



**PARTICIPATORY POVERTY AND
GOVERNANCE ASSESSMENT**

Central Coast and Highlands Region

Prepared in Collaboration with
Vietnam Solutions Company

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Report writing team.

Le Quoc Quan
Nguyen The Hinh
Nguyen Chi Trung

Abbreviations

AAV	Action Aid Vietnam
ADB	Asian Development Bank
CPRGS	Comprehensive Poverty Reduction and Growth Strategy
CPC	Commune People's Committee
CRP	Center for Rural Progress
DFID	Department for International Development (UK)
DOLISA	Department of Labor, Invalids and Social Affairs
DPC	District People's Committee
DPI	Department of Planning and Investment
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GoV	Government of Vietnam
GSO	General Statistics Office
Ha	Hectare
HH	Household
HEPR	Hunger Eradication and Poverty Reduction
ICARD	Information Center for Agricultural and Rural Development
JICA	Japan International Cooperation Agency
Kilo	Kilogram
Km	Kilometer
MOLISA	Ministry of Labour, Invalids and Social Affairs
NGO	Non-governmental Organisation
Oxfam GB	Oxfam Great Britain
ODA	Official Development Aids
PAR	Public Administration Reform
RPGA	Participatory Poverty and Governance Assessment
PPA	Participatory Poverty Assessment
PRA	Participatory Rural Assessment
PPC	Provincial People's Committee
REDC	Regulation on the Exercise of Democracy in Communes
REDCIST	REDC Implementation Steering Committee
RMB	Residential Management Board
UNDP	United Nations Development Program
US\$	United States Dollar
VND	Vietnam Dong
VHLSS	Vietnam Household Living Standard Survey
VMG	Village Management Group
VSC	Vietnam Solutions Company
WB	The World Bank

Current Exchange Rate

US\$1 equals approximately 15,500 VND

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A. BACKGROUND

1. Purpose

The Regional Poverty and Governance Assessment (RPGA) is a comprehensive study on poverty and its related issues in the Central Coast and Highlands regions. This study will directly contribute to discussions within the Consultative Group Meeting, which is expected to be held in late 2003, and which will translate the Government of Vietnam's (GoV's) Comprehensive Poverty Reduction and Growth Strategy (CPRGS) into action. The RPGA will also be used as an instrument to support planning, and for building capacity at provincial levels of government so that the regional fight against poverty will be improved.

Seven RPGA reports will be produced in order to provide a general picture of the poverty situation in Vietnam. The regions surveyed were Northeast Uplands, Northwest Uplands, Red River Delta, North Central, Central Coast and Highlands, Southeast, and Mekong River Delta. These studies were financed by DFID, UNDP, World Bank, JICA, GTZ and ADB. The RPGA in the Central Coast and Highlands region was sponsored by ADB and implemented by Vietnam Solutions Company (VSC) and Action Aid Vietnam (AAV).

The objectives of this regional RPGA are to

- bring together quantitative data from the household expenditure survey and qualitative information from the RPGA conducted in the Central Coast and Highlands region;
- gain in-depth insight into the socio-economic and cultural dimensions of poverty from the perspective of different stakeholders, the service delivery mechanisms for poor and marginalized people under a decentralized system, and the impact of local governance in the Central Coast and Highlands region;
- analyze success factors in, and constraints to, the poverty reduction program so as to formulate policy recommendations;
- assist potential stakeholders, with special reference to poor communities, to become involved in policy-making processes at the grassroots level;
- build up capacity for local people and government staff to enable them to use participatory methods when conducting research and surveys for the design, and particularly for planning, poverty reduction projects; and
- undertake policy dialogue with Government officials and policy makers at central and local levels in order to find the best possible solutions to poverty and governance issues, and hence to accelerate poverty reduction and economic growth, for example using the CPRGS targets.

The analysis of the report will focus on the following issues.

- Trends and patterns of poverty
- Characteristics of the poor
- Basic service delivery
- Participation in local decision making and empowerment of poor households
- Vulnerability and targeted transfers
- Public Administration Reform
- Urban poverty and migration

- Environment
- Progress in achieving the Vietnam Development Goals (VDGs)
- Implications for provincial plans.

2. Research Methodology

2.1. Desk Research – Studying the Available General Statistics Office (GSO) Official Statistical Data and Relevant Government Policies

The GoV conducts annual surveys of the poverty situation in all provinces. Official data on poor and hungry households, and communes with particular difficulties, has been regularly updated for the administration of the regular and emergency supports from Government. The GoV has maintained an extensive ‘Hunger Elimination and Poverty Reduction’ program for many years. Therefore, quantitative data on poverty in the Central Coast and Highlands region was collected from GSO and from other relevant Government’s agencies. This official data will be used as the main source of information in which to compare the RPGA findings.

Besides the official sources of information, further information was collected from previous surveys and studies, carried out by NGOs and other concerned agencies, for comparison with, and reference to, the RPGA findings.

2.2. RPGA Surveys

Under the sponsorship of ADB, Vietnam Solutions Company and Action Aid Vietnam conducted RPGA surveys in Quang Ngai and DakLak provinces respectively. RPGA multidisciplinary teams were formed to conduct research in provinces, districts, communes and villages. These RPGA teams met with local authorities at all levels and with local people, particularly the poor households in Son Ha commune in the Tu Nghia district, situated in Quang Ngai province, and the people in Dak’Rlap commune in the Ea’Hleo district, and Buon Me Thuot town, both situated in DakLak province. The surveyed districts, communes and villages are presented in Table A-1 below.

Table A-1: Villages surveyed in the RPGA

Province	District	Commune	Village	
Quang Ngai	Son Ha	Son Cao	Lang Tra	
			Xa Ay	
		Son Ba	Lang Bung	
				Lang Gia
	Tu Nghia	Nghia Tho		Village 1
				Village 2
		Nghia An		Pho An
			Tan My	
DakLak	Dak’Rlap	Dao Nghia, Area II		
		Quang Tan, Area III		
	Ea’Hleo	Ea’Ral, Area II		
		Ea’Hiao, Area III		
	Buon Ma Thuot	Eatam ward, Area I		

The criteria for selection of the surveyed locations included their representation of i) the different ecological zones and geographical features of the province; ii) different infrastructure conditions; iii) ethnicity; iv) accessibility to markets; and v) migrant settlers.

The RPGA teams applied the Participatory Poverty Assessment (RPGA) and Participatory Rural Appraisal (PRA) to collect the qualitative information required for the assessment.

2.3. Data Analysis and Report Reproduction

The collected data has been analyzed by both VSC's and AAV's experts, and an overview of the poverty and governance situation in the surveyed areas has been drawn. However, to produce a comprehensive picture of poverty and governance in the Central Coast and Highlands region, further efforts should be invested in order to collect more data for analysis.

3. Limitations of the RPGA Research

Though the VSC and AAV have put a great deal of effort into conducting the surveys, and have the capacity to do so, the research team realized that several things had the potential to limit the credibility of the survey and affect its results.

- The RPGA surveys were conducted in small-sized areas in comparison with the total area of the nine provinces referred to in the RPGA reports. Despite thoughtful consideration in the selection of the surveyed locations, there remains a question about the representation of populations within the data.
- The time available for research, compared to what is required in reality, was too short to fully explore problems, causes and adequate solutions for the existing poverty situation.
- There was potentially inaccurate information obtained from villagers, for example, informants had difficulty recalling events that took place in the past or the amount of income and expenditure from their farms; it was found that records had not been kept systematically.
- In the early days there was some difficulty in finding a common language and accurate translations, and this may also potentially limit the credibility of the findings.
- Since the purpose of this study is the assessment of the current poverty situation in order to gain a total picture of poverty in Vietnam, it should be noted that there are limits to gaining in-depth research on all aspects of poverty, and complete solutions for poverty reduction.
- There is a lack of, and inconsistencies in, existing information and data from different sources in the province. As a result, the assessment and analysis had to rely heavily on the initial findings. In order to provide effective policy recommendations, the research team would require more time so that information and data could be verified.

In spite of some limitations, the RPGA findings will still be a worthy reference for the GoV and donors during the Consultative Group Meeting.

B. REGIONAL INTRODUCTION

1. Natural Conditions in the Central Coast and Highlands Region (GSO)

1.1. Natural Conditions in the Central Coast Region

The Central Coast region is in the center of Vietnam, with the coastal line in the East and the Central Highlands in the West. It consists of Quang Nam, Quang Ngai, Binh Dinh, Phu Yen and Khanh Hoa provinces, and Da Nang city. The total area is approximately 3.3 million hectares. It is conveniently situated as almost all transportation between the North and the South of Vietnam travels through this region, using the highways, railways, seaways and airways. The region also has seaports, airports and riverways leading to the sea. The geographical conditions are favorable for economic development and for commerce with other regions, nationally as well as internationally. All provinces include large areas of coastline, which are suitable for fishing and aqua cultural development, as well as tourism.

There are about 1.6 million hectares of forest in the region. Most of the forest area is damaged, with a low coverage rate of 40 percent. Afforestation activities in the region did not increase the forest coverage to any great extent.

Even though the region has the potential for a healthy economy, it is still considered slow in its economic development in comparison with almost all other regions in Vietnam. One of the reasons for its backwardness is that the regional topography and climatic conditions are too diversified and complicated for agricultural development. The land is sloping and unfertile and this – together with frequent natural disasters like storms, floods and drought – make agricultural production difficult. Since agriculture is the major source of income for most people in the region, the rate of poverty has therefore not greatly improved over the last few years. Deforestation, due to poverty and ignorance, has caused serious problems. The environment has been degraded dramatically and, as a result, health and sanitary conditions are alarming.

1.2. Natural Conditions in the Central Highlands Region

The Central Highlands region consists of the three provinces of Gia Lai, Kon Tum and DakLak. It is surrounded by Central Coast provinces in the North and the East, Lam Dong provinces in the South and the borders of Laos and Cambodia in the West. The total area is 4,364,511 hectares. Agriculture is the major source of revenue. Thanks to large forest areas and fertile basaltic land – suitable for growing cash crops such as coffee, rubber, cashew and black pepper – the standard of living has recently improved.

The Central Highlands region still contains large forest areas, totaling 2.3 million hectares, of which almost 96 percent is natural forest of a high coverage rate. The forests are diverse environments containing many kinds of wood, such as rattan and aloe, and flora, such as fomes japonicus and orchids, as well as a lot of precious wild animals. Many different ethnic minorities cultures have lived in the Highlands for thousands of years. There is therefore a high potential for tourism development.

There are limited sources of water in the region. Most of the rivers and lakes become drought-ridden during the dry season. The water supply is a problematic issue for the Central Highlands at all times.

In general, the natural conditions of the Central Highlands region create a high potential for increased economic development. However, the region is still waiting for further investment and policy support from the Government.

2. Socio-Economic Conditions in the Central Coast and Highlands Region (GSO)

2.1. Overview of Socio-economic Conditions in the Central Coast Region

The Central Coast is considered one of the slower regions to develop in Vietnam. Most provinces are crowded with people, the total population for the region being approximately 6.34 million (GSO data, 1999). There are a large number of people of working age, enough to satisfy local requirements and those of international ventures, but the unemployment rate always remains somewhere between 8 and 10 percent.

Regional infrastructure is rather inadequate, for example the transportation system is not well managed or maintained. The industrial sector has been established but only at a small-scale level, using out-of-date equipment and failing to generate a competitive environment. Foreign investment is low as the infrastructure is less attractive. The irrigation system has been improved in the hope of encouraging development. However, the shortage of funds, and the low quality of some finished construction works, have kept the region in drought during the dry seasons.

Table B-1: Development criteria in 1999 and 2002

No.	Province	GDP (billion VND)	Growth Rate (percent)	Average income per capita per year (million VND)
01	Binh Dinh	4,624 (1999)	8.53 (1999)	3.1 (1999)
		5,356 (2002)	8.4 (2002)	3.6 (2002)
02	Khanh Hoa	3,533 (1999)	8.9 (1999)	3.5 (1999)
		4,210 (2002)	8.7 (2002)	4.3 (2002)
03	Quang Ngai	2,110 (1999)	5.16 (1999)	2.47 (1999)
		2,765 (2002)	5.4 (2002)	3.0 (2002)
04	Phu Yen	1,440 (1999)	10.0 (1999)	2.8 (1999)
		1,574 (2002)	8.9 (2002)	3.5 (2002)
05	Quang Nam	2,647 (1999)	10.2 (1999)	2.4 (1999)
		3,184 (2002)	9.7 (2002)	2.8 (2002)
06	Da Nang city	4,788 (1999)	9.0 (1999)	7.0 (1999)
		6,487 (2002)	8.5 (2002)	8.0 (2002)

Source: 'Provincial Statistical Services and Vietnam Agriculture in 61 Provinces and Cities' In Statistical Year Books. Agri-Publishing House: 2001.

The growth rate remained as low as around 8 percent, and the average income per head per year was roughly \$US190. The difference between urban and rural areas, in terms of income, was nearly as high as 2.5 times.

