARD supports to implement guidelines. To date, about 40 ethnic communities have been developing pilot CFM projects.

<sup>23</sup> Production forest is where holders can grow and reasonably exploit forest products. Protected forest is where water sheds are located, and is not allowed to exploit forest products. Special-used forest is where there are valuable plants or animals to be protected.

Protection Contracts give less rights than the ‘red books’ provided for agricultural and residential land, they are also widely perceived as being less valuable.<sup>24</sup>

In the next sub-sections, two forest policies that have had major impacts on ethnic minority households, afforestation programs and reform of the State Forest Enterprises (SFEs), are discussed.

### **5.1. Afforestation Programs**

Along with the forest land allocation, the government has approved many afforestation programs. That has supported ethnic minorities and other people living in poor areas to re-green barren hills or improve existing forests. Each program has a number of components ranging from the distribution of seedlings and inputs, to labour payments for the establishment, management, and supervision of forest land, and training and extension. The financial and other inputs provided by afforestation programs have helped a lot, especially in district and communes with limited internal resources. More importantly, local ethnic people have benefited from technical training and learning how to exploit their forest land sustainably.

The two biggest national afforestation programs are Program 327 and Program 661. The first afforestation program to be adopted was Program 327<sup>25</sup> in 1992 for the re-greening of the barren lands and hills, coastal flats and water bodies. This program supported households and SFEs to establish protection forests. Households received direct payment for forest protection. Then in 1998, Program 661 (also known as the Five Million Hectare Reforestation Program) was designed to afforest and improve the degraded forest lands.<sup>26</sup> During the period from 1998 to 2010, Program 661 aim to increase nationwide forest coverage to 43 percent of the total land cover, while providing jobs to the rural poor and ethnic minorities and increasing the supply of forest products.

Most afforestation programs had paid most attention to protected forests but have recently been extended to cover production forest as well. Technical training courses have focused on silviculture methods, and the extraction and processing of forest products. However, the small support for forest protection provided do not allow ethnic minority households to improve their livelihoods, especially if their land is in protected areas where the annual forest protection payments were VND 50,000 per hectare in the national policy before 2007 (though this amount does vary between provinces and districts depending on their conditions and policies). This has raised concerns about the sustainability of livelihoods, especially in areas where specific ethnic groups such as Hmong, live in the high mountains, which are more likely to be protected watersheds. Projects to promote the production of specific species of trees can give local people a chance to generate significant incomes but usually have long-time horizons. Furthermore, the appropriateness of some of the exotic species promoted has been questioned (McElwee, 2004). For all of these reasons, the ability of reafforestation programs to provide sustained poverty reduction to the ethnic minority households is usually limited.

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<sup>24</sup> Land use rights certificates for agricultural and residential land give holders the rights to inherit, transfer, exchange, lease, and mortgage the land.

<sup>25</sup> Decision 327/CT in 1992 by Head of Ministerial Committee

<sup>26</sup> Decision 661/1998/QD-TTg

In addition, afforestation projects have been conducted along the banks of some important rivers<sup>27</sup>. The river can be either major ones which impacts on a large area or rivers which plays a crucial role in hydro-electric generation projects. For example, Program 747 or Program 1382 on afforestation along the Da River for the Hoa Binh dam in North-west of Vietnam.

## **5.2. Reform of State Forest Enterprises**

State Forest Enterprises (or farms) control 40 % of about 19 million hectares of forest land in Vietnam (WB, 2005)<sup>28</sup>. Following the overall reform of State-Owned Enterprises (SOEs) beginning in 1995, special measures to reform SFEs began in the early 2000s.<sup>29</sup> Objectives of this reform are to strengthen the state-owned enterprises in general, and to split their public activities from their commercial ones. The other objective of SFE reform is to reallocate land to the ethnic minority households and communities for a more socialized forest management.

The above objectives were expected from important Decree 200 on the SFE reform in 2004 which has been considered as a breakthrough in the slow implementation process of renovation. This policy aimed to utilize land and forest resources more efficiently and sustainably, to enhance the business and production efficiency of SFEs, and to improve economic and social opportunities in the locality of SFEs. To achieve these objectives, the SFEs that carry out mainly business and production activities will be reformed to one-member limited liability companies operating under the market system. The SFEs that carry out mainly public interest activities should be shifted to Protected Forest Management Boards (PFMBs). Funding from the national budget will be only for special-use and protected forest. Other production forest will be allocated to business SFEs, households, organizations, and communities.

As of 2002, there were 370 SFEs under MARD, in which 248 were planned to be converted into business SFEs, 114 into PFMBs, 6 be liquidated, and 27 be converted into public utility enterprises (WB, 2005). Difficulties in land allocation, funds, unclear policy, which were the most three main challenges noted in the interviews with 36 stakeholders (WB, 2005), and vested interests, such as the managers and workers of SFEs, have been suspected to delay the implementation of Decree 200. Then, as for 2005, there were still 362 SFEs remained (WB, 2005). The land reallocated to ethnic households and communities under Decree 200 has been criticized for being of low quality.

## **5.3 Implementation of Forest Land Allocation and Afforestation Programs**

In all three provinces, the responsibility for forestry was split between a number of different government departments and agencies. For example, in Son La, the Department of Forestry Development is responsible for the planning of forests, the Department of Forest Supervision for its management and supervision, and the

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<sup>27</sup> Forest land is defined as land where has the slope of more than 15° or the 1.5-km banks on either side of major rivers in Son La.

<sup>28</sup> In which only about 12 mil of ha covered by established trees.

<sup>29</sup> The State-owned enterprise reform has been taken place in Vietnam since 1995 by the existence of the Law of State-owned Enterprise. Then, Decree 50/1998/ND-CP and Decision 187/1999/QĐ-TTg was stronger effort to push up the SOE reform in Vietnam.

Department of Agriculture and Natural Resources for its management and supervision. In addition, there are Program 661 management boards and state forest enterprises operating in most districts, and a provincial Program 661 Management Board. This structure was replicated in Tra Vinh except for the fact that the Provincial P661 management board had recently been abolished. In Lang Son, there were 11 Forest Management Boards and 4 state forest enterprises operating and the Department of Agricultural and Rural Development played an important role in coordinating forest policy. Overall, the multiplicity of actors involved in the coordination and regulation of forestry (see Figure 1) made the functioning of the system excessively complicated and bureaucratic. One commune official reported that 8 different levels of approval were required before a tree in a protected forest could be cut-down!

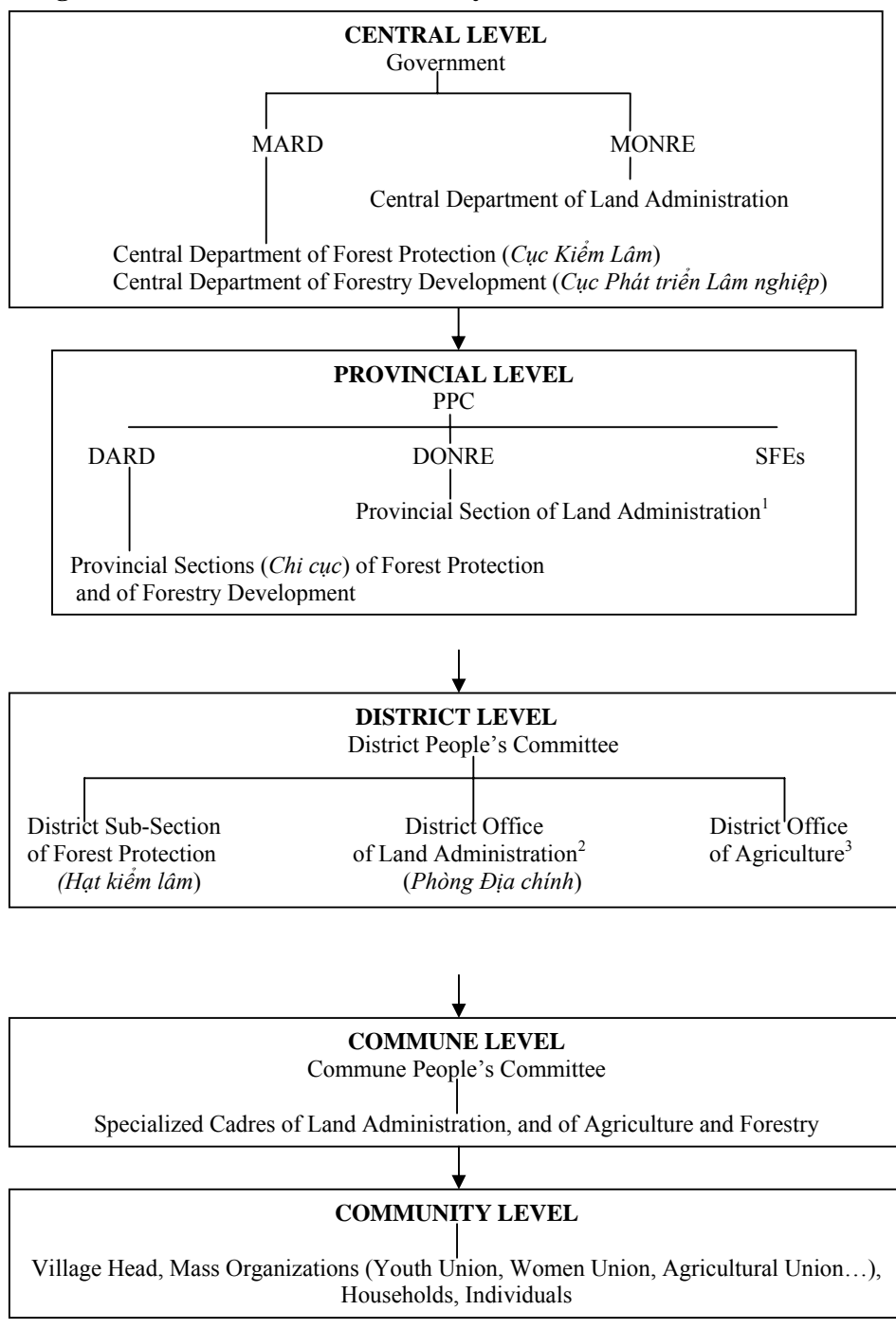
Despite the introduction of provision for the collective land-use rights of forest land in the 2003 Land Law, land use rights certificates had only been issued to groups in a few cases, and usually for special forest land (watersheds, and traditional burial grounds). In one Hmong village in Son La, the district had issued a group land rights certificate for 9 plots of protected forest land covering 14.6 hectares to the village community but charged the village head with the responsibility of allocating it to households. In Lang Son and Tra Vinh, provincial officials stated that no group land use certificates had been issued for production or protection forests.

