

**Vietnam: Local Consultations on the  
Draft Comprehensive Poverty Reduction and Growth Strategy  
2002**

Volume III  
Report from the Six Consultation Sites

# Community Views on the Poverty Reduction Strategy



**Tra Vinh Province (Oxfam GB)  
Vinh Long Province (Catholic Relief Services)  
Ho Chi Minh City (Save the Children UK)  
Quang Tri Province (Plan in Vietnam)  
Ha Tinh Province (ActionAid)  
Lao Cai Province (World Bank)**

**For the:  
Poverty Task Force**

# Acknowledgements

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## Volumes in the series:

### Volume I

Shanks, E. and Turk, C. (2002), *Refining Policy with the Poor, Vietnam Local Consultations on the Draft Comprehensive Poverty Reduction and Growth Strategy (Volume I: Approach, methodology and influence)*, World Bank together with SCUK, ActionAid, Catholic Relief Services, Plan in Vietnam and Oxfam GB for the Poverty Task Force, Hanoi.

### Volume II

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### Volume III

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## Preface

In May 2002, the Prime Minister of Vietnam approved the Comprehensive Poverty Reduction and Growth Strategy (CPRGS). This had been prepared over the preceding 14 months by a drafting committee of 52 government officials representing 16 agencies and ministries. The final document drew on a wide range of information sources which included analytical work produced both inside and outside Government. It was also informed by a series of consultation exercises that took place at national, sub-national and community levels.

This volume is one of a series of three reports that describe the work that took place to consult poor communities and local officials on the content and direction of the CPRGS, under the overall guidance of the Government-donor-NGO Poverty Task Force. This work was carried out in six sites across Vietnam at the request of the Ministry of Planning and Investment (MPI) by ActionAid, Catholic Relief Services, Oxfam GB, Plan in Vietnam, Save the Children UK and the World Bank. During this exercise more than 1800 people from poor communities were asked to relate the proposals contained in the Government's strategy to their own lives and experience of poverty, to suggest improvements or revisions to the strategy and to highlight any gaps that could diminish the impact of the strategy.

The first report in this series describes how the consultations research was designed and implemented. This exercise was one of the first attempts in Vietnam to refine policy direction with poor people in such depth and on such a large scale. As such, those coordinating, managing, designing and conducting the research – collectively more than 80 people – faced a number of challenges in their work. The first volume has a very practical focus on these challenges: how do you use a government strategy as a communication device with poor households? How do you move from a broadly-phrased strategic document to a research framework that outlines questions and techniques that will make sense to people in poor, rural communities? How do you take the very detailed information gathered at a community level and translate it into policy messages? And how can you make sure the findings influence the substance of the strategy? This volume might be of interest to those planning similar work elsewhere.

The second and third reports summarize the findings of the research in different ways. The second report synthesizes the findings from the six sites by the five broad policy areas addressed in the research:

- Trends in poverty;
- Creating opportunities for poor people and supporting livelihoods;
- Improving access to high quality basic social services;
- Reducing vulnerability; and,
- Institutional arrangements for delivering the poverty reduction strategy.

This report was prepared for the CPRGS drafting committee to facilitate the process of incorporating the findings into the final CPRGS. It includes a matrix of key policy measures and public actions attached as an annex.

The third volume compiles the 15-page site reports from each of the six research sites:

- Lao Cai Province in the northern uplands;
- Ha Tinh Province in the north-central coastal region;
- Quang Tri Province in the central coastal region;
- Vinh Long Province in the Mekong Delta;
- Tra Vinh Province in the Mekong Delta; and,
- Ho Chi Minh City – Vietnam’s largest city.

This final volume is likely to be of most interest to an audience within Vietnam, particularly those working in areas that experience similar poverty situations as in these sites. For those working at the local level in Vietnam – particularly those involved with supporting the Government as they seek to implement the CPRGS – these site reports provide a helpful overview of the key policy issues as identified by the poor in those areas.

All three reports are available in both English and Vietnamese on the following website: [www.vdic.org.vn](http://www.vdic.org.vn).