Table B-2: Proportions of the main economic sectors

No.	Province	Agriculture, Forestry & Fishery (percent)	Industry (percent)	Services (percent)
01	Binh Dinh	54.6 (1995)	13.6 (1995)	31.8 (1995)
		47.0 (1999)	20.4 (1999)	32.6 (1999)
		42.2 (2002)	22.6 (2002)	35.2 (2002)
02	Khanh Hoa	29.5 (1995)	31.3 (1995)	39.2 (1995)
		32.3 (1999)	36.5 (1999)	31.2 (1999)
		33.5 (2002)	37.2 (2002)	29.3 (2002)
03	Quang Ngai	50.9 (1995)	18.0 (1995)	31.1 (1995)

		43.2 (1999) 41.7 (2002)	20.2 (1999) 26.5 (2002)	36.6 (1999) 31.8 (2002)
04	Phu Yen	49.0 (1995) 39.5 (1999) 37.6 (2002)	16.8 (1995) 22.9 (1999) 25.6 (2002)	34.2 (1995) 37.6 (1999) 36.8 (2002)
05	Quang Nam	63.0 (1995) 46.0 (1999) 43.0 (2002)	9.0 (1995) 20.0 (1999) 23.0 (2002)	28.0 (1995) 34.0 (1999) 34.0 (2002)
06	Da Nang city	12.3 (1995) 7.2 (1999) 5.7 (2002)	34.5 (1995) 36.4 (1999) 46.7 (2002)	53.2 (1995) 56.4 (1999) 47.6 (2002)

Source: 'Provincial Statistical Services and Vietnam Agriculture in 61 Provinces and Cities'. In Statistical Year Books. Agri-Publishing House: 2001.

The contribution of agriculture, forestry and fishery to the regional GDP has, in the main, been sharply reduced. The percentage share of industry and service sectors in the region has climbed significantly.

2.2. Overview of Socio-economic Conditions in the Central Highlands Region

The Central Highlands is a region with a great deal of potential, but this potential is yet to be realized in comparison with other regions. In 2002, the population was approximately 4.2 million, 2.2 million of whom were laborers with few qualifications (52 percent of the population). Of these laborers, 80 percent were involved in agricultural production. Ethnic minority people accounted for about 31.9 percent of the population. The main groups are ethnic Bana, Ede, Stieng, Van Kieu, Thuong, M'Nong and J'Rai, with some other smaller-sized ethnic groups. According to 2002 statistics, only 26.1 percent of the Central Highlands population was indigenous. The remainder were migrants mainly from the North of Vietnam. Indigenous people are generally illiterate, have a high birth rate and continue to use backward production systems. Most migrants and indigenous people live in poverty.

The growth rate of the Central Highlands region is considerably high. In 1999, the total GDP of the region reached around 7,000 billion VND. The growth rate of 8 percent during the period 1991 to 1995 has climbed to roughly 12.5 percent during the period 1996 to 1999. GDP averaged at \$US180 per capita in 1999. The Central Highlands region is proud of being one of the country's large exporters of agricultural products.

Table B-3: Development criteria in 1999 and 2002

No.	Province	GDP (billion VND)	Growth Rate (percent)	Average income per capita per year (million VND)
01	Gia Lai	2,197 (1999) 3,456 (2002)	18.5 (1999) 17.6 (2002)	2.26 (1999) 2.56 (2002)
02	Kon Tum	702.5 (1999) 843.5 (2002)	20.0 (1999) 18.9 (2002)	3.29 (1999) 3.45 (2002)
03	DakLak	4,152 (1999) 5,367 (2002)	9.45 (1999) 9.2 (2002)	4.80 (1999) 4.70 (2002)

Source: 'Provincial Statistical Services and Vietnam Agriculture in 61 Provinces and Cities'. In Statistical Year Books. Agri-Publishing House: 2001.

The growth rate remained fairly high, particularly in Gia Lai and Kon Tum provinces, but the average income per head per year was still low at roughly \$US200. Migration into these

provinces has increased dramatically over the last few years and kept the average income per capita per year at a low level, in spite of high growth rates. Moreover, the fall in coffee prices after 1998 has greatly slowed down the growth rate in the Highlands.

Table B-4: Proportions of the main economic sectors

No.	Province	Agriculture and Forestry (percent)	Industry (percent)	Services (percent)
01	Gia Lai	58.9 (1995)	21.7 (1995)	19.4 (1995)
		47.0 (1999)	24.3 (1999)	28.7 (1999)
		43.0 (2002)	25.6 (2002)	31.4 (2002)
02	Kon Tum	29.5 (1995)	31.3 (1995)	39.2 (1995)
		32.3 (1999)	36.4 (1999)	31.3 (1999)
		32.0 (2002)	37.8 (2002)	30.2 (2002)
06	DakLak	69.6 (1995)	11.5 (1995)	18.9 (1995)
		73.2 (1999)	17.6 (1999)	9.2 (1999)
		74.3 (2002)	20.1 (2002)	5.6 (2002)

Source: 'Provincial Statistical Services and Vietnam Agriculture in 61 Provinces and Cities' In Statistical Year Books. Agri-Publishing House: 2001.

The contribution of agriculture and forestry, as well as industry, to the regional GDP has increased significantly, while share of services has decreased overall.

The Central Highlands provinces have a relatively low development base. Infrastructure is underdeveloped, especially transportation, irrigation, water supply and drainage systems. The economy is heavily agriculturally based, characterized by traditionally subsistent farming patterns practiced by the majority of local farmers. Since the economic reforms began in 1986, local minorities have begun to apply improved farming techniques, changing cropping patterns and gradually altering farming practices by specializing in perennial cash crops such as coffee, rubber and cashew. However, old farming traditions and practices still prevail, hindering these inhabitants from introducing modern farming methods and fully utilizing local advantages.

The coffee sector, the most profitable and viable farming activity in the province, is heavily dependent on the world market. The impact of the globalization of the market economy, through its frequent fluctuation of the prices of agro-products, puts virtually all small-scale coffee growers – in fact the majority of farmers in the Central Highlands region – at risk. The recent sharp collapse of coffee prices in the world market made the GDP per capita in the Central Highlands drop dramatically in 2002.

The hard climatic conditions create another source of risk for the agricultural sector. Local farmers have suffered heavily during the long spells of drought that have regularly taken place during the last few years.

The potential for economic development in the Central Highlands, in terms of the availability of natural resources (land) and especially the high profitability gained from the coffee industry during the 1990s, has attracted a huge number of free in-country migrants, from north central and other northern parts of Vietnam, who have settled in the region.

In-country migrants, though a majority of them are poor, play an important role in the region by introducing new farming practices and technologies, knowledge and expertise, and capital. The ethnic Kinh, who migrated into the area from the north and north central coastal provinces, have established sustainable agricultural development, making use of the basaltic soil for cash crop production and other improved multi-cropping practices. The

ethnic minorities of Muong, Tay, Nung and Dao, who have come from the northern mountainous regions, are all hard working people who have good experience farming on the upland and paddy fields. The alarming population growth rate, however, has put a much heavier pressure on local natural resources. The search for food, or cash with which to purchase food, and the need to meet new expenses associated with health, education and the market, have created a situation where land, soil, water and forest resources are dwindling through over-exploitation.

C. TRENDS AND PARTTERNS OF POVERTY

1. Regional Poverty Rate and Poverty Depth through GSO Findings

According to the 2002 GSO data, poverty is very concentrated in rural areas. The general poverty rate in rural areas is about five times higher than that in urban areas. Moreover, the food poverty rate in rural areas has climbed to 7.5 times higher than that in urban areas. The general poverty rate in the Central Highlands region is double that of the average rate in Vietnam, and the region is considered one of the most poverty-stricken regions, just after the Northwest Mountain region. The Central Coast region has a general poverty rate that is in line with of the average in Vietnam.

Table C-1: Percentage poverty rates in 2002 VHLSS

	Food Poverty (percent)	General Poverty (percent)
All Vietnam	10.9	28.9
Urban	1.8	6.6
Rural	13.6	35.7
Region		
Red River Delta	5.4	22.6
Northeast Mountain	15.2	38.0
Northwest Mountain	46.5	68.7
North Coast	17.9	44.4
Central Coast	8.9	25.2
Central Highlands	29.5	51.8
Southeast	3.0	10.7
Mekong Delta	6.4	23.2

Source: GSO, VHLSS 2002

The poverty rate varies among the studied regional provinces. Gia Lai is the poorest province in the Central Highlands, whilst Quang Nam and Quang Ngai provinces are the two poorest ones in the Central Coast.

Table C-2: Poverty rate by province, 2002

Regions	General poverty rate (percent)	Food Poverty rate (percent)
Central Highlands	51.8	29.5
• Gia Lai	64	43
• Kon Tum	44	14
• DakLak	55	32
Central Coast	25.2	8.9
• Da Nang	4	1
• Quang Nam	38	16
• Quang Ngai	36	15
• Binh Dinh	28	6
• Phu Yen	21	7
• Khanh Hoa	10	4
Vietnam	28.9	10.9

Source: GSO, VHLSS 2002

The Central Highlands, accounting for 5.8 percent of the country's population, has contributed roughly 10 percent to the total Vietnam poverty rate percentage. The situation

is better in the Central Coast where the population accounts for 8.5 percent of the total, but the poverty contribution is only 7.4 percent of Vietnam's total poverty rate.

Table C-3: Regional contribution to total poverty of Vietnam 2002

Region	Share of poverty (percent)	Share of population (percent)
Red River Delta	17.1	21.9
North East and North West	22.2	14.6
North Central Coast	20.4	13.4
South Central Coast	7.4	8.5
Central Highland	10.4	5.8
South East	5.3	14.6
Mekong Delta River	17.2	21.3
Total	100.0	100.0

Source: GSO, VHLSS 2002

2. Trends in Poverty and Inequality (RPGA Findings)

2.1. Trends in Poverty and Equality in Central Coast Region

The RPGA team concluded that the standard of living for local people has improved a little in recent times. However, poverty still creates a heavy burden for the region, and the gap between the rich and the poor is widening quickly.

More physical infrastructure has been built, and socio-economic development programs have been increasingly introduced in the region. People know more about the wider society in which they live, but their lives have not been improved by much.

Most better-off households are the ones who have obtained benefits from the GoV's socio-economic development programs. Others have increased their wealth through business experience and available capital. Some people, who were already better off, have become very rich as they have been able to borrow from the bank and purchase expensive vessels for offshore fishing. Many other fishermen in the region work on these vessels and can earn enough for their family's living.

In many seaside villages, fishermen have overcome poverty by utilizing the offshore fishing program of GoV. However, the GoV's offshore fishing program is only sustainable when restrictions are placed on the number of offshore fishing vessels. Many informants were concerned about the current rapid increase of offshore fishing vessels. If the GoV's water resource management is weakened, many households that rely on fishing for income will again fall back into poverty.

Mr Chon, 71 years old, from Nghia An commune, Tu Nghia district, Kinh ethnic

Mr Chon has five family members, of whom three sons are seafarers. "For offshore fishing, each time we go out (for around 22 to 25 days) I can gain about 130 million VND, of which I spend 75 to 80 million VND as costs. I think my household is the only true better off one."

Another better-off group has utilized the loans made available for aquaculture, such as for raising fish and shrimps. These people have escaped poverty despite the market risks for their aquaculture products. The market for fishery products is generally not stable and the producers are always prepared for losses due to adverse changes in the market.

One better-off group – and a group that is popular to join – is the local officials and cadres. They are able to utilize benefits from the socio-economic development programs of GoV that are provided for their area. In addition to the GoV's salaries and allowances, grassroots cadres may also benefit from their participation in afforestation programs, agricultural extension projects, and other beneficial investments. In most of the villages where fishery and aquaculture are not developed, that households of local officials and cadres are better off is evident.

Overall, the majority of the poor still remain poor and sometimes very poor, particularly in some cases where, for various reasons, they have been forgotten and their lives have become even harder. As the natural resources and employment in the region are so limited, the poor do not know what to do to escape poverty. Furthermore, many poor people are disabled and unable to work.

Mr Tro, teacher and head of primary school, Son Cao commune, Son Ha district, Quang Ngai province

He has a salary and other subsidies from GoV that totals nearly 2 million VND per month. This is a huge amount compared to farmers in the region.

Mr Vang, Chairman of People's Committee of Son Cao, 54 years old

He has a monthly wage of 480,000 VND; 4 perches of rice field; 2 hectares of cassava; 1.5 hectares of trees; 1 hectare of cultivate land; one sow, four pigs for meat, three water buffalos, one ox, one rice grinder, one child working as a teacher, one child working as an electric contractor in the commune, and one child working as a tailor.

Ethnic minority people in particular, because they are also disadvantaged in terms of being illiterate, inexperienced in business and using backward agricultural practices, seem to be ignored in their isolated villages. Almost all ethnic minority villages are still as poor as they were several decades ago.

Mr Ua, Lang Tra Village, Quang Ngai province

He is considered to be the poorest in the village. He is 80 years old and is both blind and deaf. His wife is 64 years old. Both of them had made a contribution to the victory of national revolution. All their children died before 1975. At the moment, they rely on each other alone to live. If he is sick, she looks after him but when she was sick, they do not know what would happen because he could not look after her. Day after day, she goes to the forest to collect firewood and then sells it to have something to eat. They do not hope for the regular support from Government because, as his wife said, "we are about to die; if there had been any support, it would have been done already".

Women are the ones who suffer the most from poverty. In the poor and backward villages, women are ranked at a lower social status than men because it is harder for them to participate in jobs requiring strength like fishing and transportation. Almost all women stay at home and do housework.

2.2. Trends in Poverty and Equality in Central Highlands

Even though the changes affecting poverty in the Central Highlands present a complex picture, the situation is somewhat brighter in comparison with that of the past. The Central Highlands was considered to be a 'fast development' region before the year 1998, as the

coffee prices were at a highly beneficial level. Since coffee production brought fortune to many coffee growers in the Highlands, a large flow of migrants rushed to the region in order to enjoy the benefits. As almost all migrants were poor, the poverty rate in the Central Highlands did not reduce much during the 'glorious' coffee period.

The fall in coffee prices after 1998 pushed the poverty rate in the Central Highlands region to higher levels. The continuous flow of in-country migrants to the region has also seen the poverty rate climb, and has created an alarming situation in comparison to other regions in Vietnam.

The RPGA team also observed that the gap between rich and poor has rapidly become wider. Most recent migrants are landless and have to work as laborers for cash crop plantations. Their wages are very dependent on the market and poverty is an all too familiar situation for them.