Payments to households with protected forest land varied substantially between provinces, and inversely with the amount of forest land in the province. For example, in Son La, households received just VND25,000/ha for maintaining established protection forest<sup>30</sup>, compared to VND50,000 in Lang Son (this is the standard payment under Program 661) and VND100,000 in Tra Vinh (where the provincial government has chosen to double the national level payments, but on a very limited area mainly planted with mangrove trees). In all cases, however, forest protection land was generally found to offer households very modest incomes because of the severe restrictions put on its use. Many of the ethnic minority households we interviewed had difficulty recalling how much forest land they had, what type of land use certificate had been issued for this land, and reported deriving very limited incomes from it. Payments for reforestation were more significant, particularly as a source of wage labour for ethnic minority households in the slack agricultural season. Nonetheless, the benefits derived from protection forests and afforestation programs seem to be primarily environmental and should be justified in these rather than livelihood or poverty reduction terms.

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<sup>30</sup> The support of VND 25,000/ha/year during 1999 to 2006 (which increased to VND 50,000/ha in 2007 when the national support was double to VND 100,000) targeted to cover the area of 20,000 ha of established protected forest land per year. In addition, a support of about VND 4 million per ha was designed to plant new trees in 200 to 300 ha of protected forest per year. So, the payments to households depend on the target area and local planting plans.

**Figure 1: Actors Involved in Forestry and Forest Land Allocation**



<sup>1</sup> Provincial Department of Land Administrations can be directly under PPC

<sup>2</sup> Sometimes merged into District Office of Land Administration and Agriculture

<sup>3</sup> Sometimes the District Office of Economics, or Office of Economics and Infrastructure

Furthermore, the species recommended for planting on forest land, such as *keo*, *bach dan* and *hoi* typically have long establishment periods and are recommended on the grounds of the suitability of the species for local production conditions rather than their income generating potential. In Van Quan district in Lang Son, for example, *hoi* (star anise) was widely promoted as an appropriate crop without any knowledge of how international demand for star anise had been declining since 2005. While some farmers who adopted intensive cultivation methods were able to earn significant incomes from *hoi* production, for most ethnic minority households, *hoi* tree represented a reserve which could be exploited when cash needs were high (Box 3).

**Box 3: Hoi Cultivation in Van An Commune, Lang Son**

Living along the main road in the Van An commune, a household headed by an ex-soldier aged 48 years old started to grow 2,000 *hoi* (star anise) trees together with some lychees and *keo* (hardwood) trees on 4 ha in 1997. The head developed his own system for planting *hoi* in 70 cms ledges dug into the hillside, which he filled with NPK, mulched and weeded regularly. For preparation of such ledges, he paid casual labourers VND 5,000 per tree (but only allowed each worker to dig a maximum of six ledges per day). He stressed the need to prune *hoi* regularly to prevent the trees growing too high, to ensure the spacing between trees was 4m, and to harvest the crop each year. When well tended, 1 hectare of *hoi* can generate VND 10 to 18.5 million per annum. After working hard on his farm for ten years, taking care of trees frequently and improving the access paths, the ex-soldier had increased his household living standards so much that he can now afford to send his two children to study at university.

However, in the same commune, a poor Nung household living in a P134 house built in 2004, engaged in marginal *hoi* cultivation. The household consists of a couple aged 37 years old, four children age 2 to 11, and an elderly mother. Their livelihoods are pig production, from which they earn about VND 1,650,000 semi-annually for fattening 3 small pigs, *hoi* production from 1.6 ha of forest, and firewood collection. They received 400 free *hoi* seedling, extension advice, and two quintals of rice as encouragement to grow *hoi* in 2000. However, the household does not actively cultivate their *hoi* trees, but just let them grow as high as they can and harvests the pods when there is demand. This household found it very difficult to afford about VND 350,000 monthly for their children's education. They had just killed two pigs to pay for their grandfather's funeral.

## 6. EDUCATION POLICIES

Following the initiation of *Doi moi* (economic revolution) in 1986, the education system in Vietnam was reformed. Adjustments have been made to improve the education system in ethnic minority areas, especially since 1997. There is no difference in the educational system geographically. However, special support has been provided for ethnic minority students and teachers working in the ethnic areas. In addition to overall education policies, support for ethnic minority education includes scholarships and social grants for school materials and living expenses, boarding schools at all levels, pre-universities, and the nomination policy for ethnic minority students<sup>31</sup>.

Education policies for ethnic minorities are implemented by MOET in conjunction with CEM or other respective ministries such as MOF and MOLISA. The following section describes the major educational policies which have affected ethnic minority pupils and students.

### 6.1. School Fees and Contributions for Ethnic Minority Pupils

Since 1991, the policy of the universal primary education has aimed to implement compulsory primary education in the whole of Vietnam. Children do not have to pay school fees at this level. However, there have been difficulties in achieving this goal for children living in the ethnic minority areas. The biggest project that should be mentioned is the Primary Education for Disadvantaged Children. This USD 244 million project is being implemented by MOET between 2003 and 2009. It targets to 1.4 million pupils in 4,200 schools and 15,000 satellite schools, among them, 70% are educationally disadvantaged children in the ethnic and mountainous areas. Some of the priorities given to ethnic minorities under the Project are to provide pre-school courses for children under the age of 5, design secondary materials in the local language(s) for Vietnamese teachers, and to increase the number of local teaching assistants and teachers. In addition, this project has established minimum quality standard for primary schools, which have been approved and issued nation-wide.

At the lower and upper secondary school levels, based on the general guidelines on school fees in the public educational system<sup>32</sup>, each ethnic minority province has introduced a policy for reduction and exemption of school fees and other contributions based on the general guidelines on school fees in the public educational system. Apart from common supports such as school fee exemptions for pupils coming from the Region 3 and hungry households, and 50-percent reduction in school fees for pupils from poor households, provinces can have special policy for some ethnic groups. In some provinces in the ethnic and mountainous areas where communes are divided into 3 regions by their development level, school contributions at all levels are also scale according to the communes' level of development. Depending on the budget constraint, pupils from the Region 3 are given the priority to borrow text book and get free notebooks<sup>33</sup>.

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<sup>31</sup> The pre-selection of ethnic minority students who complete higher secondary school for university or higher education places.

<sup>32</sup> Joint Circular 54/1998/TTLT-BTC-BGD by MOF and MOET

<sup>33</sup> Decision 1214/2001/BTC by MOF

## 6.2 Education in Ethnic Minority Languages

The Law on the Universalisation of Primary-education in 1991 encouraged schools to use ethnic minority languages along with Vietnamese in primary school classes in ethnic minority areas. The aim was to facilitate learning by using the local languages, which helps ethnic minority children absorb knowledge more quickly and effectively. It also helps to preserve the local languages which are an intangible cultural asset of the country.

In practice, however, instruction in the Vietnamese language is the rule, and where ethnic minority languages are taught this is as an additional language rather than medium of instruction (WB, 2007). So while textbooks have been written in eight ethnic minority languages, these have been written mainly for additional language lessons, rather than the official curriculum's (Dinh, 2006). MOET species that teaching ethnic minority languages with Latin characters should begin from Grade 3, while languages with traditional characters (such as Hoa, Khmer, Cham and Thai) can begin from Grade 1<sup>34</sup>. However, due to a shortage of teachers able to teach these languages and time constraints, in some Hoa and Khmer areas, religious institutions (such as temples and pagodas) teach additional language classes in Chinese and Khmer. There are also a few private schools that teach some subjects in the Chinese and Khmer languages.