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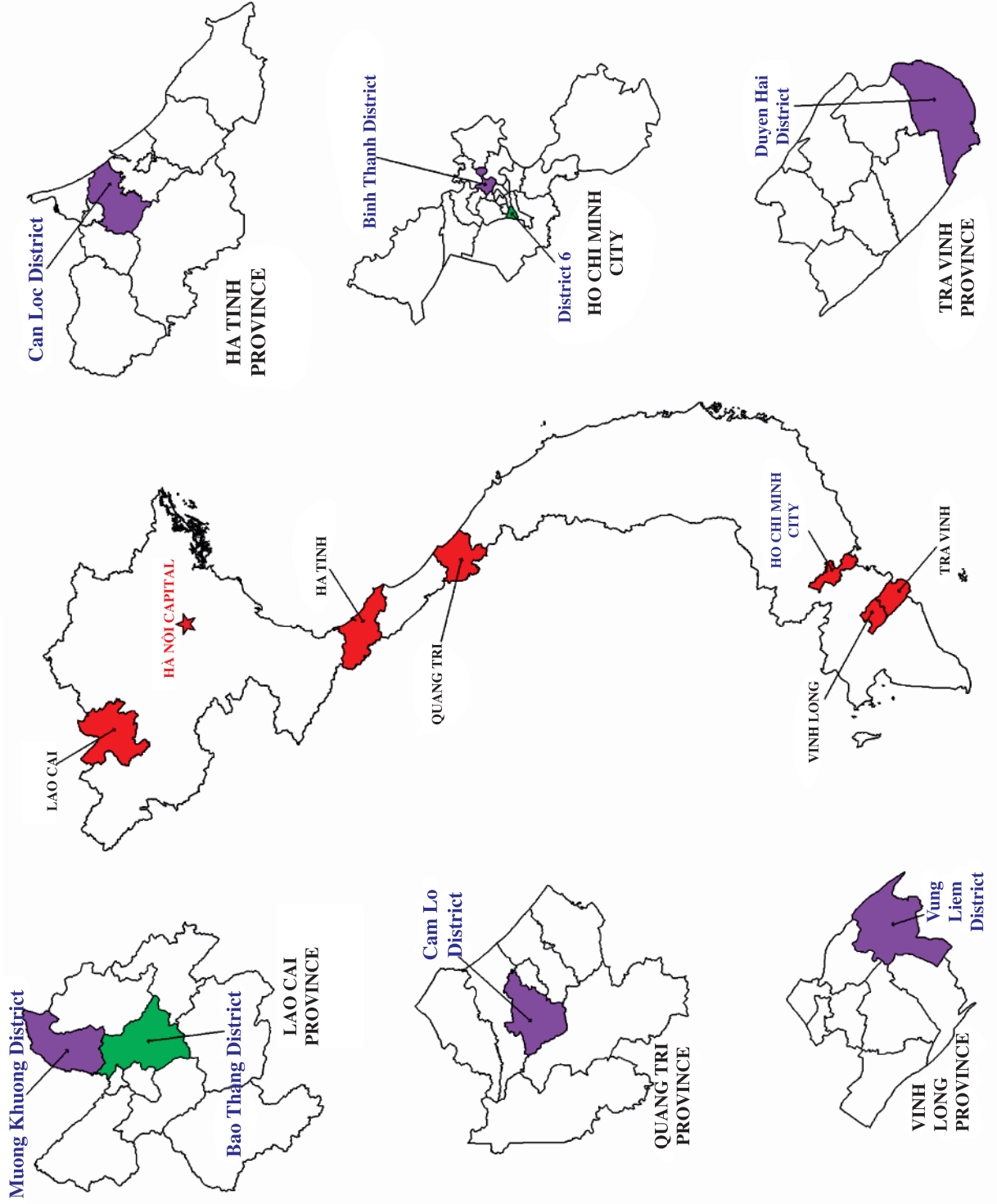
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# Acronyms

OGB	Oxfam Great Britain
AAV	ActionAid Vietnam
CPRGS	The Comprehensive Poverty Reduction and Growth Strategy
CRS	Catholic Relief Services
HEPR	Hunger Eradication and Poverty Reduction
I-PRSP	Interim Poverty Reduction Strategy Paper
MOLISA	Ministry of Labor, Invalids and Social Affairs
NGO	Non-government organizations
PPA	Participatory Poverty Assessment
PRSP	Poverty Reduction Strategy Paper
SCUK	Save the Children UK
SMEs	Small and medium enterprises
VBP	Vietnam Bank for the Poor
VND	Vietnamese Dong
MPI	Ministry of Planning and Investment
CBOs	Community Based Organizations
SOEs	State Owned Enterprise
VTV	Vietnam Television
CPC	Commune People's Committee
DOLISA	Department of Labor, Invalids and Social Affairs
DPI	Department of Planning and Investment
ODA	Official Development Assistance
HCMC	Hochiminh City
HIV/AIDS	Human Immuno-deficiency Virus / Acquired Immuno-Deficiency Syndrome
GDP	Gross Domestic Product