Ethnic minorities in the Central Highlands are also very poor. Many ethnic minority villages stay isolated from the market and have almost no infrastructure. Some ethnic minority households became better off, thanks to past success in coffee production. However, poor and ethnic people are the most vulnerable to the risks of the market economy. Whilst some of them managed to escape poverty, many others fell back to their starting point, or even lower.

Mr Nguyen Van An , Ea'Hiao commune, DakLak province , Tay ethnic

Mr An settled in Village 7C of Ea'Hiao commune in 1996. As a poor migrant, he could only buy some pieces of land with a total area of 5000 m². Though having to work hard in the new village, he felt happy as he could produce sufficient food for his own family. It was also in late 1996 that coffee prices in the market started rising to more than 20,000 VND per kilo. Most villagers, including Mr An, decided to invest in the coffee sector. He borrowed 5 million VND for his expenditure. Unfortunately three years later, when his coffee was nearly ready to market, the coffee price dropped down to 7,000 VND per kilo in the year 2000, and then less than 5,000 VND per kilo in 2001, driving him into a tight corner of food shortages and debt. He has had to sell one piece of land for paying part of the debt. He feels himself to be getting worse off. Several households in the village have experienced the same situation.

New migrants have contributed to the ever-increasing list of poor people in the region. Local officials believe that it will be difficult to reduce the poverty rate in the region if free migration is not controlled.

The RPGA team found that the poverty rates in the five surveyed villages in DakLak province are remarkably higher compared to those noted in the VHLSS 2002 for urban and rural areas (38 percent versus 25.3 percent in urban areas, and 60 percent to 79 percent versus 61.1 percent in rural areas).

D. CHARACTERISTICS OF THE POOR

1. Criteria for Being in the Government Poor Lists (GSO)

1.1. Definition of Poverty

Poverty is a situation in which the basic human needs of a proportion of the population are not satisfied, these needs being identified by the society depending on the level of economic and social development, and local customs and practices (Source: Asian-Pacific Conference on Poverty Reduction. Bangkok, Thailand: September 1993).

1.2. National, Provincial and Other Definitions of Poverty Applied in Vietnam

At the national level, according to Decision 1413/2000/QD of MOLISA, the poverty level is 80,000 VND (approx. \$US5.3) per month per capita for rural mountainous and island areas, 100,000 VND (approx. \$US6.7) per month per capita for rural lowland areas, and 150,000 VND (approx. \$US10) per month per capita for people living in urban areas.

The major alternative poverty measurement in Vietnam is the GSO/World Bank method, in which the poverty line is calculated in two ways: a food poverty line and an overall poverty line. For the food poverty line, the income needed is calculated by determining the amount of consumer calories per capita per day for each expenditure quintile, equaling approximately 2,100 calories per day. The overall poverty line is defined by adding the cost of some non-food commodities to the poverty line. As such, the results of the Vietnam Living Standard Survey 1997-1998 showed that 15 percent of the population was below the food poverty line and 37.4 percent were below the overall poverty line.

2. Perception of Poverty through Local People's Understanding (RPGA)

The RPGA team found that the perception of poverty by local villagers has changed very little over time. In many cases, the RPGA team realized that poor people have no idea about recent social changes, they are ignored by the wider community, they have no aspirations, and seem to have no sense of the past or the future.

Table D-1: Perception of poverty by better-off and poor groups

Perception of better-off group	Perception of poor group
Being poor means having no brick house, no capital to run a business, no business experience, no valuable assets such as a TV or bike, often being sick, being old and lonely, owning a few cattle, owning small areas of unfertile land, too many young kids, losing the main laborers, crop failure or an unlucky fishing boat, having not enough food for over two months, and having to collect firewood to sell.	A poor household means having a temporarily built house (no tile roof, no wooden wall), often sick people, no or a few cattle, no capital to run a business, lacking experience to run a business, no valuable assets (no bike), owning small areas of unfertile land, too many young kids, being old and lonely, losing the main laborers, crop failure or an unlucky fishing boat, having not enough food for over three months, and having to collect firewood for survival.

Poverty from the local people's perspective varies between different groups and areas. Local people have a relatively accurate way of comparing standards of living in their village households; they do not assess poverty following the national poverty standards. Poverty is not merely interpreted as being poor in income or food, but has a more comprehensive

meaning. The better-off households have slightly different perceptions of poverty from the poor ones. However, they shared a common view on the poverty situation.

The RPGA team noted that there was a disparity among different groups of people in terms of their perceptions of poverty. Poor people's perceptions of poverty are so different from that of GoV. The poor, therefore, do not know whether they belong to the poor group under the GoV's classification, or not. This has made it difficult for them to claim their rights.

3. Current Findings in Surveyed Areas and Causes of Poverty (RPGA)

There are potentially a thousand and one reasons for being poor or worse-off, and different people have different viewpoints on the causes of poverty in the regions. However some major causes have been identified through the careful analysis and consideration of the RPGA team.

3.1. Causes of Poverty in the Central Coast

- Almost all people in the region depend on agriculture as their major source of income. However, the natural conditions of the region – unfertile and limited land, mountainous topographic and climatic conditions, and frequent natural disasters – are not favorable for commercial agricultural production. Furthermore, overcrowding also jeopardizes the situation because the land area per capita is becoming smaller.
- The infrastructure, even though has been improved considerably in comparison with the past, is still poor and does not meet the requirements of investors. As a result, the industry, commerce and tourism sectors, which require better infrastructure, are not developed. The current irrigation system cannot even meet the water demands of the agricultural sector and, as a consequence, land has become degraded and non-productive.
- The skills of the population are low, with a high percentage of untrained laborers, poor cultural practices, high percentages of illiteracy and unemployment, and poor health and disability. Illiterate and unskilled laborers are particularly prevalent among ethnic minorities and women in both the Central Coast and Central Highlands regions.
- The management capacity of local GoV's staff is generally weak. This means that many socio-economic development policies and programs are not well transferred to the grassroots level. People in the surveyed areas raised their concerns about the lack of transparency in financial administration for supported projects, programs and State budgets, at both the commune and village level. Villagers were only informed about financial matters for programs or projects to which they contributed in part or in full. In the meetings, villagers were regularly informed of what they were required to do, but not about what they must know or potentially could do.
- The market in the region is underdeveloped. Poor people, especially the ethnic minority people, are not experienced in commercial activities and in many cases traders use small tricks to abuse them during transactions with other more experienced people. People claim that traders freely manipulate the price of agro-products, especially in the hard and/or hungry seasons, at the expense of the poor. Ineffective market development and lack of investment opportunities result in a lack of capital and an unhealthy financial climate as a whole.
- Poor people seem to be neglected, particularly as they cannot get enough information about their rights because they are illiterate, shy or inexperienced, and

because there is little availability of information. They have to struggle to survive day after day, and they have no voice with the local authorities. The RPGA findings show that the poor have often been the ones who receive the smallest benefits from the GoV's socio-economic development programs. In addition, the chance for poor households to escape poverty is limited, as many bankers refuse to release loans to the poor due to the high risk of non-repayment and the lack of deposits.

Ms Re, Son Cao commune, Quang Ngai province, H're ethnic

Ms Re is 22 years old, illiterate, and has three family members: "The bankers said we were so poor that we could not refund the loan".

Mrs Thay, 36 years old, Kinh ethnic

Her husband died in 2002, and she took care of four young children and was very poor. "I have applied five times to get a loan from the Women's Union and the HEPR fund. I just want to get 1 million VND to raise a pig but I cannot. Such poor households like us find it difficult to access the HEPR fund".

"We not dare to borrow money from the GoV because we do not know where to invest. If cattle died or did not give birth, we would not know how to refund to the GoV after the three year term is complete."

3.2. Causes of Poverty in the Central Highlands

The causes of poverty in the Central Highlands are somewhat similar to that of the Central Coast in terms of hard climatic conditions, shortage of land, poor infrastructure, lack of capital, poorly developed markets, lack of information, backward farming techniques, and the inability and weakness of grassroots authorities and cadres. Two further causes of poverty, which are not shared by the Central Coast region, are in-country migrants and the recent fall of coffee prices, and these have increased the poverty rate in the Central Highlands.

Firstly, a large number of migrants place a heavier pressure on local natural resources, upsetting local socio-economic development plans. For many local officials and villagers, migrants meant deforestation for agricultural production and residential lands, even though most migrants did not directly destroy the forest. Migrants bought land from local people, or cultivated on old fields abandoned by local communities. The reduction of available arable land forced local communities to go further into the forests to find new land.

In the same circumstances as the poor in the Central Coast region, many poor people, particularly ethnic minorities and women, face similar difficulties, such as illiteracy, lack of information and capital, being sick or disabled, being inexperienced in business, or unable to access loans. However, thanks to the many recent GoV's poverty alleviation programs, a number of poor households have been removed from the poor list.

Due to the high profitability of the coffee industry in the Central Highlands, it was reported that almost all farmers, including the poor in DakLak, engage in coffee production. The risks and subsequent vulnerability faced by these small-scale and poor households are significant. Poor farmers do not feel secure within a free market mechanism, where drops in coffee prices have the potential to force marginally poor households to fall into poverty again.

Ms Trieu Thi Trinh, Village 2C, Ea'Hiao commune, DakLak province

Ms Trinh came to settle in Village 7C in 1995. Her family used to be a 'doing alright family', meaning they could get enough for the family's daily needs from farming. Unfortunately, her happy days did not last for long. Her husband got malaria. She had to spend a significant amount of money for medical treatment. At the same time, the coffee price sharply dropped. She had to sell two out of the five pieces of coffee land. Due to the extended period her husband suffered with the disease, and food shortages for the last two years, her husband could not work in the field. Her elder daughter had to leave the school for the fieldwork while she had to work as a laborer to meet her family's daily consumption needs.

E. BASIC SERVICE DELIVERY TO THE POOR

1. Available Public Services for the Poor in the Region (GSO)

Vietnam has made impressive progress in providing widespread access to basic social services for people of low-level income. It has also developed an extensive system of social service transfer nets. The total public spending on these activities was around one quarter of the GoV's current discretionary expenditure. Since the late 1980s, the GoV allowed for fee collection in public healthcare and education services, as well as the participation of the private sector in these areas, in order to prevent these public services from deteriorating. However, poor and ethnic minorities still received free education and medical treatment, or various kinds of exemption from these services' fees.

The GoV maintains a free agricultural extension program for farmers. This is a very wide network, and one that plays an important role in transferring technology and skills to farmers, particularly to poor people.

The delivery status of the three most important public services to the poor in the Central Coast and Highlands regions is as follows.

Table E-1: Access to different health facilities (percent)

	Vietnam			Central Highlands			South Central Coast		
	Total	Richest	Poorest	Total	Richest	Poorest	Total	Richest	Poorest
2002	59.0	65.1	53.2	75.2	76.3	72.6	58.5	64.1	47.3
Government Hospital	26.8	35.0	18.1	31.5	40.1	21.9	25.3	31.7	20.0
Commune Health Center	11.5	5.6	18.5	13.3	2.4	22.8	8.4	2.1	10.7
Polyclinic	4.5	4.3	4.7	6.5	3.8	7.2	5.6	4.1	5.2
Private health facilities	18.5	24.1	10.7	26.5	37.4	17.8	23.3	31.5	10.8
Traditional practitioners	1.1	1.0	0.9	0.7	1.2	0.9	1.3	0.5	0.9
Home visit	2.0	1.8	3.3	2.7	2.1	5.0	1.5	2.4	2.2

Source: GSO, VHLSS 2002

The poor in the Central Coast and Highlands region usually go to Government hospitals, commune health centers and private health facilities. The rich do not like the commune health centers.

The GSO data on living standards shows that the expenditure by poor people for food is around 65 percent. The poor also must budget from their family income for healthcare and education. The expenditure for healthcare in the Central Highlands is 7.2 percent of the total expenditure, and 6.6 percent in the Central Coast. This allocation is normally not enough, and the poor often have to seek cheaper medical treatment such as herbs or botanical medicines.

Table E-2: Health expenditure as a proportion of total expenditure (percent)

	Vietnam	Central Highlands	Central Coast
1998	5.5	4.8	5.1
Quantile			
I	4.8	4.4	6.2
II	5.4	4.2	4.4
III	6.0	5.8	5.5
IV	5.8	5.4	5.3
V	5.5	4.8	4.1
2002	5.3	5.8	5.5
Quantile			
I	4.3	4.4	4.1
II	5.1	5.9	5.3
III	5.4	6.8	5.4
IV	5.7	7.0	6.0
V	6.0	7.2	6.6

Source: GSO, VHLSS 2002

The education situation according to GSO data is presented below.

Table E-3: Education attainment for regions by quintile (percent)

Maximum education completed	Vietnam			Central Highlands			South Central Coast		
	Total	Richest	Poorest	Total	Richest	Poorest	Total	Richest	Poorest
2002	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
None completed	39.1	23.5	58.5	51.5	22.7	70.2	39.2	22.0	59.3
Primary	27.0	21.6	25.2	27.6	21.4	22.9	30.4	20.8	28.5
Lower secondary	20.5	20.4	13.8	13.2	20.7	5.2	17.3	20.7	11.1
Upper secondary	7.9	16.5	2.2	4.4	15.2	1.3	7.9	19.0	0.8
Vocational training	3.1	8.7	0.3	2.1	9.2	0.4	2.5	6.5	0.3
College/University	2.4	9.0	0.1	1.3	10.5	0.1	2.7	10.7	0.0
Masters and higher	0.1	0.3	0.0	0.0	0.2	0.0	0.1	0.3	0.0

Source: GSO, VHLSS 2002

A characteristic of the heads of poor households is that they usually have had only a low-level of education. The poorest have the highest percentage of illiteracy. The situation is worse in the Central Highlands. The proportion of the poor who have studied higher than upper secondary schools is very low, at only 0.8 to 1 percent.