One of the major constraints to adopting genuinely bilingual education in Vietnam is that in many districts, and some communes, there may be up to seven or eight different languages spoken by pupils. Since it is not practical for the school curriculum to be translated and delivered in all these languages simultaneously, instruction in Vietnamese has become the norm. Nonetheless, it is recognized that in many ethnic minority areas, children entering primary school will have little knowledge of Vietnamese.<sup>35</sup> In particular, it is difficult for children to learn Vietnamese before they go to school when their parents don't use Vietnamese in their daily life.

To this end, since 1990<sup>36</sup>, MOET has encouraged all five to six year-old children to attend one-year of (typically half-time) kindergarten, and the percentage of pre-school children attending kindergarten has increased from 2.2 million students in the 2000/01 school year to 2.6 million in 2006/07 (GSO, 2006). In 2006/07, 14.6% of the children attending kindergarten come from the ethnic minorities. For ethnic minority children living in mountainous areas without kindergartens, a concentrated 36 day summer-school program is run to teach these children Vietnamese. Despite these efforts, many teachers and NGOs report a high proportion of ethnic minority children entering primary school continue to have difficulties with the Vietnamese languages, which contributes to their higher drop-out and repetition rates. Some NGOs, such as Oxfam and Save the Children, have set-up programs to train bilingual classroom assistants in the early grades of primary school while some headteachers deliberately try and recruit teachers from the ethnic minorities. However, the number of bilingual teachers and classroom assistants remains limited.

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<sup>34</sup> Circular 01 in 1997 by MOET on the teaching and learning ethnic minority languages

<sup>35</sup> The World Bank's 2007 Country Social Assessment found that 90% of the 364 ethnic minority households they interviewed in three provinces (Ha Giang, Dak Lak and Quang Tri) speak their own languages at home (WB, 2007).

<sup>36</sup> Decision 55/BGD by MOET in 1990



### **6.3 Schooling Facility Improvement**

Teaching and learning efficiency has been reduced due to a lack of schools and classrooms. This affects not only ethnic minority but all pupils in remote and disadvantaged rural areas. Building temporary classrooms from local materials, borrowing buildings (such as commune meeting houses and stockrooms) and the use of three-shift classes were short term ‘solutions’ to this problem. But since 1998, Programs 133 and 135 have funded the construction of permanent schools and classrooms in many locations. In its first phase, Program 135 focused on the provision of schools and classrooms at the commune level focusing on communes in Region 3. It is reported that 5,228 schools was built under Program 135 between 1999 and 2005 (CEM, 2006b).

In addition to these publicly funded school buildings, local communities have contributed toward improving school facilities, particularly at the primary school level. A focus of these community funded improvements has been the provision of satellite classrooms in outlying villages for Grades 1 to 3, and the setting up of weekly boarding houses (known as ‘semi-boarding houses’) for higher school grades.

Since 2002, Program 159 marked a big milestone in the improvement of school facilities.<sup>37</sup> This program for school and classroom infrastructure aimed to erase the use of temporary class rooms and three-shift classes.

### **6.4 Boarding Schools and Social Grants for Ethnic Minority Pupils**

The policy on boarding schools and social grants to ethnic minorities started in 1985<sup>38</sup>. Since then 285 boarding schools have been built for ethnic minority students at the district, provincial and central levels to which approximately 519 community-level semi-boarding schools (in which pupils live during the week, returning home at weekends) should be added<sup>39</sup>. About 60,000 and 52,000 pupils attended ethnic minority boarding schools and community-level semi-boarding ones in the 2003-04 and 2004-05 school years, respectively (Phan, 2006).

The type of social grants received by pupils in attending these boarding schools has been revised several times in response to changes in the socio-economic situation. In general, support for ethnic minority pupils attending boarding schools include all items (food, books and stationary, clothing and bedding, toiletries, etc.) need to live and study at school together with annual travel costs (see Box 4):

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<sup>37</sup> Decision 159/2002/QD-TTg

<sup>38</sup> Decision 66 by MOET in 1985

<sup>39</sup> 11 boarding schools at the central level, 48 at the provincial level, and 226 at the district level as for the school year of 2003-2004 (Phan, 2006)

#### **Box 4: Support for Pupils and Teachers in Boarding Schools**

Pupils attending boarding schools (nearly all of whom come from the ethnic minorities) receive a monthly stipend, which covers their daily food and some pocket money, of VND 360,000 per head per month. This amount is automatically adjusted to 80% of the official minimum average wage in the latest regulation<sup>40</sup>.

In addition, under Circular 126/1998, boarding school pupils receive:

- Exemption from school fees and examination fees,
- Annual award if they have fairly-good qualifications,
- Personal items: blanket, net, coat, mat, rain coat, trousers, shirt (uniform),
- Return travel costs once a year to visit their family,
- Stationary (notebooks, bag, a pen, a pencil, a set of colour pencils, eraser, compasses, ruler, knife or scissors, glue, colour papers),
- The loan of textbooks.

Other expenses for utilities, health care, competition and campaigns are transferred to the boarding school's budget.

Teachers working in boarding schools receive the following benefits:

- Support for field trips and training courses,
- Salary enhancement of 70% of base salary plus additional responsibility payments in some schools,
- Salary enhancement for new teachers (the first 5 years only),
- Off-one grants for relocation costs.

However, not all ethnic minority children can attend the official boarding school system. Boarding schools for ethnic minorities are often located at the provincial and district centres and normally, there is only one upper secondary boarding school in the provincial town and one lower secondary boarding school in each district centre. Children therefore have to either pass an entrance examination or be nominated for a place at boarding school by their local authority on the basis of their qualifications and ethnicity. In the most disadvantaged areas, pupils from Kinh majority may also be nominated to attend boarding school, but these pupils generally make-up less than 5% of the total boarding school intake.

A popular measure to help small children who have to travel long distances to attend school is to set-up weekly boarding houses, which are known as “community semi-boarding schools” (*ban tru dan nuoi*) in the Education Law. These boarding houses are typically locally funded and of basic construction, with pupils required to bring their own food, bedding and other essential items. Pupils who live 5 to 7 kms from their schools can stay in these boarding houses, of which there are currently around 600, during the week. They organize children into groups of different ages to help each other with studying and cooking. Local communities also help to support these weekly boarding houses and the pupils' families provide them with food and other essentials. An ADB project is under preparation to improve the quality of these semi-boarding schools and provide scholarships for the ethnic minority pupils who attend them, as part of the current drive for Vietnam to achieve universal lower secondary school education by 2010.

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<sup>40</sup> Decision 82/2006/QD-TTg

## 6.5. Higher Education, Pre-Universities and Nominations

At the secondary school level, ethnic minority students receive school fee exemptions, special educational support in boarding schools and other benefits if they come from extremely difficult areas. To facilitate their access to the higher education level, ethnic minority students are given some priorities to attend pre-universities, colleges, or universities. Nationally, there are three one-year pre-universities for ethnic minority students who do not quite qualify for entrance to university or college but are deemed capable of doing so. In addition, ethnic minority students can be nominated to universities, colleges and professional schools by their local authority on the basis of their qualifications, ethnicity, and place of residence.

Prior to 1975, there was a separate college for ethnic minority officers at the district or higher levels called the Ethnic Minority Officers School. MOET opened 13 separate classes at 9 universities and colleges to train more cadres for the ethnic minority areas, but they studied a different curriculum to Kinh cadres. The number of these ethnic minority classes increased in the period from 1989 to 1995. There were a total of 26 universities and colleges which ran separate classes whose training subjects were deemed suitable for ethnic minority students prior by 1995.

Since 1995, ethnic minority students have studied the same curriculum in higher education system as Kinh students. In some universities and colleges, ethnic minority students study in the same classes as Kinh students but in others, there are separate classes run for ethnic minority students. For example, Thai Nguyen Agricultural University runs more than 100 separate classes each year for nominated ethnic minority students from the Tay, Nung, Thai, Hmong, San Diu, San Chi, Muong, Khomu, Cao Lan, and Ta Oi groups.

Before gaining admittance to higher education institutions, ethnic minority students may have to attend one-year of pre-university<sup>41</sup>. There are three pre-universities for ethnic minorities in the country: the ethnic minority pre-university in Viet Tri – Phu Tho (for the North), the ethnic minority pre-university in Nha Trang – Khanh Hoa (for the Central Highlands), and the Ho Chi Minh City pre-university (for the South). Pre-universities run one-year programs to strengthen ethnic minority students' knowledge to the level of the Kinh and Chinese ones, so that they can join normal classes at the college or university level. At the end of their year, pre-university students are then required to re-sit the college and university entrance examinations.