# MAP OF CONSULTATION SITES

*This is an illustrative map without legally territory significance*



# Introduction

This report is the third volume documenting the community level consultations on the Government of Vietnam's interim Poverty Reduction and Strategy Paper (I-PRSP). This document contains the site reports from each of the six locations in which the local consultations took place in Tra Vinh and Vinh Long Provinces (in the Mekong Delta), Quang Tri Province (in the Central Coastal Region), Ha Tinh Province (in the North Central Coastal Region), Lao Cai Province (in the Northern Mountain Region) and Ho Chi Minh City. The two companion documents present a synthesis of the results and findings based on these site reports (Volume II) and an introduction to the approach and methodology used in the consultations and the influence they had on the Government's Comprehensive Poverty Reduction and Growth Strategy (CPRGS) in Volume I.

Each site report begins with a brief introduction to the study area and to the local participants who were involved in the consultations. Following this – for ease of reference – the reports follow a broadly similar sequence that relates to the research outline and questions used to guide the fieldwork (presented as an Annex to Volume I) that was based on the I-PRSP. Accordingly, the results and recommendations are divided into 5 main themes as follows:

- **Poverty trends and forecasts and core themes:** including local people's viewpoints on the overall targets and priorities set out in the I-PRSP; addressing urban poverty and employment; and (for some rural areas) ways to stabilize and raise the living standards of ethnic minorities.
- **Creating opportunities for poor households and supporting livelihoods:** including improving basic infrastructure; intensifying and diversifying agricultural production; improving participation of the poor in markets and creating employment opportunities; developing SMEs and household enterprises; improving access to credit; and improving vocational training opportunities for the poor.
- **Improving access to basic social services:** including local people's viewpoints on proposed Government policies to provide quality education for all; and to improve the health of poor people and the quality and provision of healthcare services.
- **Reducing risk and vulnerability:** including an assessment of the main types of risk and vulnerability found in each area and priority policy measures to address these; and measures to cope with disasters.
- **Institutional arrangements for delivering the poverty reduction strategy:** including proposed measures to improve people's participation in local affairs; local governance and the organizational aspects of implementing effective poverty reduction strategies and plans on the ground.

Within this broad structure, each of the site reports adopts a slightly different approach to presenting the findings – and editing the material has taken this into account in order to maintain the essence of the consultation exercise in each area.

The consultations carried out in Tra Vinh, Ho Chi Minh City, Ha Tinh and Lao Cai returned to many of the districts and local communities in which the Participatory Poverty Assessments (PPAs) were carried out in 1999. This helped to create a link between the poverty diagnosis undertaken through the PPAs and discussion on proposed policy actions to address poverty. In these sites, the main thrust of questioning could be captured as: *“Three years ago, this community told us x and y about the causes and dimensions of poverty. The Government of Vietnam proposes the following measures to address this problem. Here in this community, will these measures provide a solution to the problem?”* In addition to returning to these areas, Quang Tri and Vinh Long provinces were included in the consultations in order to capture a greater diversity of poverty situations and to try to throw more light on the poverty situation in the Mekong Delta.

At the same time, the reports focus on the policy implications of some major poverty related themes and issues that are paramount in each region or locality. So, for instance, the Ho Chi Minh City report goes in some depth into questions relating to labor and business development and what this means for the urban poor and migrants who are trying to find stable sources of employment and income. The Tra Vinh report looks into shrimp production in this delta province, that is a source of increasing prosperity for many households as well as risk and uncertainty for poor households, and assesses local viewpoints on the policy implications of the economic and environmental changes brought about by intensive shrimp production. And the report from Lao Cai expresses the viewpoints of ethnic minority communities on policies to improve access to services, employment and income generating opportunities in this remote upland province.

**PART ONE:**

**VIEWS FROM  
TRA VINH PROVINCE**

**DUYEN HAI DISTRICT**  
LONG VINH COMMUNE  
LONG TOAN COMMUNE

SUPPORTED BY:

**Oxfam GB**

# Views from Tra Vinh Province

## 1 Introduction

From 19 to 27 December 2001, Oxfam Great Britain (OGB), in collaboration with Tra Vinh Department of Planning and Investment, carried out a consultation on the Government's Interim Poverty Reduction Strategy Paper (I-PRSP) in Duyen Hai District, Tra Vinh Province in the Mekong Delta. The consultation was conducted with people at district level, in Long Vinh and Long Toan Communes and also with local people in two villages in each commune. The sites chosen for the consultation were the same as those in the Participatory Poverty Assessment (PPA) conducted by OGB in Tra Vinh in 1999.