The school fees for a student of upper secondary school are three times higher than those for a primary school student. The table below shows that the school fees for primary schools have been reduced significantly.

The GSO data shows that the major reason why students dropout in primary and lower secondary school is poverty. Another reason for dropping out, at the higher education level, is that the schools are too far.

Table E-4: School fees per student per year by age group (.000VND) and as a proportion of total household expenditure (percent)

	Vietnam		Central Highlands		South Central Coast	
	.000 VND	percent	.000 VND	percent	.000 VND	percent
Total: 1998	412	2.7	296	2.1	499	3.1
Primary School Age (6 to 10 years old)	265	2.0	223	1.7	297	2.1
Lower Secondary School Age (11 to 14 years old)	416	2.8	290	2.2	530	3.5
Upper Secondary School Age (15 to 17 years old)	762	4.4	511	3.1	870	4.5
Total: 2002	411	2.8	317	2.5	405	2.8
Primary School Age (6 to 10 years old)	258	2.0	201	1.8	255	2.1
Lower Secondary School Age (11 to 14 years old)	408	2.8	346	2.7	415	2.9
Upper Secondary School Age (15 to 17 years old)	741	4.4	631	4.0	744	4.4

Source: GSO, VHLSS 2002

2. Current Status of Basic Public Service Delivery to the Poor (RPGA Findings)

The three most important basic public services, which have the greatest influence on the living standards of poor people in the studied regions, are healthcare, education and agricultural extension services.

2.1. Healthcare Services for the Poor

The standard of healthcare services for the poor is one of the most important criteria in assessing the quality of living in a region. Even though the GoV recently paid much attention to this service, the healthcare conditions for poor people are still a hot issue in the studied regions.

In recent years, according to villagers, primary healthcare activities have improved significantly. Most communes visited by the RPGA team had health clinics equipped with facilities and materials to at least satisfy the basic needs of emergency and primary health treatment. Poor people in the communes are sometimes provided with medicines for some common diseases free of charge. Villagers believed that the incidence of epidemic diseases, such as tuberculosis and malaria, has been greatly reduced, and in some communes has almost disappeared. However everyday health problems such as coughs and diarrhea are still commonplace. In spite of the efforts of health stations, and of villagers, some diseases still occur in the communes; for example, malaria was present in the surveyed communes. Malnutrition can be widely observed in the remote villages.

Most informants remarked that the condition of their health has improved in the recent past due to better knowledge about health prevention and increased services. Most of those interviewed felt that health services were improving as well, but that, without money, a family could not benefit from these improvements.

Despite the improvement of public healthcare services in the region, the poor still face a lot of difficulties in accessing the healthcare service. Poor people have to earn a living day

after day, and they hardly stop working when they start feeling sick, or take time out to visit the health services or hospitals. They only go to health centers when their disease becomes serious. At this stage most local health centers, using simple equipment and having poorly qualified doctors, cannot give much help. In addition, many poor people live far away from the district or provincial hospitals. Therefore, it is too late to administer suitable treatment to most poor patients after they are transferred to the relevant hospital. The situation is even worse among ethnic minority communities as, in many villages, ethnic minority people prefer ineffective traditional treatments to hospitalization. This requires urgent action from the GoV to facilitate behavior change in ethnic minority communities.

The GoV's Decision 139 provides for free medical treatment for ethnic minorities and poor people in Area III, or in communes with special difficulties. However, the implementation of this policy is not always appropriate. Many informants complained about the bad behavior of medical staff when they received free treatment, and of the low quality medicines that are provided. The medical insurance policy for the poor has had the same destiny as Decision 139.

Mr Y, DakLak province

"Last year, when my son got a paralysis of the sciatic nerve, I took him to the provincial hospital. Despite the fact that I had fulfilled all required formalities and also had the letter of introduction from the district hospital, the staff at the reception desk pushed away my papers several times, and told me to go to meet some others. After going around for a whole morning without success, I had to pay the informal fee of 200,000 VND. Only after that was my son hospitalized."

At the commune level, medicines are provided free of charge, but most of them are only for diseases of no economic importance. It was reported that all patients receive the same kind of medicine every time they visit the clinics, regardless of the nature of their health problems. The amount of medicine provided to each patient is far from enough for full treatment. Villagers also complained that the quality of medicines at the commune-level clinics is very poor. Many people said that they could not recover from their illness if they only used the medicines provided by local health centers. Normally, villagers have no choice but to buy more costly medicines from private pharmacies.

2.2. Education for the Poor

Education has been an issue of high priority in Government policy throughout the country, including the surveyed regions. According to the locals, the education system has improved rapidly and dramatically through an increase in the number of primary schools, classrooms and teachers. As a consequence, the number of children attending primary and lower secondary schools also significantly increased. Even in the poorest families, most children attend schools long enough to be able to learn to read and write. Many villagers have learnt that no education leads to poverty. However, the rate of children attending school at anything higher than lower secondary level was not affected.

Apart from this initial success in education, poor people still encounter many difficulties in their attempts to send their kids to school. Many children still dropout from school because their families are poor.

During discussions with poor groups it was noted that families are so poor that they do not have enough money to spend on additional items such as notebooks, pen and pencils or clothing. They are so ashamed that sometimes the children will drop out of school rather than attend under those conditions. Some poor families believed that there was no point in

sending girls to school. This means that schoolgirls often give up studying earlier than schoolboys.

The lack of local schools is also a big obstacle to the pursuit of higher education by poor children. Many children drop out of school before they reach a higher level because there is no school close enough, and they cannot walk too far to get to their classes.

In Nghia Tho commune, Quang Ngai province, there is no secondary school. Pupils who wish to complete the fifth grade have to go to neighboring Nghia Thang commune's secondary school to pursue further study. Usually these pupils travel to a school that is between about 7 to 8 kilometers distant from their homes, and they ask for bikes for traveling. One villager said, "They like to have bikes to go to school. If they do not have them they will drop out from school". In other cases, because of the long distance between home and school, pupils who went to school on foot found that "when they came to the school, the lessons had finished".

Another common reason for leaving school is the high contribution imposed by many schools. As the GoV's finances are not enough to cover improvements to all schools, particularly to the teaching quality, schools impose school construction fees (school contributions) on student families. The school contributions have become a heavy burden for poor families, and their children have to drop out of school as a consequence.

Mrs Hai, Tay ethnic, Village 7C, DakLak province

"I have four kids attending school. With the current school fees (annually 50,000 VND to 70,000 VND per primary student and 150,000 to 200,000 VND per secondary student), at least two of them must drop out as we cannot afford such a huge amount due to our circumstances."

Children of poor families also share the burden of poverty of their families. Many children have to leave school early as their families need their labor as contributory income for their hard life.

Trieu Thi Loan, Village 7C

Trieu Thi Loan was born into a poor family in Village 7C. She studied fairly well, though almost every day she had to work in the field to help her parents after school time. Last year, the paddy field and coffee gave poor harvests due to the heavy drought. She had no money for the construction fee and other contributions to her school, apart from the school fee exemption. She felt so ashamed when her teacher sent her away from the class. Eventually, she had to drop out of Grade 5 because she could not afford the school fees and contributions, and her family also needed her labor.

The quality of education is another problem noticed by the RPGA team. The teaching facilities generally are very limited and, as a result, the quality of lessons remains at a low level. The language barrier is also a challenge to teachers of ethnic minorities. As many teachers do not speak the languages used by the local ethnic minority people, almost all ethnic minority children and teachers have major problems in communicating with each other, especially at the initial stage of each school year.

Even though the number of schools and classrooms has been increased, most classrooms are still temporary (straw roofing and bamboo and cutting wood walls) and some classrooms are in danger of collapse.

Illiteracy among adults is also alarmingly high in many poor villages, particularly amongst ethnic minorities and women. In several villages, the illiteracy rate among older villagers is close to 80 percent, again especially among women. Illiteracy in villagers ranging in age from between 15 to 40 years old rates at roughly 40 percent in all surveyed villages. Recently, a two-year literacy program was launched in the region, exclusively focusing on people between the ages of 15 to 25 years. However, due to several constraints such as lack of teachers, language barriers, and funds, for example, this literacy program could not continue. A majority of those who had attended the program became, again, illiterate.

2.3. Delivery of Agricultural Extension Services to the Poor

GoV's agricultural extension system delivers free extension services to farmers throughout the country, including the Central Coast and Highlands region. The main aim of this system is to transfer modern agricultural technologies to farmers to help increase production. The operation of the extension system is generally appreciated by local people.

Despite the advantages of the agricultural extension program, the RPGA team realized some limitations.

- The number of extension training courses is limited to two or three times a year, and includes pig fattening, chicken raising in a garden, pond-fish raising, cattle feeding, and cultivation practices for new varieties of rice, corn, and cassava. Most poor and ethnic minority people are not able to learn new agricultural techniques when there are so few training courses available. Furthermore, most demonstration models for farmers suffer from a shortage of funds; therefore, farmers are not able to master the new technologies within the limited timeframe.
- The numbers of extension staff are low. There are only a few extension staff at provincial and district levels, and almost no extension staff at commune level in the surveyed communes. Therefore, agricultural production by the poor is not closely supervised. This sometimes leads to heavy losses in poor households when their cattle die or when there is a crop failure.
- From the perspective of poor people, it is hard for them to absorb and apply the knowledge and experiences provided by extension activities due to the fact that: i) training opportunities are only offered once or twice a year and are too theoretically based; ii) it is too difficult to get extension messages across to ethnic minority villagers during village meetings, particularly when the messages are not in their first language; and iii) farming technologies delivered so far have not taken into account local knowledge and farming practices but have just introduced new technologies that are not appropriate, or too expensive, for poor indigenous farmers.
- The poor, to a certain extent, are considered to have little chance to participate in the programs when they apply, and therefore they are considered to be irrelevant to the program.
- According to villagers, there are few poor households taking part in these training courses because the poor often do not have pigs, cow or buffaloes. Some households who do not own these animals took part in training courses on raising livestock anyway, but with no opportunity to apply that knowledge in practice. Some others who took part, due to their low level of education or illiteracy, were limited in their ability to learn extension techniques. They 'learnt now, then forgot later'.

Another service, which is closely related to agricultural extension, is credit loans for the poor. Extension training will have no meaning if, after the program is completed, poor

farmers cannot get loans for growing crops or raising animals. In both surveyed regions, the RPGA team recorded the difficulties poor households had in accessing credit loans.

Villager, Nghia An Commune, Quang Ngai Province

“I would rather borrow money from lenders, not the GoV, even though there is a higher interest rate of 4 to 10 percent per month. If I want to borrow 5 million VND from the GoV, I have to hand over 500,000 VND to the bank officer and a ‘present’ of 100,000 VND to a local official. Apart from those problems, the banking procedure is very complicated. At present, three people from an official’s family borrow money from the bank and then re-lend it to the poor with a higher interest rate.”

Poor people are unlikely to benefit from the agricultural extension program because of the training agenda. It is not based on poor people’s needs, and it has a theoretical approach that is alienating to poor people. Ethnic minority people face language problems because the training manuals are written in Vietnamese, plus the new models seem far beyond their capacity to adopt.

Village Head, Quang Tan commune, DakLak province

“Nobody ever asked us what we wanted for agricultural extension training. They did not even inform us about training schedules beforehand. Every day we must go to the field that is so far from home. So how could we participate in training opportunities held from time to time by the extension services?”

F. PARTICIPATION IN LOCAL DECISION MAKING AND EMPOWERMENT OF POOR HOUSEHOLDS

1. Government Planning Procedures for Grassroots Level (GSO)

The lowest level in the planning structure of GoV at present is the commune. The CPC firstly prepares all working and financial plans to submit to their DPC. Based on this submission and clarification by the CPC, the DPC will consider and incorporate the CPC's budgetary plans into the DPC's budget, and submit to the PPC for approval. The PPC will again consider and incorporate the DPC's budgets into the PPC's budget plan and pass the documents to the Ministry of Finance and other relevant ministries for consideration. The Ministry of Finance and the Ministry of Planning and Investment will consider the balance of the national budget before submitting the annual national budget to Government and National Assembly for endorsement and approval. After the national budget is approved, the Ministry of Finance informs all relevant PPCs, DPCs and CPCs so implementation may take place.

Viewed from this perspective, the planning structure appears not to be a top-down system. However, the system becomes top-down after the GoV and National Assembly approve the national budget. Since the national budget is limited for local expenditure, the Ministries of Finance and of Planning and Investment normally reduce many items in the submitted budget without consultation at the local level. After that, the PPC and DPC, as well as the CPC, freely reduce or delete any items they think are less necessary, in order to fit local budget plans into the limited amount allocated from the national budget.

The main reason the GoV's planning system becomes top-down is the lack of information on the amount of allocated budgets before local budgets are prepared. Furthermore, the weak capacity of local planning officers and the complicated planning procedures has created a time constraint in annual planning and budgetary allocation. Therefore, local levels of government normally do not have enough time to consult lower levels before making readjustments to the annual plan and budgets. This situation has existed for such a long time that it has created a working habit of using top-down planning procedures, whereby upper levels of government can freely alter plans from the lower levels without any further consultation.

The main contents of the REDC are as follows.

- Citizens now have the right to be informed about, debate, choose and oversee the implementation of decisions by the People's Committee and People's Council at communal level, according to an instruction signed recently by the Prime Minister.
- REDC aims to promote democracy, encouraging creativity at communal level, mobilizing people, raising living conditions, increasing knowledge and strengthening political stability.
- The REDC focuses on 'cracking down on bureaucracy, corruption and social evils committed by a number of officials and Party members, contributing to attaining the goal of a socialist-oriented well-off people, strong country, and a democratic and civilized society'.
- The REDC aims to define concrete regulations on 'what to inform people about, what to discuss and decide, what is debated, how opinions are voiced on decisions made by communal authorities, and what they are supposed to supervise'.