An alternative route for ethnic minority students to enter the higher education system is through the nomination (*cu tuyen*) system, which selects ethnic minority for guaranteed places on higher education courses. The two key legal documents governing the nomination policy are Joint Circular 04 in 2001 by MOET, Ministry Of Home Affairs, and CEM<sup>42</sup>, and Decree 134 in 2006 by the Government. Based on these documents, pupils from ethnic minority households with over five years of

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<sup>41</sup> Since 2006, ethnic minority students can skip the pre-university attendance if he is qualified, as specified in Decree 134/2006/ND-CP

<sup>42</sup> Not only MOET can nominate ethnic minority students into higher education levels, but also the Ministry of Home Affairs does. MOET often chooses the best students from schools to nominate into higher education levels. The Personnel Department chooses the best local persons, who are planned to be the local official cadres, to nominate. CEM involves in assessing and selection committees.

permanent residence in the extremely difficult or border areas, and who have successfully completed their upper-secondary education in the previous 3 years, can be selected under the nomination policy. Students can skip the 1-year pre-university attendance (if they are qualified), and be sent to the university, college, or professional secondary schools without entrance exam. After graduating, students educated under the nomination system are expected to return to their home districts to work, usually in the public services, for at least five years (for university/college graduates) or 3 years (for graduates from professional school). In this way, a cadre of ethnic minority officials working in local and central government has been trained.

The number of ethnic minority students nominated to colleges and university has tripled from 689 in 1998 to 1,709 in 2005 (Bui, 2006). This translates into 40 to 50 higher education places per province a year, although some provincial Departments of Education report being able to nominate almost twice this number of students. This may be because the nomination system seems to work in a very decentralized manner, with Provincial Departments of Education being invited to nominate students to individual colleges and universities between March and June each year. In addition, some provinces report nominating a small number of Kinh students, while others limit the number of students from relatively well-off groups (such as the Thai, Tay, Muong and Nung) who can receive nominations.

## **6.6 Implementation of Education Policies**

MOET's Circular 54/1998/TT was used as the basis for the setting the school fee exemptions in both Lang Son and Tra Vinh, and listed the same 11 groups of pupils who are eligible for complete exemptions from school fees and a further 3 groups of pupils who are eligible for a 50% reduction in their fees. These groups do not specifically include all ethnic minority students, although children whose parents have permanent registration in Region 3 communes, children from food poor households, and children attending ethnic minority boarding schools and pre-universities are specifically exempt. However, in Tra Vinh the Department of Education and Training had interpreted this circular as giving fee exemptions to all Khmer pupils, while two districts of Song Ma and Muong La in Son La also gave exemptions from school fees to all ethnic minority pupils (most of whom were Thai and Hmong).

In addition to school fees, parents are also expected to pay contributions to school maintenance and in some cases fees for extra classes and insurance. The level of these contributions varies by level of schooling and in some provinces, such as Lang Son, by the commune's region. Ethnic minority pupils were exempt from paying school contributions throughout Tra Vinh, and in two districts in Son La. However, in Lang Son only pupils coming from region 3 communes, whether or not they were ethnic minority students, were exempt from school fees.

Head teachers reported that they had the discretion on whether or not to exclude pupils who parents were unable (or unwilling) to pay school contributions and fees, and in most cases said they chose not to do so. This is primarily because schools do not face flow of funds difficulties if they fail to collect fees and contributions from pupils. The funds allocated to schools are based on the number of pupils enrolled in the school, how many teachers it has on staff, and other logistic factors. One head teacher of a lower secondary school in Lang Son stated that school fees and

contributions only made up approximately 1.5% of the school's total budget, and that he did not exclude any pupils if their parents were unable to pay their fees or contributions. Similarly, the head of a primary school in Tra Vinh stated that he only collected contributions from the few Kinh pupils enrolled in his school and did not exclude any pupils for non-payment of contributions.

Ethnic minority students in the three provinces were loaned textbooks where they were available, and received stationary (notebooks, pens and pencils) and other school supplies. Textbooks and stationary were, however, usually in limited supply and had to be supplemented by parents.

Even with this extensive system of support for ethnic minority pupils, repetition and dropout rates are typically much higher for some ethnic minority groups than others. An overall pattern emerged in which a lower percentage of ethnic minority pupils are found to enrol at each level of education, and then ethnic minority pupils are more likely to drop-out or repeat each level of education than their Kinh counterparts. This means that fewer ethnic minority than Kinh pupils progress on to each level of the education system. VHLSS 2004 data shows that dropping out from school is marked in the transition from lower secondary to upper secondary school for the Thai-Tay-Muong-Nung and Khmer and Cham, while for the Other Northern Minorities and Central Highland Minorities, more drops outs occur between primary and lower secondary school<sup>43</sup>. The net result is, however, a compounding of the ethnic differences in education enrolments, drop out and completion rates at each stage of the schooling system, resulting in a much lower proportion of ethnic minority students attending and completing upper secondary school. For example, in Son La (where 82% of the population comes from ethnic minorities), only 62% of pupils attending upper secondary school are from the ethnic minorities, while in Lang Son (where 83.5% of the population is minority) just 33% of the pupils completing upper secondary school come from the ethnic minorities.

When questioned about the reasons why fewer ethnic minority students progress through the school system, education officials and head teachers in the three provinces highlighted three main factors: (a) the distance from households to schools; (b) the economic circumstances of their parents; (c) and lack of awareness of the benefits of education. Many households withdrew their children from school around the time that they were able to start contributing labour to the households' economic activities (Box 5).

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<sup>43</sup> The ethnic categories comprise the (1) Kinh (Việt) majority; (2) Chinese (Hoa); (3) Chăm and Khmer; (4) Tày, Thái, Mường, Nùng; (5) Other Northern minorities; (6) Central Highland minorities; (7) an 'others' or miscellaneous category comprising the remaining smaller ethnic groups, which are mostly located in the North and South Central Coasts (Baulch et al, 2007).

**Box 5: Labour and Withdrawing Children from School**

A poor Nung household in Khon Hao village, Van An commune, Van Quan district, Lang Son with a husband who had not completed primary education and a wife with no education, has 3 children. The household has two sao of agricultural land (which only produces enough rice for three months a year) and two ha of forest land planted with one kind of bamboo for construction materials (which generates about VND100,000/year). They also raise chickens but have no pigs or larger livestock. The household makes just enough money to survive then could not afford for their children education.

Their first son had to stop schooling after the 4<sup>th</sup> grade to help them to collect firewood for sale, and hew stone from a hill 1.5 km away near the road (5 days work by 3 people generates enough 1 m<sup>3</sup> of stone for just VND40,000!). The second son had to drop out in the 3<sup>rd</sup> grade to look after buffalo for other to get food. Their 10 year old daughter (who receives a 50% reduction in school fees) is going to complete Grade 5 this year but is unlikely to progress far in lower secondary school.

The distance and time it took for ethnic minority children to travel to school were mentioned as a factor limiting attendance and performance in all provinces. At the primary school level, satellite schools or village classrooms (*lop cam ban*) were a popular response to this problem. These classrooms located in villages rather the commune centre typically cover school Grades 1 to 3, and aim to reduce the distance any young child has to travel to school to less than 3 kms. These village classrooms operate as branches of the main primary school. In Lang Son, there are approximately 4 village classrooms for every primary school. However, not all remote ethnic minority villages have their own village classrooms (sometimes one village classroom is shared between two or three villages), so some children still have to walk substantial distance over mountainous terrain. Satellite schools can also be the reason why some children start school a year or two late, as if there few children of the same age group in the village it is not feasible to run separate classes just for them (Box 6).

**Box 6: Satellite Schools in Van Quan District, Lang Son**

86 out of 187 villages in the district have satellite schools. The number of classroom in each of these satellite schools, which varies from 1-2 to 8-9 classes, depends on the number of school age children in the locality. Demand for primary school places and financial constraints make it very difficult to set up more satellite schools or separate schools with their own management boards. As a result, children from some villages have to travel more than 3 km to attend kindergarten and primary school classes. Ban Mu and Da Loc were examples of villages in extremely difficult areas where small children have to attend combined classes covering two grades or wait until the next year to have enough children to establish a single grade class.

In addition to semi-boarding houses, at the lower and upper secondary school level, boarding schools are another solution to the long distances ethnic minority children often have to travel to school. Most provinces aim to have one lower secondary boarding school per district, and one upper secondary boarding school at the provincial center - although in both Lang Son and Tra Vinh, there was one lower secondary boarding schools serving two districts. All provinces noted a very high demand for places at ethnic minority boarding schools. Tra Vinh had recently introduced a policy of competitive examinations for its 6 boarding schools, while

Lang Son operates a nomination system. In Son La, entry to lower secondary school is by nomination (with preference given to children from the smaller ethnic minorities) and by competitive examination to its one upper secondary boarding school. As completion rates are generally much higher at boarding schools than day schools, these boarding schools do something to counteract the higher non-completion rates for ethnic minority pupils at lower and upper secondary school.

Provincial officials commented that pupils attending boarding schools were also more likely to gain places at colleges and universities through the regular examination system. The nomination system (which typically provides less than 100 college and university places to ethnic minority students per province per school year) and pre-universities also make a modest contribution to increasing the number of ethnic minority students entering higher education. Nonetheless, ethnic minority pupils remain under-represented at all levels beyond primary school. For example, in the 2006-07 academic year, there were 1.54 million students attending the 183 colleges and 139 universities in Vietnam ([www.edu.net.vn](http://www.edu.net.vn)). Of these just 11,592 students (less than 1%) of students were from the ethnic minorities, with ethnic minority students around three times more likely to attend college as university. For some colleges and universities in the mountainous areas such as Viet Bac Teachers' Training School, Agriculture School No. 3, Thai Nguyen Agricultural University, and Central Highlands University, a large increase in enrolments by ethnic minority students has been reported (ADB, 2000). However, most of ethnic minority students attending these colleges and universities still attend separate classes from (though studying the same curriculum as) their Kinh counterparts.