- The Prime Minister assigned the chairmen of the People's Committee at different levels, the Ministry of Interior, the Ministry of Finance and the State Inspectorate as main stakeholders of the policy, while the Ministry of Justice and the Ministry of Culture and Information are responsible for compiling communal regulations. The Fatherland Front's Central Committee will help to implement the Regulation.
- Promoting democracy must be handled within the framework of the Constitution and law. Abuse of democracy, and acts that break Constitutional law and run counter to national interests and collective interests as well as to citizens' legitimate rights for freedom and democracy, will be severely punished.

2. Grassroots Democracy and Participation of Poor Households (RPGA Findings)

Local people's knowledge of grassroots democracy is very important for its implementation. When the RPGA team asked local authorities and people about their understanding of 'promulgating the regulation on exercise of democracy in communes' (REDC), most of the interviewees knew about the REDC through a very simple sentence: 'People know, people discuss, people implement and people monitor'. They seem aware of the importance of having grassroots democracy that encourages popular participation in planning, management and supervision of local government projects. It is also a mechanism to promote dynamism and creativity at the commune level.

However at the grassroots level things are very different. When the RPGA team came to the villages, the first impression was of the big gap between what people were expected to know and what they actually knew. For ethnic minority people in Quang Ngai Province, where minority languages are dominant, the situation is even worse. Villagers' knowledge of the REDC varied between each village, but was generally fairly vague. Hardly any poor villagers or women understood the meaning of 'people know, people discuss, people implement, people monitor', including some village heads. Some of the villagers even said that they had never heard about this slogan. Others said that they heard about this from a village meeting but had forgotten what it means. How can village leaders become fully informed about the REDC?

In ethnic minority villages, very few people have televisions. Many only have radios provided by the Government. As they do not understand Vietnamese well, they get most of their information from local programs, which are broadcast only once a week. The situation is somewhat better for Kinh ethnic as they can obtain information from TV, radio and loudspeakers, as well as from personal communications with local leaders or group meetings. However, Kinh ethnic people still do not know anything about the contents of the REDC. The major problem seems to be that sometimes information only reaches the villagers in a fragmented and filtered manner, and often with no opportunity for feedback. This demonstrates low downward accountability by the local officials. In addition, all information passed to the villagers, either through village meetings, TV, radio, or loudspeaker, is all in spoken language. This makes it difficult for people to understand and remember the information. The RPGA team did not observe any notices or notice boards at commune offices.

In DakLak province it was reported that families were provided with a booklet explaining the key contents of Grassroots Democracy in the year 2000. When asked, at least four fifths of the respondents at the village level did not know what was written in that booklet. Some informants commented that the booklet contained too many words so that they could not even read it.

It is obvious that the REDC has not been disseminated in a way that has made it comprehensible to people at the grassroots level. Nevertheless, people still appreciated the REDC, as they are aware that it is something that will protect and encourage their voice in government.

It is very clear that if poor people cannot understand the REDC's meanings, they will not be able to implement it. Therefore, democracy for the poor at grassroots levels is still more or less the same as before the REDC was introduced. The RPGA team discovered that the implementation of the REDC was limited due to the lack of a clear regulatory framework that could define specific responsibility at each level of local authority, lack of human capacity at local levels, absolute lack of funding, low interest from the grassroots level, and imbalanced representation of ethnic minorities and women in local administration and policy making systems.

It is important to note that the village head has a vital role in the implementation of the REDC. On the one hand he is responsible for the implementation of commune plans and policies in his villages. On the other, he must be accountable to his people, represent their interests and promote benefits for them. Implementation of grassroots democracy has placed more of a burden on his shoulders. He has to hold more village meetings, initiate different kinds of activities, and meet people at his own home or visit them in their homes to listen to their complaints or claims.

In group discussions and interviews, it was evident that local people considered the village head to be the most important person in their village, especially for ethnic people. They may not know their commune leaders but they know very well their village head. His house is the place that villagers go to when they want to get information or make a complaint. Since there are so many works, and the village head's capability is so limited, they cannot be completely effective in implementing all programs, including the REDC.

Despite these barriers, no one denies that the REDC has had an effect on people's daily life, especially among Kinh ethnic villagers. Thanks to the REDC propaganda, many people now know more clearly their rights and duties, and they have become more self-confident. Local authorities have worked harder and become 'closer' to people, as they have come to understand their responsibilities in regards to people's complaints. It can be said that the REDC is the first brick in building democracy at grassroots levels.

From the perspective of poor people, GoV's policies, directives, poverty reduction programs and the rights of people as a whole are not always well known at local levels. Consequently, local officials are still operating within a top-down framework in the local planning process. In this system it is unlikely that room can be created for participation by local people. Grassroots democracy is largely dependent on the ability and willingness of local officials to undertake participatory planning and decision-making, and to increase the public consultation process. However, in this case the flow of information is not well managed. The poor lack the necessary information to become empowered as a result. One can only speculate on how the poor can become confident enough to participate in the process, as currently their actual level of knowledge and understanding about policies, and their rights to information and participation, is very limited.

3. What Is Needed to Improve Participatory Decision Making and Empowerment at Grassroots Level for the Poor

The RPGA team proposes the following urgent measures to make grassroots democracy a reality for poor households.

- Information about social programs targeted to the poor should be made available to poor people through accessible media forums such as loudspeakers and leaflets in both Vietnamese and ethnic minority languages. The disseminated information should be in plain language and in a form that poor people can easily understand.
- Grassroots officials should be well trained in participatory planning methodology. The grassroots levels should be informed about the funds that have been allocated to them before they submit their annual budget plans to higher levels.
- Clear plans should be drawn that will make public any information and data relating to programs, budgets or other areas as stipulated in REDC. The supervising body has to closely monitor the use of these resources. It is also the responsibility of the selected representatives of the board to report back to regular village meetings about this information.
- If the poor could be informed about programs developed for them, and could participate in the planning process, they could easily monitor what has been implemented on their behalf. GoV should appoint some independent units to collect the comments of the poor.

G. QUALITY AND TARGETING OF SOCIAL ASSISTANCE

1. The Government's Social Safety Net for the Region (GSO)

Vietnam has a large program of social assistance in the form of pensions and other social relief, financed by budgetary expenditure equivalent to approximately 10 percent of the overall budget – nearly as much as that spent on education and health combined. Overall these expenditures are not well targeted towards the poor. More than 80 percent of the social relief budget was spent on social security, (pensions and disability payments for GoV's workers). The poorest 20 percent of the population benefited from only 7 percent of the expenditure on pension and disability payments. In contrast, nearly 40 percent of GoV's expenditure on social assistance was for the richest 20 percent of the population.

Social safety net expenditure needs to be better targeted towards the poor in rural areas, where the assistance plays an important role in promoting rural development by providing insurance against failure and encouraging people to take greater risks. Social relief for those who are not protected by the formal social security program appears to be well designed, but is a very low expenditure, accounting for less than 10 percent of budget spending on social assistance, and reaching only a small proportion of the poor. Reallocating budget expenditure from pensions to social relief would strengthen the impact of poverty alleviation. The experience of other countries introduces another option that could provide a valuable rural safety net – a program of public works that offers unskilled work at low wages. This option not only provides employment and purchasing power for those in need, but also creates and maintains the rural infrastructure that benefits the poor.

The incidence of Social Welfare income for the Central Coast and Highlands is shown in the table below.

Table G-1: Incidence of Social Welfare Income for regions by quintile (thousand VND per annum per capita) and by rural/urban 2002

	Social insurance fund	Social subsidies	Others
Vietnam	111	23	43
Urban	216	19	74
Rural	79	24	34
Total	111	23	43
I (poorest)	18	18	19
V (richest)	268	21	97
Central Highlands	39	20	10
Urban	90	18	15
Rural	21	20	8
Total	39	20	10
I (poorest)	3	22	9
V (richest)	182	15	26
Central Coast	65	30	46
Urban	105	19	85
Rural	50	34	31
Total	65	30	46
I (poorest)	11	21	19
V (richest)	168	26	119

Source: GSO, VHLSS 2002

The fact is that the poor did not receive a significant share of social welfare funds.

Table G-2: Percentage of school-age students (6 to 14 years old) in 2002 who were exempted from costs

	Vietnam			Central Highlands			South Central Coast		
	Partial exemption	Complete exemption	No exemption	Partial exemption	Complete exemption	No exemption	Partial exemption	Complete exemption	No exemption
Quintile	53.3	5.1	58.4	63.7	14.5	78.2	52.2	6.3	58.5
I*	65.1	11.5	76.6	64.9	26.3	91.2	55.4	19.9	75.3
II	58.4	5.6	64.0	67.5	11.8	79.3	57.7	5.5	63.2
III	53.0	2.8	55.8	67.4	6.4	73.8	54.2	2.2	56.4
IV	45.5	2.0	47.5	59.2	0.5	59.7	49.4	2.4	51.8
V	36.6	1.1	37.6	45.7	0.3	46.0	37.4	0.3	37.6
Urban	42.3	1.6	43.9	61.6	4.2	65.8	45.7	3.4	49.0
Rural	56.1	6.0	62.0	64.5	18.3	82.8	54.5	7.3	61.8

Source: GSO, VHLSS 2002

*I = poorest

Education subsidies for the Central Highlands are very large. The rate of complete exemption from education fees is three times higher than that of the whole of Vietnam. The subsidies in the Central Coast region are in line with the Vietnam average.

2. Regular Supports for the Poor (RPGA Findings)

The RPGA team observed signs of the impact of the GoV's regular supports to the poor in the surveyed regions. Poor people are supported with a maximum of 45,000 VND per capita per month. Villagers, particularly the poor and ethnic minorities, appreciated GoV's efforts to help them; however, the villagers are still poor. Theoretically, GoV has paid a great deal of attention to alleviating the sufferings of poor people. But in fact the GoV's policies for the poor sometimes face limitations due to limited funds, limited time, and unfairness and non-transparency in the distribution and operation of programs at grassroots levels.

Not all poor households can receive the maximum level of regular support. Even when they do receive the maximum amount of 45,000 VND per month, the poor can only buy 13 kilos of rice, which is not enough to feed themselves for the whole month. The poor generally live in very miserable conditions.

In order for poor people to survive, the timing of payments of the support must be regularized. Mostly, poor households in the surveyed region received their support once every three to four months. In many cases, the support providers owe the poor their regular supports for a period of up to several months. What can the poor eat to survive until the regular support is paid? After becoming aware of this situation, this question was always in the minds of the RPGA team.

The poor do not know whether they are eligible for the regular supports or not, and do not know where they can go to ask about them. They therefore depend very much on the fairness of local cadres. In many cases, local cadres are not transparent when they are providing the supports. The RPGA team observed that the process, at village level, of considering beneficiaries for regular support did not utilize a participatory approach.

Grassroots cadres are also very unreliable and ineffective in their classification of poor households for providing regular supports. Many of them do not even know about Decree

07, on the 'Provision of support for disadvantaged groups', and its objectives. There is insufficient communication at grassroots levels between cadres and poor people. This leads to a situation where 'the poor kept their poor certificates in their suitcases without a proper understanding of how to use them'.

3. Emergency Supports for Local People (RPGA Findings)

Emergency supports appear to be very important for people in the studied regions, as they frequently have to cope with terrible natural disasters such as storms, drought, fire, accidents and epidemics. A local official briefed the RPGA team about the procedure for providing emergency supports: "When floods and storms occur, the CPC come to inspect the damage and then make a list of the damaged households. The list would also be handed to the DPC. Based on this list, and the extent of the losses, officials of the District Division of Labor, Invalid and Social Affairs, commune staff, and sometimes representatives of the Red Cross, provide emergency support to affected households".

The procedure seems to be perfect. However, the process of receiving emergency supports was questioned in many places visited by the RPGA. Affected people complained about the limitations of this kind of support, such as not getting it in time, not receiving enough support and lack of transparency in its administration.

Similarly to the provision of regular supports, the provision of emergency support is usually delayed due to inefficient processing procedures. Affected people always experience a difficult time after their bad luck from natural disasters and accidents, without any support from government. When the emergency support comes, most of them have experienced either further losses or terrible shocks. This situation has meant that many affected households have fallen back into poverty.

In Ea'Hiao commune, DakLak province, village cadres were active in making a list of those people who had suffered from serious drought consecutively over the last few years. They submitted the list to the commune and district for approval. Nevertheless, it took six months for the approval process. During that time, some poor households in the proposed list were deleted from the list without any consultation. In the end, people received 5 kilos of rice per head as support for those poorest households in the hungry period, but it was not given at the time they needed it most.

The amount of emergency support is also too limited for affected households to fully recover. However most people do not complain about this, even though the emergency support provided for them is somewhat like 'putting a small piece of salt into the sea'.

Quang Ngai province

"It helps people for a short time."

"The emergency support was not enough for us to recover our normal lives. It did not help prevent us from falling into poverty or getting poorer. So that most of us are still the poorest in the commune."

Transparency in processing procedures for emergency supports is also questionable. Affected people usually complain that they do not know why a certain household received emergency supports, while they were affected in the same way but had no support. Any questions they ask are mostly not answered, and the people do not know how to claim their rights.

Mr Phe, Lang Gia village, Son Ha district, Quang Ngai province

Mr Phe is one of the 100 poorest. He has seven children. His house partly collapsed in 1999 but he did not receive anything. Meanwhile his neighbor's house, which was damaged more lightly, received emergency support. He handed his paper of request to the commune administration officer but it was not approved because it was too unclear. He no longer questioned this.

4. Health Care and Education Exemptions for the Poor (RPGA Findings)

The poor and ethnic minorities are eligible to receive free medical treatment and their children are exempted from education fees. The GoV's education support seems to play its best role in assisting poor households. Many poor children are able to read and write through this benevolent policy, even though the GoV's supports are still in the modest form of school fee exemptions. This policy has helped many children to overcome poverty in their households and to look forward to a brighter future. However, as mentioned earlier, the education exemption seems to be not enough to prevent many poor children from dropping out of school. The GoV should fund further support to those from poor households in order to ensure equal opportunity in education, as this is the only way for many poor people to escape poverty.

The healthcare exemption scheme has received a lot of complaints from the beneficiaries. As mentioned earlier in this report, when people attend healthcare centers for treatment, the behavior of doctors to those who hold poverty cards and to those who pay money is different. Particularly problematic is the fact that some medical staff speak to poor patients in such a way that the poor feel they must leave and attend private health services. Many people who hold the health insurance cards complain greatly about the manner of the doctors in the provincial hospital. There have been incidences where the poor are forced to pay if they have forgotten their card, even though they can show their cards the next day. For many people, the cards are useless because, in practice, the poor only receive a little medicine, which is often not enough to help them recover from sickness. If they have enough money, they prefer to go to private clinics where they will be treated better, even though their budgets are very limited.

Another reason for the ineffectiveness of this kind of GoV support to poor and ethnic minority people is that most of the poor patients are only hospitalized when they are in a very serious situation. The hospitals, therefore, cannot cover the very expensive treatment costs for them. In addition, many ethnic minority communities still practice traditional medical therapies, or superstitious practices, and have no habit of going to hospitals when they are sick.

In conclusion, these problems have made many of the benevolent policies of GoV on healthcare for the poor, such as healthcare exemptions and health insurance, ineffective in the region.

H. PUBLIC ADMINISTRATION REFORM

1. Administration Reform Policies

The Public Administration Reform (PAR) Master Program 2001-2010 was adopted in September 2001. The major objectives of this plan are to decentralize the administrative system of GoV. There are four focus areas to the plan: i) institutional reform; ii) re-organization of the structure of the public administration system; iii) personnel capacity improvement of cadres and civil servants; and iv) public finance reform.

The PAR Master Program and its relevant documents can be summarized as follows.

- Institutional reform will include the reform of People's Committees at various levels, and the reform of administrative procedures at all levels.
- By the year 2005, new regulations on decentralization from central to local levels, and among the various levels of local administration, will be issued and put into effect. Decentralization of administrative work will go hand in hand with decentralization of financial, organizational and personnel management. It will be important to identify the areas in which decision-making will be entirely made by local authorities and the areas in which the endorsement or approval of central levels will be required.
- The functions, tasks and responsibilities of every administrative level will be re-defined to ensure the appropriateness, efficiency and effectiveness of the GoV's administrative system.
- The decentralization of personnel management needs to be accompanied by the decentralization of power and financial management. The reform of financial and budgetary management should ensure the unity of national financial management systems and the leading role of the central level, as well as the pro-activeness and accountability of the local levels.
- The People's Committees at various levels will reserve the right to make decisions on their budget expenditure. The rights of ministries, provincial departments and sectors to make decisions on budgetary allocations to their subordinate bodies will be ensured.
- The GoV will develop policies and mechanisms to enable social organizations, mass organizations and the people themselves to directly deliver services to assist production and improve living standards. This service delivery will be monitored and supervised by the GoV's administrative system.

2. Public Administration Reform at Provincial and District Levels (RPGA Findings)

All the officials that met with the RPGA team realized the imperatives and long-term strategies of this reform. In the communes and villages, however, the majority of people interviewed did not have an appropriate knowledge and understanding of the reform, as it had not been officially implemented in their locality. The perspective of government officials, of course, was that beneficial changes had taken place thanks to the launch of this reform, though it was still a bit early to discuss these changes in detail. The view of people at commune and village levels in this case might not only refer to potential changes brought about by the reform but also reflect changes in general.

The RPGA team recorded positive changes at most province levels and districts after implementation of the PAR. These changes are as follows.

- **Institutional administration reform:** The two most successful parts to this reform are the 'one stop shop' service mechanism and the establishment of legislative frameworks to attract investments, including ODA and FDI funds. Many people, particularly those involved in private enterprises, have enjoyed the benefits of PAR in this area. PAR has brought reforms to the local administration services in all the fields where it has been implemented, such as construction, planning and investment, land allocation, and business permission and registration. However, many administrative services have yet to experience PAR implementation. People requested PAR to be implemented in every aspect of administrative services.
- **Re-organization of the structure of the public administration system:** Institutional administration reform has led to a general review of the functions and responsibilities of the existing structure of the public administration system. To make the 'one stop shop' mechanism a reality, many overlaps in the present administration service have been removed. Some local authorities have even made attempts to apply the standard ISO 9000 into administration services. The RPGA team observed great support for the significant changes of i) an improved simplification of administrative procedures; ii) reduction of unnecessary fees; iii) less time consuming administrative procedures; and iv) publicity of administrative procedures and fees. People very much appreciated the 'one stop shop' policy and the regulations on the accountability of administrative staff. However, to implement PAR, almost all PPCs face some problems caused by the weak capacity of administrative staff, redundant staff, changes in management structures, lack of modern equipment, and lack of funds for PAR activities. Though the administrative system is still far from effective and efficient, it has encouraged people by making some significant moves.
- **Improving capacity of cadres and civil servants:** The above reorganization of the public administration system has led to a reduction in a large number of administrative staff. To enable the remaining staff to meet the requirements of their duties under PAR, capacity building has been planned and implemented. Administrative officers have now become more capable and accountable to the local people.
- **Public finance reform:** Public finance reform seems not to be a problem at provincial level, as most provinces have experienced decentralization of financial management for some time. However finance reform is rather challenging for the PAR program at district level, and becomes much more difficult at commune and other grassroots levels. These local levels generally operate a weak finance system and do not have capacity for decentralization at this time.

In conclusion, PAR has reaped the benefit of its initial successes and has gained great support from people living in places where it has been implemented, especially at the provincial and district levels. However, in other districts that were not selected for the PAR pilot or where PAR has not reached, people hardly enjoy any of the successes of PAR at grassroots level.

There is an emerging issue concerning land allocation and tenure. The number of Land Use Right Certificates (LURC) issued is still greatly lower than the demand. The problem is most likely located at the district level, due to the complicated administrative procedures there. The local administrative officials cannot deal with the problem as the GoV's regulations are too complicated to follow. Many poor people are not able to access the

loans because of the lack of LURCs. The RPGA team found that, in most surveyed areas, the people are correct in complaining about the land tenure.

3. Public Administration Reform at the Grassroots Level (RPGA)

Generally speaking, Vietnam's local officials are passive and always wait for instructions from higher levels before implementation of any programs or policies. Most of the districts in the studied region did not act on the reforms after finding out that their districts were not selected for the pilot PAR. Many district officials have heard about the PAR and the 'one stop shop' policy. They know the benefits of the PAR but they still do not spent enough time trying to understand how it works. This is not only caused by their weak capacity but also by the long term existence of top-down governing mechanisms.

Implementation of the PAR at the grassroots level encountered many difficulties in terms of the poor capacity of cadres, lack of knowledge by poor people (especially ethnic minorities), and lack of personnel and funding. Most cadres and villagers had heard about the PAR but did not actually know what it was about. Administrative services at the grassroots levels are still running as before, namely that the level of efficiency and responsiveness depends very much on the willingness of local cadres.

One very dangerous issue for PAR is that almost all villagers in the surveyed regions do not recognize the importance of administrative services. They do not recognize the importance of having ID cards, birth certificates or other demographic registrations. They do not even register for basic administrative documents such as ID cards or birth certificates, in order to save the small amount on the fees. They don't know what they should do to complete many administrative procedures. It is obvious that if villagers have no concept about the requirements of the local administrative procedures, they will hardly raise any request for PAR in their communes and villages. Many villagers did express that they understand the need for having documents such as ID cards, but the difficulty is that the police only come to the commune once a year to make ID cards. Otherwise they have to go to the district authority for ID cards, which is too far and too expensive for travel.

Commune and village cadres are weak in capacity. Many commune staff are untrained in civil services. All village heads are working part-time, with very low allowances but with an intense workload, especially in poor and remote areas. Under these circumstances, many local cadres, instead of explaining how the administrative system works, abuse their administrative power by forcing people to pay different kinds of non-existent commune contributions. The prevailing situation is a big obstacle to implementing PAR at the grassroots level.

The commune had an initiative to make cement inter-village roads using funds raised by people's contributions. People usually go fishing far from their homes, so the road was seen to be necessary. The commune has a large population and complicated management. The commune people's committee decided to charge road construction contributions (from 100,000 VND for poor households to 400,000 VND for better-off households) to anyone who wanted to get any kind of administrative permission or certification from the CPC. This lead to a situation where many people would rather not register their children's birth or obtain identification cards than pay that large amount!

The participation of women in PAR is not high. Women in the poor villages have a low social status. The percentage of women who participate in social activities and administrative systems at the grassroots level is very low, and locals do not appreciate women working in administrative jobs.

PAR in ethnic minority communities seems to be much harder. Apart from the language barrier, the RPGA team observed that ethnic minorities are scared of grassroots cadres. They are even afraid of going to the CPCs for simple administrative procedures.

The son of Dieu Duong passed the lower secondary school exams in 2000 and wished to continue studying further in the higher secondary school but the family was so poor. Dieu Duong was advised to meet the district leaders to ask for tuition fee exemption. When he came to the district he was told to go to the province, and there he was not given any information about how to continue with the procedure. As a result, the son had to leave school.

The demographic declaration is a compulsory regulation, but most people do not comply with it as they consider the procedure to be too complex, despite being asked by cadres many times. For example, people have to know their destination before leaving their homeland to earn a living but they often do not know exactly where they will be going. Many people, who have traveled far from their homes for work, do not obey the rules for registration of temporary residents. In some of the sites visited by the RPGA team, the commune police forced many temporary residents to return home. However during the following days, silently one by one, they again left their home villages without the police noticing.

Mr Duc, Quang Ngai province

“People’s knowledge in the commune is low. Commune cadres administer all types of the most common procedures to people, collecting money to conform to the Ministry of Finance’s regulations. For instance, a birth certificate form costs 1,000 VND, and the fee for making birth certificates was 3,000 VND, but almost no household applied. When children go to school once again parents are asked to apply for a birth certificate as part of the regulations, but no household follows the rules – even many parents forget their children’s birthday.”

Ms Mia, Quang Ngai province

She would never pay such an expensive amount of 12,000 VND for making an ID card but it means that she dares not go far from home.

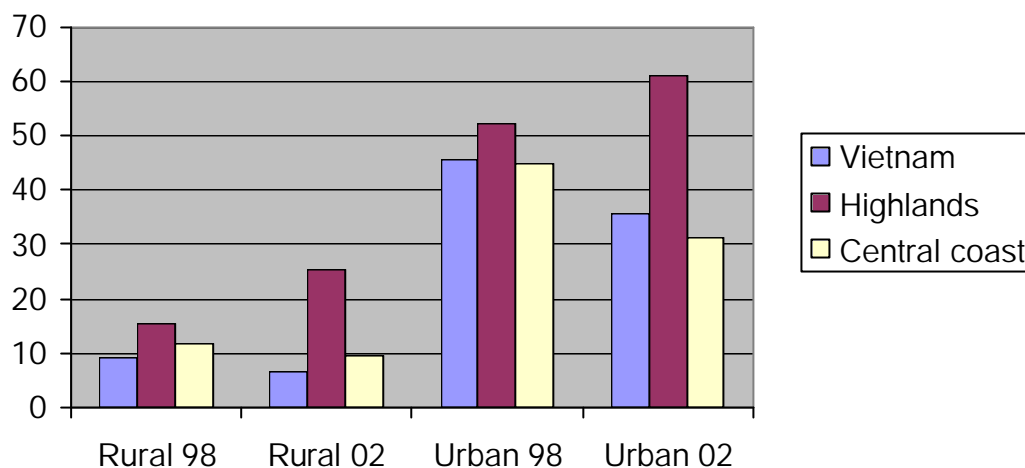
Poor people find it difficult to access loans due to the complicated procedures. Informants revealed that it took several visits to the bank to finally obtain a loan. As it is very far from the village to the bank, in some cases people didn’t want to borrow money from the bank any more.

At present, PAR is well known at provincial and district levels. However, PAR is blocked at commune and village levels. Therefore, activities for strengthening the capacity of these grassroots levels are very important for PAR implementation. Concurrently, the GoV should have a practical mechanism to encourage people to require more PAR.

I. URBAN POVERTY AND MIGRATION

1. Urban Poverty in the Central Coast and Highlands (GSO)

The chart below shows the incidence of poverty in both urban and rural areas.



The poverty rate in urban areas has reduced significantly throughout Vietnam. However, the poverty rate has been increasing in the Central Highlands' urban areas.

2. Current Status of Migration Issue in the Region (RPGA Findings)

Free in-country migration is not an issue in the Central Coast region as most central coast provinces are crowded and poor. However, out-country migration is common in many poor villages. Since it is increasingly difficult to earn money in their poor villages, more and more young people leave their homelands for big cities. Many students who have graduated from university do not return to their home villages. The migration flow out of the region has made many villages short of capable people, and caused a lot of socio-economic problems for the cities receiving the migrants. Migration has brought a lot of difficulties for demographic management in the region, as most people do not understand the importance of demographic registration.

The migration situation is very different in the Central Highlands. Free in-country migration increased rapidly during the period 1995 to 1999, when coffee prices rose. Most of the migrants are poor and around 30 percent of them are ethnic minority people such as Tay, Nung, Dao and San Chi, who have come from the northern mountainous provinces. Many migrants are illiterate, and that is why they cannot get access to information on government policies. Social assistance has focused on indigenous minorities but not on migrants that are also poor. Because of the high level of migration into the region, the Central Highlands faces many difficulties in land shortages, implementation of provincial socio-economic development plans, forest destruction, criminals, and demographic control.