In none of the three provinces was genuinely bilingual education offered by any educational establishments. While there was an attempt to employ bilingual teachers at the primary school level in all provinces, and two NGO funded projects to promote the use of bilingual classroom assistants in Tra Vinh, all pupils were expected to learn in Vietnamese from Grade 1.

## **7. HEALTH POLICIES**

In order to decrease the gap in primary health services between the mountainous and lowland areas of Vietnam, the MOH has developed many programs since 1991. Their primary efforts have been directed to fighting the common diseases in the mountainous area, such as malaria and goiter, and to strengthen health care for mothers and children, especially the nutrition of children under the age of five. Health workers have been assigned at all levels of government, with at least one part-time health worker located in each village. These measures aimed to improve the accessibility to basic disease prevention and treatment.

Three major programs targeted to the health sector were promulgated in 1996. Two of these were the regional socio-economic development programs for the Northern Highlands, and for the Central Highlands<sup>44</sup> (see Section 10). The third was the Strategy for Health Care in the Northern Midlands and Highlands Region for 1996 to 2020. These regional programs provided for exemptions for medical expenditures for ethnic minority people treated in government clinics and hospitals.

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<sup>44</sup> Decision 960/1996/QD-TTg and Decision 656/1996/QD-TTg

Since 1996, in all major poverty reductions programs, such as Program 133 or 135, there is always one component for health. Most of these have included provision for building health infrastructure, such as commune health care centres. One program that should be mentioned is the Program for Elimination of Communes which have no health service, which operated in the period of 1996-1999.

However, these programs may not have achieved their objective of increasing the healthcare access for ethnic minorities in remote areas. Health-seeking behaviour is a function not only of the availability of health facilities and other sources of healthcare but also of the motivation and ability of individuals to seek medical treatment (Teerawichitchainan and Phillips, 2007). This report shows that apart from social factors, economic factors remain an important determinant explaining whether ethnic minority parents decide to seek professional consultation or give self-prescribed care to their children. Poorer minority parents are much less likely to report child illness episodes, regardless of the severity of illness.

Program 139 established in 2002 was a further effort to provide the free health care to the poor in general, and to ethnic minorities in particular.<sup>45</sup> This program, which was budgeted VND 2,304 billion for 5 years, provides health insurance cards to ethnic minorities and members from poor households. Specifically, people from poor households, living in the P135 communes, areas under Decision 186 (the six extreme difficult provinces in the Northern Mountains) and under Decision 168 (Central Highlands) will be provided with either free health care certificates or health insurance cards, which allow them to receive free medical treatment. The Health Care Fund for the Poor has been established in each province with 75% funding from the National budget. The budget of the Fund is a minimum of VND 70,000 per person per year. Provincial Health Care Funds either pay directly for the actual health expenses of eligible households with free health care certificates, or pay the VND 50,000 per person per year membership fee for these households to belong to the national health insurance card scheme<sup>46</sup>.

After 2 years of Program 139 implementation, 3.9 million people had received health insurance cards and other 4.15 million was granted free health care certificates (NTP on HEPR, 2005). However, most of beneficiaries only go to the commune health centres. Fewer patients go to higher level such as health care at the district or provincial ones. In Nghe An province, only 30.4% of beneficiaries use health services at the district level, and 23.6% at the provincial level, much less than the number of 60.9% at the commune one (Poverty Task Force, 2003c).

According to the review of NTP on HEPR (2005), late issuance of certificates/cards and their one year validity, complicated procedure, low expenditure ceilings, and weak supervision are main reasons for unsuccessful 2-year implementation of Program 139 as for 2004. Transaction cost to the provincial and national health services is too high for ethnic minority people living in remote areas. The choice of commune or district health centre cannot give them high quality of service but only a

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<sup>45</sup> Decision 139/2002/QĐ-TTg

<sup>46</sup> The expenses of patients having health insurance cards will be paid by the Health Insurance (*Bao hiem Y te*) under the Vietnam Social Insurance (*Bao hiem Xa hoi Vietnam*), which is a Government agency.



simple and poor treatment when its expenditure ceiling is set at only VND 10,000 and 146,000 per treatment at the commune and district level, respectively.

In the Northern mountainous province of Lao Cai, only the ethnic poor in Program 135 communes can benefit from the free health care for the poor program. So Kinh people from Program 135 communes and ethnic minority people from non-Program 135 communes have been excluded from Program 139. Lao Cai, also did not distribute Health Insurance Cards under Program 139, except for the patients attending district and provincial hospitals. Each commune was budgeted as VND 10,000/head/year for basic medical services (Poverty Task Force, 2003b).

## **8. PRICE AND TRANSPORTATION SUBSIDIES**

Ethnic minorities have long been considered as a disadvantaged group facing many geographic difficulties. As the ethnic minorities mainly live in remote areas, their location increases the purchase price they pay for daily goods and decreases the price they receive for selling crops. In order to support the minorities' life and production, price and transportation cost subsidies aim to ensure the sales price of the most necessities and the purchase prices of crops are the same for farmers living in remote communes as in neighbouring provincial towns.

Under Decree 20 in 1998, CEM manages this program in cooperation with the Ministry of Trade, MOF, MPI and Price Committee.<sup>47</sup> Currently, the sales price of salt, petroleum, books, seedlings, fertilizers, and the purchase prices of agricultural/aquacultural/forest crops are subsidized. Price subsidies are designed for the poor who are vulnerable and cannot afford for most basic necessities. However, the transportation cost subsidies benefit anyone who lives in a remote area.

The national budget for price and transportation subsidies for the 2 years of 2004 and 2005 was VND 512 billion (Dinh, 2006). These funds are transferred by the MOF to Provincial Departments of Finance. Some provinces, such as Bac Lieu and Son La, also contribute additional funds for price and transportation cost subsidies.

Provincial People's Committees (PPC) can assign either the Department of Ethnic Minorities or the Department of Finance to be in charge of the price and transportation subsidies program and selects some companies to provide the commodities and services. One company, which is normally a state-owned trading company, is usually selected to transport subsidized commodities. Or, a group of companies (such as the Agricultural Services Company, the Food Company, the Trading Company II, the Trading Joint-stock Company, Tea Company, and Silk Corporation) can be involved in the program. In a few cases district People's Committees are also involved.

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<sup>47</sup> Decree 20/1998/ND-CP on the development of the mountainous, island and ethnic minority areas, following by its amended Decree 02/2002/ND-CP, and the Circular 07/2002/TTLT/BTM-UBDTMN-BTC-BKHDT.

## 9. COMMUNICATIONS AND INFORMATION POLICIES

In addition to its policies on education, health and economic issues, the Government of Vietnam has paid attention to the issue of communication and information among the ethnic minorities. With the aim of reducing the gaps in access of information experienced by ethnic minorities living in the remote areas, Program 975 provides 14 different newspapers and journals free to schools, libraries, commune PCs, district PCs, provincial PCs, provincial departments of ethnic minorities, border points, and villages in the ethnic minority, mountainous and extremely difficult areas.<sup>48</sup>

Apart from Program 975 strengthening the local civil awareness and knowledge of a healthy life, technology and production in difficult ethnic minority areas, the government also pays attention to other channels of information such as television and radios. Then, radio and TV masts and booster stations have been items of infrastructure development programs like Program 143 or 135. VTV5 is the special national television channel for ethnic minorities broadcasting in 13 languages. And, the Voice of Vietnam broadcast in 11 ethnic minority languages of H'Mong, Thai, Dao, Bana, Ede, Jarai, CoHo, Xodang, Khome, Cham and M'Nong for the mountainous areas in the north, central highlands, and the south. In addition, 26 provinces broadcast radio programs in 18 ethnic languages (Dinh, 2006).

## 10. REGIONAL PROGRAMS

Vietnam has very diverse regions in terms of culture and custom of, topography, and weather. Therefore, in addition to national policies, which serve as general guidelines and strategies for the development, there are regional programs which geographically target certain regions based on their specific conditions.

A series of regional programs had been designed including: Instruction No 393- TTg of the Prime Minister on population planning and upgrading infrastructure, production arrangement in ethnic and mountainous areas (1996); Decision No 656-TTg of the Prime Minister on socio-economic development in the Central Highlands for the period of 1996-2000 (1996); Decision No 960-TTg of the Prime Minister on orientation of socio-economic development in the North Mountainous region in the long term (1996); and Instruction 515-TTg of the Prime Minister on stimulating implementation of the Program on Exploitation and Socio-Economic Development in Dong Thap Muoi (1997).