The main reason for in-country migration flow into the Central Highlands is the availability of fertile basaltic land for growing cash crops such as coffee, black pepper and cashew. When the coffee prices increased in the last decade, many farmers there became rich. The dream of making a fortune drove thousands of poor people from other poor regions to settle in the Central Highlands. The environment and natural resources were overloaded by the increasing number of migrants and quickly became degraded. Poor infrastructure, drought, floods and many social problems resulting from migrants have threatened the funding of Central Highlands' development plans. The three provinces surveyed in the

Central Highlands have still not found effective measures to deal with the migration problem.

The income gap between better-off and poor migrants has become rapidly larger. Most better off households are the ones who have been in the Central Highlands for a long time. They have managed to own and farm large areas of land. The newly migrated households can hardly get a piece of land, as land has become increasingly expensive. They have to work as laborers. Moreover, it is very difficult for landless farmers to borrow from banks, as most of the bankers need 'red books' for deposits.

Lam Van S, Quang Tan district, DakLak province

Lam Van S came to Quang Tan in 2000 together with his wife and two small children. To make a living, he hired 3,000 m² of land from his father-in-law, that included one small temporarily built cottage. He tried to reclaim 2,000 m² for paddy, but it was impossible to cultivate because of the drought in dry seasons and floods in rainy ones. He wished to have money to build a fishpond on that land. Their main income source is from day labor, working as a transporter and/or weed cleaner in coffee farms. There were not many opportunities for wage labor when coffee prices dropped. He desired to get a loan from the bank and borrow from their relatives to buy land for production.

The Central Coast region and the Central Highlands region contain two different pictures of migration. Although the flow of migrants in both regions is not the same, the consequences are not much different. Migration results from poverty and also leads to poverty in both urban and rural areas. The circle of poverty, therefore, will not be broken if migration is not kept under control.

J. ENVIRONMENT AND POVERTY

1. Alarming Results of Environmental Degradation (RPGA Findings)

Serious environmental degradation was observed in all places visited by the RPGA team. Many informants are not even aware of the need for environment protection, as they are too tired earning their daily bread for survival. At first glance, anyone could notice the over-exploitation of natural resources, which is the result of poverty and poor knowledge.

Deforestation: Even though deforestation has occurred in both the Central Coast and Central Highlands regions, the problem is much more serious in the Central Highlands where the flow of free in-country migration has rapidly increased. Large forest areas are annually converted to arable land by poor migrants. The majority of newly reclaimed land is used for cash crop production, notably coffee. Accompanying the disappearance of forests are the increasingly frequent droughts, floods and storms, and an increase in soil degradation.

Other causes of deforestation are weak management of local forest enterprises, long delays in land allocation and land zoning, and unclear and unreasonable administrative restrictions for land use. As a consequence, land erosion has become a serious problem. Due to deforestation, the water sources become exhausted in the dry season and floods occur in the rainy season, causing great losses.

The timber industry also contributes greatly to the deforestation process. Thousands of hectares of forest have been cut down for timber. Although the GoV has imposed strong punishments for illegal deforestation, it still happens frequently because of poverty and weak forestry management by local government.

Land degradation: Land areas for agricultural production have increased rapidly since the population living in the studied regions has become more and more crowded. However, land productivity has reduced rapidly because of over-exploitation and poor knowledge of soil resource protection. People claimed large areas of forest for arable land without understanding that this land is not suitable for growing rice or other cash crops due to the thin soil layer. The claimed forest land erodes rapidly after only a few harvest seasons and becomes unfertile bare land. Frequent drought, floods and landslides, together with deforestation and backward farming practices, have greatly contributed to the loss of arable land annually in the Central Coast and Highlands regions.

Another major reason for land degradation is the inefficiency of the irrigation systems in the regions. The existing irrigation system, even though the GoV has invested heavily in it, is still not able to provide enough water for agricultural production. Most of the land in the Central Coast and Highlands regions is in drought in dry seasons and, as a result, the soil quickly becomes degraded.

Land also becomes quickly exhausted under the monoculture regime. Monoculture and intensive agriculture have made the soil in the Central Coast and Highlands become less and less productive. The RPGA team observed that villagers do not seem to be aware of the issue of soil conservation.

Water resources become exhausted and polluted: Since the rapid increase in population and agricultural production in the Central Coast and Highlands regions, the limited water resources have become over-exploited and abused, particularly through the use of pesticides and chemical fertilizers. More water is needed for intensive agricultural production. In addition, local government's weakness in the management of the water supply has led to inappropriate use of this precious resource. As a consequence, the issue

of a safe and reliable water supply has become something of a headache in both surveyed regions.

A shortage of clean water is experienced in every dry season. Most communes are not supplied with tap water. People normally dig wells or fetch water from streams or rivers for domestic use. There are some projects that aim to provide clean water for people in the regions, but the number of beneficiaries remains limited due to lack of funds.

In Quang Ngai province, the number of clean water supplies is few and they usually run dry during the dry season. Mountainous villagers mainly take water from rivers and streams, or from shallow wells dug around the field edges near their villages. For example, in Tra village, Son Cao commune, there were 215 households but only two community wells were dug. Many poor women in Gia village told the RPGA team that the whole village had to suffer from spotted scabies and trachoma diseases in 2002 because of this lack of water. In Nghia An commune there were two water supply facilities, one of which was funded by a private company and served about 65 percent of the households. But its water was dirty and salty because there was no operational water treatment system. Another facility, funded by the Vietnamese Australian Project, was completed two years ago but has still not been used.

The sea has also been over-exploited. Some fishermen have used explosives and electricity to catch fish. These extraordinary fishing methods have quickly exhausted the fishing supply in coastal waters. Offshore fishing programs seem not to be sustainable as too many vessels have been built recently and this crowds the program.

Mr Long, Nghia An commune, Quang Ngai province

“Fishing is no longer a way to earn a living. At present, there are more than 300 fishing ships in the Northern provinces. Since the beginning of the year these ships have suffered a loss. Many of them cannot refund the cost provided in advance by the owner (oil, ice, daily consumption). They want to come back home but they cannot. In previous years, each worker earned 5 to 6 million VND per year, but in 2003 it is supposed to be 3 to 4 million VND only. Surely, the number of poor households by the end of the year must exceed the current rate of 9.7 percent.”

2. Poverty and the Environment (RPGA Findings)

Hundreds of reasons for environment degradation in the regions could be listed. However one factor that is greatly correlated with environment degradation is poverty. It is poverty that makes people over-exploit natural resources for survival. But the degradation of the environment means that natural resources are no longer able to be used for economic activities, and thus people become poorer.

Women, children and ethnic minorities are the most vulnerable groups in relation to the degradation of the environment. In the studied regions, women had to travel further to collect firewood and fetch water for their families. In DakLak province, female informants in all villages said that they had to go as far as 10 to 15 kilometers to collect firewood as the nearby forest no longer existed. It is also much more difficult for women in the dry season to fetch water for their family's use.

Living for generations in harmony with the forest, ethnic people have a lot of experience in forest management and protection. Nowadays, with less and less forest and other natural resources to rely on, poor ethnic minorities are in a position where they have to integrate into a new economic environment. In this environment, it is hard for them to compete, in both the financial and technological sense. Moreover, policies on forest management and

protection make the forest a less attractive alternative to that of developing industrial crops. To undertake the difficult task of conserving and protecting the forest resource, the Government must adequately invest in programs and policies that will encourage and promote a more appropriate and responsible awareness of environmental issues. It should encourage the mobilization of a wide-range movement whose aim is to protect the environment, preserving and soundly using natural resources.

3. Incentives for Environment Protection and Sustainable Natural Resources

- The rights of the poor should be considered together with environment protection policies so that the poor will be willing to protect the environment.
- Information campaigns that encourage people to understand environment protection should be conducted more frequently. Historical lessons prove that, when the public understands the issue, they will try their best to protect the environment.
- Since most people living near the forests are poor, GoV should create incentives for poor people by paying them to protect the forest. The policy to allocate forestlands to particular communities is a sound policy. However, the implementation of this policy is slow and, to a certain extent, not transparent. Therefore, poor people hardly participate in forest allocation programs.
- GoV should strengthen the administrative and management system so as to impose more effective regulations on natural resource protection.
- More research should be conducted in order to apply more sustainable production models to agricultural production, and ones that take into account the environment and natural resource protection.

K. PROGRESS IN ACHIEVING THE VIETNAM DEVELOPMENT GOALS (VDGs)

1. Regional-level Targets and Comparison of Regional Levels with National Levels for 2005 and 2010 (GSO Findings)

Since 1998, Vietnam has adopted a large number of socio-economic programs that have achieved significant outcomes, particularly in the area of poverty alleviation. Some progress indicators are presented below.

Table K-1: Development progress indicators, 1998 to 2002

	1998	2002	percent change 1998 to 2002
1. GDP growth rate (percent)			
Vietnam	6.5	7.2	10.7
Central Highlands	4.1	4.3	4.8
Central Coast	5.1	5.6	9.8
2. Poverty rate (percent)			
Vietnam	37.4	28.9	- 23.0
Central Highlands	52.4	51.8	- 1.0
Central Coast	34.5	25.2	- 27.0
3. Literacy rate (percent)			
Vietnam	93.8	95.4	1.7
Central Highlands	80.7	91.6	13.5
Central Coast	94.4	97.3	3.1
4. Access to clean water (percent)			
Vietnam	40.6	48.5	19.0
Central Highlands	0.7	12.5	1709
Central Coast	25.0	31.9	28.0
5. Access to Vietnam TV programs			
Vietnam	(...)	94.7	-
Central Highlands	(...)	99.3	-
Central Coast	(...)	98.7	-
5. HHs living in temporary houses (percent)			
Vietnam	25.0	23.6	- 6.0
Central Highlands	27.0	26.5	- 1.98
Central Coast	23.1	15.7	- 32.0
6. Poor HHs with hygienic latrines (percent)			
Vietnam	17.0	25.3	48.0
Central Highlands	3.9	21.7	452
Central Coast	19.6	33.3	70
7. Poor HHs with health insurance (percent)			
Vietnam	(...)	23.2	-
Central Highlands	(...)	14.3	-
Central Coast	(...)	38.8	-

Source: GSO, VHLSS 2002

(...) No data available

Socio-economic conditions in the Central Coast reflect general conditions in Vietnam. Conditions in the Central Highlands are much lower than the Vietnam standard.

Table K-2: Development Goals by the year 2005 and 2010 of Vietnam, Central Coast and Highlands regions

	2002	2005	2010
1. GDP growth rate (percent)			
Vietnam	7.2	7.4	7.4
Central Highlands	4.3	6.0	6.4
Central Coast	5.6	6.5	6.4
2. Poverty rate (percent)			
Vietnam	28.9	20.0	10.0
Central Highlands	51.8	35.0	20.0
Central Coast	25.2	20.0	10.0
3. Literacy rate (percent)			
Vietnam	95.4	97.0	99.0
Central Highlands	91.6	97.0	99.0
Central Coast	97.3	99.0	99.0
4. Access to clean water (percent)			
Vietnam	48.5	57.0	70.0
Central Highlands	12.5	15.0	40.0
Central Coast	31.9	50.0	65.0
5. Access to Vietnam TV program (percent)			
Vietnam	94.7	100.0	100.0
Central Highlands	99.3	100.0	100.0
Central Coast	98.7	100.0	100.0
5. HHs living in temporary house (percent)			
Vietnam	23.6	10.0	5.0
Central Highlands	26.5	15.0	10.0
Central Coast	15.7	10.0	5.0
6. Poor HHS with hygienic latrines (percent)			
Vietnam	25.3	31.0	40.0
Central Highlands	21.7	27.0	33.0
Central Coast	33.3	40.0	50.0
7. Poor HHs with health insurance (percent)			
Vietnam	23.2	40.0	60.0
Central Highlands	14.3	40.0	57.0
Central Coast	38.8	60.0	80.0

Source: GSO, VHLSS 2002

The VDGs of the Central Coast and Highlands region are rather ambitious compared with achievements in the period between 1998 and 2002. However, if the GoV invests more funds and more effort to find solutions for the existing problems identified by the RPGA team, the above VDGs will more likely be achieved.

Within Vietnam's socio-economic development strategies, economic development is closely linked to poverty reduction. The GDP growth rate will be maintained between 7 to 7.4 percent annually for the period 2001 to 2010. The VDGs aim to reduce poor households by a rate of 2 to 3 percent per year, particularly in the Central Coast and Central Highlands

where this rate will be 1.8 to 2 percent and 4 to 5 percent per year respectively. The VDGs aim for literacy for 99 percent of the population aged between 15 and 24 years by the year 2010. Access to clean water will be available to 70 percent of the population of the whole country, 40 percent in the Central Highlands and 65 percent in the Central Coast. GoV will try to mobilize all possible resources to decrease the number of temporary houses down to between 5 and 10 percent by 2010. Education and information campaigns aim to change unhygienic behaviors, especially among ethnic minorities, in order to increase households with hygienic latrines by up to 50 and 55 percent in the Central Highlands and Central Coast respectively.

2. Recommendations for Measurement of VDGs (RPGA Findings)

From the raw data and analysis of the surveyed regions, the RPGA team has developed concrete recommendations for the Regional Development Goals of the Central Coast and Central Highlands.

Trends and Patterns of Poverty

- The Government should implement policies and mechanisms to ensure that the poor receive equal or more benefits from the GoV's socio-economic programs in comparison to better-off people.
- Socio-economic development programs in the region should be targeted to infrastructure, sustainable agricultural practices, sustainable exploitation of natural resources for poor people, and management capacity strengthening for local authorities.
- Physical infrastructure construction must go hand in hand with training courses on small household economic development models, and family businesses should be assisted by giving various kinds of small loans and credit.
- More irrigation works should be constructed. Most people in the surveyed area recommended that the GoV invest a greater amount in small irrigation works. They believe that better irrigation is one of the main measures by which poverty will be reduced as it creates higher food productivity, especially for the paddy fields.
- Provinces and districts must implement the necessary regulations that will control and minimize all privileges of officials and cadres in the communes. This will help the local government staff to gain the trust of poor households.
- The GoV should limit the number of fishing vessels to ensure the sustainability of fishing resources. More sustainable models of aquaculture should be introduced to the people in the Central Coast region.

Characteristics of the Poor

- Information and education seem to be the best tools to assist the poor to become better off. The GoV, therefore, should pay more attention to making information accessible to the poor, and to create an environment of equal opportunity for the poor in terms of education and extension training.
- Criteria for being listed as a poor household should be clearly defined so that local authorities can exactly target the supports to needy people. These definitions and criteria might vary between different locations. Poor households should be listed

publicly on the notice board of the commune office. The government should fine any person who attempts to interfere with the poverty reduction quota and poverty lists.

Basic Service Delivery to the Poor

- The GoV should fund more education services and extension training specifically for the poor. The GoV should also develop better policies and mechanisms to strengthen healthcare services for poor people, particularly to ensure that the poor can enjoy the benefits from the services that have been designed for them.
- More school facilities should be built and more teaching instruments supplied to attract children to attend school, because the upland schools are not only a place for learning but also a meeting and playing area for the children.
- Literacy classes for illiterate adults should be increased and more branch schools built for young children; these schools and classes should be based in the village as then the young children do not have to travel far to study and the adults are not ashamed studying among strangers outside their villages.
- There should be a greater provision for financial support for children going to school, for example for extra books, text books, school bags or clothes for the start of the new school year to encourage children to attend school.
- More extension classes should be held, which will not only be important for extension service training but also important in a broader educational sense, because many people are able to attend extension courses during which literate members of the class are very proud, and poor people are motivated to learn their 'letters' in order to participate.
- Communal health staff need to be trained in behavior change modification in order to publicize and encourage local people to use the health care service and reduce their use of inappropriate traditional practices. Village health care networks need to be developed and the private sector encouraged to provide services that will replace 'superstitious' practices in the villages.
- Extension activities need to be designed in accordance with the characteristics of each local area, and, specific programs should be developed for the poor and for women in order to encourage poor people to participate,.

Participation in Local Decision Making and Empowerment of Poor Households

- Information and transparency are again the keys to enabling people to be involved in local decision making and to become empowered. Local planning processes should be publicised to give people the opportunity to participate in making decisions. The REDC can only be implemented if administrative and government procedures are made public and transparent.
- Before the grassroots levels submit their annual budget plans, the Ministry of Finance, Planning and Investment should inform them of the amount of funds allocated for the coming year. This will enable the grassroots to plan their budgets more precisely.
- More training and information campaigns should be conducted to ensure that all grassroots cadres understand, and are capable of managing, the REDC at grassroots levels.

- Decentralization and local democracy have proved to be a leading influence in mobilizing wider participation by local people in their community's socio-economic life. It is therefore necessary to have a clearer legitimate framework and guidelines for their implementation. It is important to accelerate decentralization at commune level, and enhance the involvement of communes in physical construction work.
- It is very important to provide local staff with the necessary knowledge and skills in management and communication to enable them to fulfill their responsibilities. This is an important task as it will reduce the villagers' misinterpretation of government policy. The policy of employing graduate students to work in the communes should be continued.
- Local leaders should provide people with reliable and transparent information. This is a crucial issue. Because people do not have information, they do not know how the local government works and they consequently become suspicious of everything. When they are suspicious, they do not want to participate in community activities for the common interest.
- A propaganda program should be developed to increase villagers' knowledge about Grassroots democracy. Training courses should be organized in which all the contents that are mentioned in the Decree are made clear and people then can understand what they must 'know', 'discuss', 'do' and 'monitor'. It is important to build up people's belief in the GoV, and to encourage women to participate in community activities.
- Monitoring and supervising systems should be set up independent of the provincial and district levels, and which will monitor the state of implementation of REDC at commune level. The commune people's inspection body should be reorganised by giving 'subsidies' for their work.

Quality and Targeting of Social Assistance

- More funds should be allocated for social assistance, including regular and emergency supports, to ensure the beneficiaries are able to recover from their sufferings.
- Healthcare assistance should be more attractive to the poor. It is suggested that the GoV allocate more funds for medical clinics, to attract more poor people for free medical treatment.
- The amount of regular support needs to be increased from the current level of 45,000 VND to 60,000 VND, equal to between 18 and 20 kilograms of rice per month. On the other hand, there is a need to give about 20,000 VND per month to "marginally poor" people to ensure sustainability in escaping poverty of those people. Regular support must be paid "regularly every month", not every three or four months as the recipients can die of starvation during this time.
- Information about social assistance needs to be delivered to villagers in a more effective manner, and the list of people supported should be referenced by local people, as they know more exactly who needs the support in their village.
- The CPC has to publicly inform local people about the content of the poor households list and the budget for social assistance, as well as provide necessary explanations about the government's support policies, rights and responsibilities of the receivers of

government support, and the reasons why some people are not approved to receive the support.

- Subsidiary payment should be in the form of unskilled working wages for the poor, who are still able to work but do not have employment.
- Better co-operation between provincial departments that support the poor should be promoted. Health insurance card providers need to fully explain the conditions for using the card to receivers. Finally, it is important to direct the mobile health clinics and staff to travel to remote areas more frequently.

Public Administration Reform

- Further and more wide-reaching PAR should be carried out in the region.
- Funds should be allocated for training provincial and grassroots staffs on the PAR, and for the procurement of equipment needed for PAR.
- PAR should continue to actively expand into districts and communes. This will strengthen the administration body, and serve local people better, especially the poor. All commune staff should attend training courses on democracy and administration systems.
- The government should subsidize the fee for identification cards, birth registration and other fundamental personal identity documents for the poor. A commune working handbook should be printed and delivered free.
- Decentralization must play a key role in PAR and should be strengthened and accelerated. Villagers must be well informed about the working mechanisms of the commune.
- Capacity building of cadres in communes and villages should be considered crucial to PAR implementation and will ensure that people with more conservative views cannot use the capability of communal cadres as an excuse to slow down the decentralization process.
- The poor do not need great numbers of staff at the central, province or district levels. They really only need about three good staff in each commune, and one or two good village heads.

Urban Poverty and Migration

- The provincial authorities should implement strong measures to control free migration.
- Local Government should develop measures to create more employment opportunities for village people and reduce migrant flow to the big cities. The GoV should also have a policy to attract more investment into poor areas in order to lessen the income gap between urban and rural areas. Infrastructure development is also a key factor for attracting investment into the region.

Environment and Poverty

- Measures for environment protection should be applied urgently to prevent further serious consequences of environmental degradation.

- Environment protection should be strengthened by improving coordination between administration and management at all levels. Environmental education needs to be urgently included in the school curriculum.
- Entrepreneurs should be encouraged to invest in areas that may supply raw materials so that villagers have opportunities to access these resources.
- Management of environmental issues must be strengthened and responsibility handed to authorities at the local level and villagers. In making any administrative plans, management should build in environmental protection proposals.
- Civil and criminal penalties should be applied to violating individuals and collectives. Strategies for socio-economic development must be built in connection with environmental protection mechanisms.
- Services such as provision of the water supply and solid waste treatment should be privatized.

L. IMPLICATION FOR PROVINCIAL PLANS

The following are the true key findings of the survey team in the Central Coast and Highlands region. These findings have implications for the planning and development strategies of the provinces in Central Coast and Highlands region.

Trends and Patterns of Poverty

- Poverty alleviation is a headache for local governments in the Central Coast region. The main reason is that the majority of the population depends on agriculture, which cannot be sustained in the region due to the limited land per household and backward agricultural practices. The offshore fishing program has benefited a considerable number of households. However, these newly better-off fishermen are also in danger of falling back into poverty if the GoV's water resource management does not protect fish resources.
- Poverty has been reduced significantly in the past decade. The number of hungry people has decreased sharply. However, poverty is still the general picture in the rural areas of the surveyed regions.
- The gap between the better-off and the poor has become bigger. The better-off have enjoyed the benefits of socio-economic programs more than the poor. The poor, together with people who are illiterate, are always at the bottom of the list of beneficiaries of economic development. This situation is not helped by the lack of transparency in the management and implementation of the GoV's socio-economic programs.
- The Kinh and Chinese ethnics have a greater ability to improve their economic situation than other ethnic minorities. This trend could be seen clearly in the Central Coast region, where the population is considerably stable. However, it is difficult to envisage this trend in Central Highlands, where a larger number of poor Kinh ethnic people annually migrate.
- The reasons for being poor, according to local officials, include lack of capital, shortage of arable land, poor knowledge and skills to implement new extension technologies, free migration, environmental degradation, natural resource exhaustion and frequent natural calamities. It is also the result of an underdeveloped market economy and weak management of the local authorities in the surveyed areas.

Characteristics of the Poor

- Apart from the GoV's perception of poverty, the RPGA team experienced many interpretations of poverty from local people. These grassroots perceptions of poverty also generally reflected the low living standards of the surveyed regions. Most of the interviewees do not expect a high standard of living even if they become better-off. The poor generally do not know whether they are classified as poor people by the GoV or not.
- The poor seem to be neglected, as they are not able to get enough information about their rights because they are illiterate, shy and inexperienced. Moreover, the local authorities have not done much to make information available to the poor.

Basic Service Delivery to the Poor

- Education and agricultural extension training have played an active role in reducing the sufferings of the poor and other disadvantaged groups. Recently, the number of literate people rapidly increased, particularly amongst poor children and ethnic minorities. Most of the informants appreciated the opportunity to participate in agricultural extension training. However, there are still some limitations in terms of poor education facilities, insufficient number of schools, high school contribution fees, inequality in accessing the agricultural extension training and the limited quality of some training courses.
- The healthcare service has coped with more complaints from users, especially the poor patients. The bad behavior of medical staff and the low quality of free medical treatments have driven many poor patients to private medical clinics or to superstitious activities. Poor patients normally do not go to healthcare services until their diseases have become serious. Therefore, it is very difficult for medical clinics and local hospitals to treat these poor patients due to limited equipment and shortage of funds, as well as the low qualifications of local medical staff. Free medical treatment and healthcare insurance seem not to play a beneficial role in healthcare service to the poor.

Participation in Local Decision Making and Empowerment of Poor Households

- Most informants, including local officials, do not greatly understand the REDC of GoV. Many people have heard about the slogan 'People know, People discuss, People implement and People monitor' but are still not aware of how this slogan can be implemented.
- The planning system at grassroots levels is still a top-down system. Many interviewees, particularly the poor ones, complained about the unavailability of information, and their consequent inability to 'know, discuss, implement and monitor'. Local cadres are passive and weak in capacity, particularly in participatory planning approaches. Under these circumstances, it is not surprising that the REDC can hardly be effective.

Quality and Targeting of Social Assistance

- Generally, people highly appreciated the attention of the GoV to the poor and vulnerable people in a situation where our whole country is also poor. However, informants also believe that the provided regular and emergency supports do not meet the minimum levels for their recovery.
- There are also complaints raised about transparency in planning and providing social assistances. Furthermore, the time taken for administrative processing is sometimes too long, and this makes the supports lose their ability to be 'emergency support'.
- Healthcare and education exemptions are also considered a form of social assistance for the poor and ethnic minorities. Whilst more poor children enjoy free education, poor patients often have to struggle to receive free medical treatment. Bad behavior of medical staff and the low quality of free treatment are complaints most frequently heard by the RPGA team.

Public Administration Reform

- PAR has been conducted at provincial level and in some pilot districts for almost three years. People generally appreciated the benefits brought by PAR through the 'one stop shop' mechanism.
- PAR implementation also coped with many difficulties such as the low capacity of administrative staff, lack of funds, passive working style of local officials under the top-down mechanism and overlaps in agencies' functions. Despite the difficulties, most local governments have committed to continue with the PAR.
- PAR has not been conducted fully at grassroots levels due to the poor capacity of grassroots cadres. Most local cadres are not trained for their jobs. The workload at grassroots levels is high whilst the local cadres are willing to stick with their more traditional working style.
- People who experienced PAR requested that local authorities implement further and wider-reaching PAR, whilst in the other non-pilot districts and communes, people hardly know about PAR.

Urban Poverty and Migration

- The RPGA team experienced two trends of migration in the studied regions. Whilst poor people in Central Coast provinces leave their home villages for big cities, a large number of poor people have migrated to the Central Highlands for arable land. Most of the envisaged migration is out of control.
- The flow of poor people into big cities has contributed to urban poverty in these cities. This creates more social problems for the cities.
- Free in-country migrants are also upsetting the provincial socio-economic development plans in the Central Highlands. Migration has created problems in terms of deforestation, land shortage, environment degradation, demographic control, poor infrastructure and social criminals.

Environment and Poverty

- The environment is an alarming issue. Management and protection of the environment has become difficult because of the many economic activities in the region, and through human ignorance. The surveyed regions have encountered deforestation, severe shortage of water sources, and soil slides and erosion in the mountainous region, as well as overpopulation, water source pollution, uncontrolled solid wastes and the habit of indiscriminate defecation.
- Environment degradation and poverty are correlated to a certain extent. The exhaustion of natural resources, which results from environment damage due to unsustainable economic activities, has contributed to the poverty situation in many regions. And poverty has forced poor people to over-exploit natural resources for survival. The circle of poverty could only be broken by the introduction of technologies for sustainable production in the regions.
- The awareness of the villagers has been remarkably improved. The evidence is that the villagers have expressed their concerns about the environment and resources, and they have also expressed valuable opinions and come up with recommendations that have contributed to a general improvement of the environment.

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