Since 2001, regional programs have focused on three main areas. These are the regional programs for Socio-Economic Development in the Mekong River Delta – Program 173<sup>49</sup>, in the Central Highlands – Program 168<sup>50</sup>, and in six extremely difficult provinces in the Northern Mountainous – Program 186<sup>51</sup>. Such programs aim to establish a long-term regional policy for socio-economic development in the region between 2001 and 2005 and share a number of common elements (see Box 7). MARD and MPI were in charge of the review on implementation of Program 173 and Program 168 in 2005, respectively.

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<sup>48</sup> Decision 975/2006/QD-TTg, itself preceded by Decision 1637/QD-TTg in 2001

<sup>49</sup> Decision 173/2001/QD-TTg

<sup>50</sup> Decision 168/2001/QD-TTg

<sup>51</sup> Decision 186/2001/QD-TTg

**Box 7: Common Elements of Programs 173, 168, and 186**

- Land reclamation (VND 5 million/ha for terraced field, VND 2.0 mil/ha for settled slopping field in Decision 186);
- House roofing;
- Water systems;
- Seedlings (VND 10 billion for each province in Decision 186);
- Support for returning migrants from border areas (VND 15 million/household), and resettling households from remote mountainous areas to lower altitudes (VND 5 million/household in Decision 186);
- Resettlement, sedentarization and anti-poppy cultivation measures (MARD is in charge of implementation);
- Education (for ethnic minority and P135 households' children):
  - Exemption from school fees, construction contributions, support for books and school materials;
  - Ethnic minority language teaching, learning and training;
  - Provide all expenses for pupils in the boarding schools;
  - Nomination policy;
  - Houses for teachers working in the remote areas;
- Health: exemption from health expenses for ethnic minority people; support, houses and training courses for ethnic health workers in regions II and III.

In addition, sub-regional programs have been designed for the sensitive border areas (under Program 120<sup>52</sup>) and areas formerly engaged in poppy cultivation (under Program 06).

## 11. CONCLUSIONS

This paper has discussed the major programs and policies for ethnic minority development in Vietnam since 1990s. Our findings are based on a review of the literature and interviews with the selected government offices at the national, provincial, district and commune levels in three provinces with significant ethnic minority populations conducted during the first eight months of 2007. The main objectives, target groups, components and budgets of these policies and programs are summarised in Appendix 4.

These programs and policies have paid attention to a wide range of socio-economic issues related to ethnic minority development. While some programs (such as Program 135, the infrastructure component of Program 143, and the public infrastructure component of Program 134) have focused on the construction of hard infrastructure to create the basic conditions for economic development, others programs and policies (such as the extension component under Program 143, the training component of Program 135, Health and Education Policies, Information, and Transportation Subsidies) have provided support for farming techniques, skills, health, knowledge, production and marketing particularly, or soft socio-economic infrastructure development in general. The overriding objective of these programs has been to narrow the gaps of remoteness and low economic development experienced by most ethnic minority groups.

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<sup>52</sup> Decision 120/2001/QĐ-TTg

These national level policies are generally well-understood and have been systematically implemented at all levels of government, though with some adjustments based on the specific conditions of geography, culture, and socio-economic development. The most significant differences in local level implementation of policy that we encountered occurred in the Program 134's house construction component and in the exemptions from school fees and contributions granted to ethnic minority pupils and students by different provinces.

Up to 2005, a large proportion of the budget for ethnic minority policies and programs was spent on hard infrastructure projects, such as roads, electricity supply, schools and health facilities together with some soft infrastructure support (see [Appendix 4](#)). Given the conditions prevailing in most poor and mountainous communes in the 1990s, this infrastructure focus had high pay-offs and was supported by commune and district level cadres and the ethnic minorities, who saw basic infrastructure as a necessary condition for subsequent development. However, analysis of implementation results and survey data suggest that providing more ethnic minority people with better access to infrastructure has not always increased their welfare levels. There are still constraints and specific social and cultural factors preventing these initiatives translating into improved livelihoods of the ethnic minority poor

Vietnam's programs and policies have targeted ethnic minorities in three different ways: based on location, household economic status, and ethnic minority group membership. The first approach, used by Program 135, price subsidies and some components of Program 143, target communes in extremely difficult (Region 3) areas, without distinguishing between the ethnicity of households living in these communes. Regional programs such as Programs 168, 173 and 186 work in the same way though at a more aggregated level, and have proved useful when clear divisions into geographic regions based on different production, settlement and social conditions can be identified. A second approach is to target households based on their economic status. For example, HEPR and many education and health exemptions specifically target households that are classified as poor or hungry. Some programs (such as Programs 134 and 139) have added ethnicity as additional criterion to qualify for benefits and exemptions. A third approach, used by the Program to Support Ethnic Minority Households in Especially Difficult Circumstances and some provincial initiatives, targets specific ethnic minority groups, typically those having very low populations and living standards. Over time, as generalised economic growth raises living standards throughout Vietnam, a shift away from location based targeting, to policies and programs in which the ethnic minorities and other poor groups are specifically targeted appears to be occurring.

In a speech to the International Consultative Forum on Supporting the Socio-Economic Development of Ethnic Minority and Mountainous Areas in September 2006, CEM stated that: "The barriers and constraints include overlapping, non-concentration, multi-agency management, untapped potential and advantages, inappropriate and highly subjective content, no connection between socio-economic development and addressing social issues, and low efficiency. Little attention is also paid to monitoring, supervision and inspection." (CEM, 2006c). The statement by CEM is a good summary of the weaknesses of Vietnam's current ethnic minority policies and programs. The multiplicity and overlapping nature of many policies and programs, contrasting levels of economic development between different ethnic

groupings, together with the need for more attention to cultural and social factors and to monitoring and evaluation, all suggest that more nuanced and carefully targeted ethnic minority development policies and programs will be required in the future.

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## APPENDIX 1: KEY LEGAL DOCUMENTS

### HEPR AND EMPLOYMENT CREATION PROGRAM

Resolution 120/HDBT by the Council of Ministers in 1992	Decisions on National Programs on Employment Creation, and National Fund for Employment Creation
Program 133 (Decision 133/1998/QD-TTg)	Decision on National Program on Hunger Eradication and Poverty Reduction (HEPR) in the period of 1998- 2000. The objective is to eliminate chronic hunger and reduce the percentage of poor households in the whole country to 10% by 2000.
Program 143 (Decision No 143/2001/QD-TTg)	Decision on National Program on HEPR and Employment Creation in the period of 2001-2005. This program resulted from the merge of Program 133 and Program 120.
Decree No. 78/2002/NĐ-CP	Decree on credit for the poor and policy-targeted groups, including ethnic minorities.

### INFRASTRUCTURE AND OTHER COMPONENTS – PROGRAM 135

Decision 35/1997/QD-TTg Program 135 (Decision 135/1998/QD-TTg)	Program on communal centres in the mountainous and upland areas. Supports for the socio-economic development of extremely difficult communes in the ethnic, mountainous, boundary and remote areas. Pay attention to infrastructure improvement to the level of communes.
Decision 237/1998/QD-TTg Decision 140/1999/QD-BNNPTNT (based on Decision 72/HDBT in 1990)	National Target Program on Clean Water and Sanitation, Environment in rural areas. Design the resettlement and sedentarization component under Program 327. Set up guidelines for resident planning, infrastructure development, and production supports which focused solely on ethnic minorities that practiced shifting cultivation, have a little or no stable cultivation land. Their livelihoods depend mainly on income earned from deforestation for shifting cultivation (50% of income and up). Their residences are not stable and change with the shifting of agricultural fields.
Decision 22/QD-TTg in 1999 Decision 138/2000/QD-TTg	National Program on Electricity Network Development in Rural Areas. Integrate the earlier National Targeted Program on HEPR components on sedentarization, supports for especially disadvantaged minorities, and communal centre development in mountainous communes into Program 135.
Decision 164/2006/QD-TTg	Approve 1,644 communes in the ethnic minority and mountainous areas, boulder, and historical resistance sites in the second phase of Program 135.
Decision 113/2007/QD-TTg	Approve additional 155 communes in the ethnic minority and mountainous areas, boulder, and historical resistance sites in the second phase of Program 135. Approve 301 difficult communes in the coastal line and islands to receive supports for infrastructure since 2008.

### RESETTLEMENT AND SEDENTARIZATION

Instruction 393/1996/CT-TTg Decision 140/1999/QD-BNN Decision 190/2003/QD-TTg and Circular 09/2004/TTLT-BNN-BTC	Residential planning for economic development in the ethnic mountainous area. Criteria and plans of resettlement and sedentarization. Guidelines for Residential planning in the period of 2003-2020.
Decision 193/2006/QD-TTg Decision 33/2007/QD-TTg	Residential planning for 75,000 households in the special-used forests up to 2010. Support for migration programs for resettlement and sedentarization for the ethnic minorities in period of 2007-2010. One-off grant up to VND 15 mil/household. Support for villages on infrastructure, cadres training, and local budget. Applied for non-P134-P190-P120-P193 cases.

### POLICY OF SUPPORT FOR EXTREMELY DIFFICULT ETHNIC MINORITY HOUSEHOLDS

Decision 826/1995/QD-TTg	Policy of Support for Extremely Difficult Ethnic Minority Households.
Decision 30/2007/QD-TTg	Define the ethnic minority extremely difficult areas.
Decision 32/2007/QD-TTg	Free-interest loans to ethnic minorities in extremely difficult areas up to VND 5 mil.

### DEMOCRACY

Decree 79/2003/ND-TTg	Grass-root democracy at the commune level, which has created a strong basis for the decentralization of Program 135 and others to the commune level. Local people have the right to participate, supervise, and assess any projects in the local area which directly impact their local production, security, society and livings.
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## **PROGRAM 134**

Decision 132/2002/QD-TTg	Supports for residential and production land for ethnic minorities in Central Highlands (support of VND 4 mil per ha of reclaimed land).
Decision 105/2002/QD-TTg	Supports for loans for houses by instalments in the flooding in Mekong river delta.
Decision 154/2002/QD-TTg	Supports for loans for houses by instalments in the flooding in Central Highlands.
Decision 134/2004/QD-TTg	Supports for production land, resident land (houses) and water for difficult ethnic minority households. P134 Budget will be repaid for their previous loans under these 2 Decisions of 105 and 154.
Joint Circular 819/2004/TTLT-UBDT-KHDT-XD-NNPTNT	Guidelines for P134: supports of VND 5 mil per ha/house is the minimum; local budget contribution is required as at least 20% of the national budget.
Decision 03/2005/QD-BNN	P134 households can exploit timber wood to built houses in extremely poor and difficult situation.
Decision 1143/2006/QD-TTg	Approved advances of VND 105 bil for participatory irrigation projects at the medium and small size which are really needed for ethnic minorities in the remote Central Highlands.

## **FOREST LAND ALLOCATION**

Decision 327/CT in 1992	National Program on Reforestation to re-green of barren hills. It provided direct payment to households in exchange for forest protection and for State Forest Enterprises to establish forest plantations.
Land Law 1993	Agricultural and forest land can be allocated to households. The state officially recognized the land use rights of farm households, including the right to sell, transfer, and assign land.
Decree 02/CP in 1994	Long-term forest land allocation to organizations, households, and individuals for the forestry objective in the ethnic policy for the first time.
Decree 01/CP in 1995	Long-term forest land contracts to organizations, households and individuals.
Decision 661/1998/QD-TTg	5-million ha afforestation to rehabilitate degraded forest lands in the period of 1998-2005. Households commonly received some credit or other help to get trees replanted and were often promised a piece-rate payment per ha for protection of the land and growing tree seedlings (around 30-50,000VND per year per ha).
Decree 163/1999/ND-CP	Production forest allocation to households and individuals. Land allocation and lease, forest protection and management. Households were granted “Red Books”, and household enjoyed more land-use rights than what the “Green Books” allowed.
Decision 3011/2000/UB	Son La provincial decision to implement the program of Forestry Land and Forest Allocation to households, individuals, organizations and communities in 2000-2003 in Son La province.
Decision 178/2001/QD-TTg	Benefits from forest land allocation to households and individuals.
Decree 197/2004/ND-CP	Compensation and resettlement applied in forest reallocation: land is compensated from the national budget at VND 5 mil per ha. Local budget contribution was required as at least 20% of the national budget.
Decision 04/2004/QD-BNN	Procedures to exploit timber wood and other forest products.
Decision 146/2005/QD-TTg	Reallocate production lands from forest state enterprises to poor ethnic minority households.
Decision 304/2005/QD-TTg	Pilot forest allocation to households and communities (priorities to P132 and P134 cases in Central Highlands) with the annual support of VND 50,000/ha (which was increased to VND 100,000 per ha later).
Law on Forest Protection and Development in 2004 and Decree 23/2006/ND-CP	Forest allocation to households, organizations and village communities for forest protection and development. Normally, each household can have less than 30ha in less than 50 years.

## **STATE FOREST ENTERPRISE REFORM**

Law on State-Owned Enterprise 1995	State-Owned Enterprise Reform.
Decree 50/1998/ND-CP	State Forest Enterprise Reform initiated.
Decision 187/1999/QD-TTg	Reform of State Forest Enterprise to independent business enterprise in order to separate the public services and business activities, and to achieve a sustainable and efficient forest management. One of expectation is to release a large forest land to households.
Joint Circular 199/1999/TTLT/BNN-BTC	Implementation guidelines for the Decision 187 from the MARD and MOF.
Decree 10/2002/ND-CP	Protection Forest Management Board will operate under the provincial People Committee.

Decree 170/2004/ND-CP Decree 200/2004/ND-CP	Reform of state farm. Decree on the Arrangement, Reform and Development of State Forest Enterprises. A further State Forest Enterprise Reform on the restructuring of State Forest Enterprises, their transformation into either commercially viable wood businesses or effective public service entities, in particular, for forest protection. Create the legal basis for State Forest Enterprise Equitization. SFEs for public services are reformed to Protection Forest Management Board. National budget is only for Special – Used and Protection Forest. Production Forest will be allocated to business SFEs (one-member limited liability companies), households, and individuals.
Decision 231/2005/QD-TTg	Supports for state-owned forest enterprises to employ ethnic minority residents in 5 provinces in Central Highlands.
Circular 10/2005/BNNPTNT Decree 23/2006/ND-CP	Implementation guidelines for the Decree 200 from the MARD. Regulation on the implementation of Forest protection and development law.

## EDUCATION

Decision 66 in 1985 by MOET and Circular 23 in 1985 by MOET Decision 55/BGD in 1990	Regulations on organization and operation of boarding schools for ethnic minority children. MOET has encouraged all 5 to 6 year pre-school children to attend one-year of (typically half-time) kindergarten, or at least, the 36-day summer-school program. It encouraged schools to use the ethnic minority languages along with Vietnamese in primary school classes in ethnic minority areas. Financial supports for teachers delivering extra classes and combined classes.
Law on the Universalisation of Primary-education in 1991 Joint Circular 17 in 1995/ by MOLISA, MOF, MOET Decision 2590/1997/QD-BGD and Circular 16/1997/TT-BGD	Prepare ethnic minority students for university and vocational training and to develop cadres of ethnic minority teachers. Include the revision on organization and operation of boarding schools for ethnic minority children.
Decision 973/1997/QD-TTg	The five-level allowance system gives priority to mountainous regions and islands to attract more cadres and teachers.
Circular 01/1997/TT-BGD Joint Circular 54/1998/TTLT-BTC-BGD Joint Circular 126/1998/TTLT-BTC-BGD	Guidelines on teaching the oral and written languages of ethnic minority. Guidelines on school fees in the public educational system
Decision 159/2002/QD-TTg	Financial supports for students in the ethnic boarding schools and pre-universities: exemption from school fee and examination fee; annual award if fairly-good qualification; personal staff: blanket, net, coat, mat, rain coat, trousers, shirt (uniform); two-way travelling cost once a year to visit his family; stationary (note, bag, pen, pencil, a set of colour pencils, eraser, compasses, ruler, knife or scissors, glue, colour papers); and borrow textbook.
Decision 1214/2001/BTC	Program on school and class infrastructure improvement; Erase the temporary classrooms and 3-shift classes.
Circular 04/2001/TTLT-BGD-BTCCBCP-UBDT	Free 48-page notebook (15 books/1-2nd-grade pupil; 22 books/3-5th-grade pupil) to pupils from mountainous and extremely difficult area. The nomination policy ( <i>Cu tuyen</i> ): Pupils from local ethnic minority households (above 5 years of permanent residence) in the extremely difficult, and border areas, completed the upper-secondary education in the previous 3 years, will be selected to be under the nomination policy. They have to attend the 1-year pre-university, and then, be sent to the university/college/professional secondary schools without entrance exam. If their pre-university study result is better than Fairly Good, they will study with other normal students. If not, they will have a separated class. After graduated, they have to come back to work for their hometown in a given period at least double of their studying period.
Decision 194/2002/QD-TTg and Joint circular 13/2002/TTLT-BGD-BTC Instruction 38/2004/CT-TTg	Adjustment in scholarship and social supports for ethnic minority students in public schools. Classes on ethnic minority languages for cadres working in the ethnic mountainous areas.
Decision 267/2005/QD-TTg	Policy on priorities in vocational training for ethnic minority students in boarding schools.
Decision 164/2005/QD-TTg Decree 134/2006/ND-CP	Program of “Develop distance education in the period of 2005-2010”. The revised nomination policy ( <i>Cu tuyen</i> ): No entrance exam. After graduated, they have to come back to work for their hometown at least 5 years (university/college) or 3 years (professional school). Students can join the formal education without pre-

Decision 82/2006/QD-TTg and Joint Circular 43/2007/TTLT/BTC-BGDĐT	<p>university attendance (if he is qualified) and then join the same class with other normal students.</p> <p>The nomination policy allows up to 15% at most of students nominated to be Kinh.</p> <p>Adjustment in scholarship and social supports for ethnic minority students in public schools. Scholarship is increased to VND 360,000 per head per month. Scholarship will be automatically adjusted at 80% of the official minimum average wage.</p>
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## HEALTH

Decision 270 in 1993 by PM Decree 95/CP in 1994	<p>Strategy for Population and Family Planning until 2000.</p> <p>People from mountainous area as decided by CEM are exempted from health expenses.</p>
Decision 576/1995/QD-TTG Resolution 37/1996/NQ-CP Decision 237/1998/QD-TTg Decision 139/2002/QD-TTg	<p>National Plan for Nutrition 1995–2000.</p> <p>Strategy for Health Care for the Periods 1996–2000.</p> <p>National Target Program on Clean Water and Sanitation, Environment in rural areas.</p> <p>Program 139 - National Free Health Care Fund for the poor.</p> <p>People having Poor Household Certificate, living in the P135 communes, areas under Decision 186 (6 provinces in the Northern mountainous) and under Decision 168 (Central Highlands), will be provided the health insurance cards. Each province will have a Health Care Fund for the Poor of which at least 75% is from the National budget. The total budget of Fund is VND 70,000/per head/year at least. The Fund will pay VND 50,000/per head/year for the health insurance cards or directly pay for actual health expenses upon receipts.</p>

## PRICE AND TRANSPORTATION COST SUBSIDY

Decree 20/1998/ND-TTg, the amended Decree 02/2002/ND-CP, and Joint Circular 07/2002/TTLT/BTM-UBDT-BTC-BKHDT	<p>The objective is to make the sales price of some social-policy items such as salt, petroleum, books, seedlings, fertilizers, and the purchase prices of agricultural/aquacultural/forest crops are the same for farmers living in remote communes as in the provincial town.</p>
Joint Circular 11/2005/TTLT-BNV-BLDXH-BTC-UBDT	<p>Guidelines for the implementation of subsidy system in different regions.</p>

## COMMUNICATION

Decision 975/2006/QD-TTg preceded by Decision 1637/QD-TTg in 2001	<p>Program 975 provides 14 different newspapers and journals free to schools, libraries, commune PCs, district PCs, provincial PCs, provincial departments of ethnic minorities, border points, and villages in the ethnic minority, mountainous and extremely difficult areas.</p>
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## REGIONAL PROGRAM

Instruction 393/TTg in 1996	<p>Instruction on population planning and upgrading infrastructure, production arrangement in ethnic and mountainous areas.</p>
Decision 656/1996/QD-TTg	<p>Decision on socio- economic development in the Central Highlands for the period of 1996-2000.</p>
Decision 960/1996/QD-TTg	<p>Decision on orientation of socio- economic development in the North Mountainous region in the long term.</p>
Instruction 515/TTg in 1997	<p>Instruction on stimulating implementation of the Program on Exploitation and Socio-Economic Development in Dong Thap Muoi.</p>
Program 186 (Decision 186/2001/QD-TTg)	<p>Supports for the Northern Mountainous Socio-Economic Development.</p>
Program 173 (Decision 173/2001/QD-TTg)	<p>Supports for the Mekong River Delta Socio-Economic Development.</p>
Program 168 (Decision 168/2001/QD-TTg)	<p>Supports for the Central Highlands Socio-Economic Development.</p>
Decision 120/2003/QD-TTg	<p>Supports for the socio-economic development of provinces along the Vietnam-China boundary.</p>
Decision 174/2004/QD-TTg	<p>Supports for the socio-economic development of 19 provinces and 64 mountainous districts bordering the Central Highlands, the west of old Region 4, and the Northern Mountainous area based on the Program 186 and 168.</p>
Decision 113/2005/QD-TTg	<p>Action Plan of the Government on the framework for the socioeconomic development and security of the Northern Central Coast and Southern Central Coast to 2010.</p>

**APPENDIX 2: PREFERENTIAL CREDIT PROGRAMS TARGETED TO THE ETHNIC MINORITIES**

No	Policy	Loan purpose	Loan term	Interest rate	Maximum loan	Loan payment	Targeted groups
1	Commercial credits (mainly from BARD and People's Credit Fund)	Production and consumption purposes	Negotiable	Adjusted for each period based on the ceiling rate of SBV (currently 1.2%/month for short term)	Up to VND 10 mil without collaterals; Or more than VND 10 mil with collaterals	One-time payment for the principal; periodical payments for interests; outstanding dept interest required when loan period exceeded.	Households
2	Loans for the poor	Mainly for production purposes and for necessary needs of housing, lighting, clean water, education.	- Short term (under 12 months); - Medium term (12 to 60 months) - Long term (above 60 months)	- Regulated by the government. Currently 0.6%/month in P135 communes; and 0.65% for other communes	Maximum VND 10 mil for cattle raising and aquaculture, VND 7 mil for other purposes.	One time payment for the principal; periodical payments for interests; considered loan period extension, loan fixed, loan exemption for the risk cases	Poor households who lack production capital
3	Employment creation loan	Production development, employment creation	- Short term (Under 12 months); - Medium term (12 to 60 months)	Regulated by the government, currently 0.65%/month	Maximum VND 15 mil/household without collateral but guaranteed by the Commune People's Committee; maximum VND 200 mil with collateral for households, individuals investing in farm productions	One-time payment for the principal; periodical payment for interest; considered loan term extension, loan fixed, loan exemption for the risk cases	Households and family-based farms
4	Labour exporting loan	Costs relating to labour exporting, e.g. service costs, deposit, training costs		0.5%/month	Maximum VND 20 mil without collateral		Poor households and policy-targeted groups
5	Housing loan	Hire purchase for housing land cost, for house construction	10 years maximum, 5 years of extension	Hire purchase for housing land cost: 0%; Hire purchase for buying house 3%/year	Maximum VND 10 million for buying housing land in Mekong Delta; Maximum VND 7 million for hire purchase house in Mekong Delta and the Central Highland	On time payment of loan period	Poor households and policy targeted groups in Mekong Delta, Central Highland
6	Preferential loans of commercial banks	Production and consumption purposes	Negotiable (short term, medium term and long term)	Interest rate reduction (30% for households in zone-III communes and 15% for those in zone II communes).	- Up to 10 mil VND without collateral; - Above 10 mil VND with collateral;	One-time payment for the principal; periodical payments for interests; outstanding dept interest required when loan period exceeded.	Households

*Source: WB and IEMA (2006b)*

**APPENDIX 3: NUMBER OF ETHNIC MINORITY HOUSEHOLDS LACKING PRODUCTION LAND**

No	Region	Ethnic Minority Households		Area needed (ha)
		Total	Lacking of production land	
1	North East	608,887	56,599	30,478
2	North West	250,061	40,774	11,305
3	Red River Delta	6,236	250	250
4	Northern Central Coast	115,431	14,911	4,709
5	Southern Central Coast	111,402	36,415	29,730
6	Central Highlands	376,627	26,305	19,652
7	South East	31,429	8,189	7,837
8	Mekong River Delta	384,096	15,145	8,786
<i>Total</i>		<i>1,884,169</i>	<i>198,588</i>	<i>112,836</i>

*Source: Hoang (2006)*

**APPENDIX 4: EXPENDITURES ON MAJOR PROGRAMS AND POLICIES  
FOR ETHNIC MINORITIES**

Program	Objective(s)	Target Group	Executive Agencies	Total Budget (VND billions)	Budget Period	VND billions per annum <sup>53</sup>	Reference
Program 143	Poverty reduction and employment creation	Nationally targeted	MOLISA, MOH, MOET, MARD, SBV	8,387	2001-2005	1677.4	NTP on HEPR (2005)
Program 135	Infrastructure improvement	Initially the 1,000 poorest communes, rising to 2,410 communes in 2005, and then scaled back to approximately 1,800 communes in 2006	CEM	6331.6	1999-2005	904.5	CEM (2006b)
	Infrastructure construction for communal centres			1671	1999-2005	238.7	
	Resettlement projects			73.6	1999-2005	10.5	
	Agricultural and forestry production and marketing			60	2002-2005	15	
	Training			284	2001-2005	56.8	
Resettlement and Sedentarization Program	Resettlement, poverty reduction and environment protection	Ethnic minority and mountainous areas, and afforestation areas	CEM/MOLISA/MARD	735	2000-2004	147	Le et al (2006)
Policy of Support for Extremely Difficult Ethnic Minority Households	Poverty reduction	Ethnic minorities whose population is below 10,000 persons, poor households	CEM	182	2001-2006	30.3	Phan (2006)
Program 134	Production land, residential land, houses and water for ethnic minorities	Poor ethnic minority households and villages	CEM	1723	2004-2006	574.3	MOF (2006)
Program 327	Regreening bare hills, protection forest	Afforestation areas	MARD	1082.4	1996-1998	360.8	MOLISA (1999)
Program 139	Increase the access to health service	Poor households, poor households in P135, Decision 960, and 656 areas	MOH, Social Insurance	2304	2002-2006	460.8	NTP on HEPR (2005)
Price and transportation subsidies	Decrease the price difference due to remoteness	Poor households and region 3 communes	CEM, Ministry of Trade, MOF, MPI and Price Committee	512	2004-2005	256	Dinh, 2006

<sup>53</sup> Total budget divided by the budget period.