The facilitation team consisted of OGB staff from the Hanoi and local offices, staff of Tra Vinh Department of Planning and Investment, consultants from Can Tho University and the Ho Chi Minh Association of Psychology and Sociology, and officers from the Duyen Hai District People's Committee (see Annex 1 for a list of the facilitation team members).

Participants at the district and commune levels were divided into 4 full-day discussion groups, comprising representatives from the district authorities, social affairs agencies, and local businesses and private traders. The village participants were divided into 8 half-day discussion groups based on welfare ranking according to Ministry of Labor, Invalids and Social Affairs (MOLISA) criteria. Four groups comprised of average villagers (2 men's and 2 women's groups), 2 groups comprised of better-off villagers (1 men's and 1 women's groups), and 2 groups comprised landless poor villagers (1 men's and 1 women's group). The total number of discussion groups was 44 with a total of 443 participants (190 women). Among them 20 participants (4 women) were district people, 66 participants (11 women) were commune people, and 357 participants (175 women) were villagers. The consultation findings were reported back to the Duyen Hai and Tra Vinh Province People's Committees before finalizing the site report.

## 2 Poverty Trends and Forecasts

According to 2001 survey data (using the new MOLISA poverty line), the proportion of poor households in Duyen Hai District is around 20% (23% in Long Vinh Commune and 17% in Long Toan Commune). Duyen Hai used to be one of the poorest districts in the Mekong Delta, with 45% of households being poor as measured by the old poverty line in 1990. However, poverty reduction rates in the district during the last 10 years have been relatively high. The income of many local people has increased thanks to agricultural restructuring – from rice to shrimp production and technical skills transfer (local people have gradually gained experience from many years of raising shrimp and now have a greater sense of technical application). In addition there have been high investments in infrastructure, credit and other programs of the Government such as in education and birth control.

Poverty characteristics found in this consultation in the Duyen Hai are similar to those discovered in the PPA in 1999. A typical poor household is still one without cultivable land: lacking capital and facing heavy burdens of debt (primarily due to losses in shrimp raising); with difficulties in accessing technical skills and knowledge improvements (due to their low educational attainment); as well as other difficult circumstances (such as illness and marriage problems). The incidence of Khmer ethnic minority people living in poverty is much higher than the Kinh majority. The poor still have to sell their labor all year round, while their work and income are not stable <sup>1</sup>.

According to local people, the biggest challenge to poverty reduction in Duyen Hai comes in the form of ‘trapped poverty’, or ‘constant poverty’ as referred to in the 1999 PPA report. These poor households realize that although their lives have improved, they have been increasingly lagging behind other household groups. The gap between rich and poor is widening. Due to the lack of cultivable land and unstable income from selling labor, they have little opportunity to buy land, to invest in income-generation activities, or to pay back debt. Therefore, they lose opportunities to get more loans and must continue to sell their labor. In addition, agricultural mechanization for preparing shrimp ponds, the reduction of idle land, and the exhaustion of natural resources have meant that there are limited opportunities for earning sideline income (such as sewing leaves and catching insects and natural crabs and shellfish). These poor households find it impossible to get out of the poverty trap unless special assistance programs are available to them.

One issue arising in Duyen Hai District is how to ensure **sustainable growth with poverty reduction**. Incomes of local people depend largely on shrimps, which in turn depends on ‘*many unknown factors*’ as local people say. In addition, **increasing pressures of environmental degradation**, quality of shrimp breeds, shrimp feed inspection and shrimp disease treatment, etc. have made shrimp raising a risky ‘gamble’ for poor people: “*Here, becoming rich or poor both come from shrimps*” concluded one local person.

## 2.1 Ethnic minorities

The poverty rate of Khmer ethnic minority people is much higher than that of the Kinh majority in Duyen Hai District and communes. It is widely agreed that the Khmer people are poorer because of their limited ability in planning their businesses and applying technical improvements, although they are strong, hard working and diligent.

District and commune officials suggested that specific plans be developed for Khmer people, with the focus on improving ethnic minority educational levels such as developing Khmer local officials, guiding household economy development and technical applications which are suitable for them. As one commune official said: “*It takes more time and efforts to train ethnic minority people. If they are trained together with the Kinh majority, they are likely to drop out as they usually find difficulties in following the lessons.*”

In contrast, villagers’ groups (including both Kinh and Khmer participants) said that it was not necessary to have specific plans for Khmer people. The reason is that Kinh and Khmer people in

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<sup>1</sup> For general information and poverty analysis in the survey areas, refer to the report Oxfam GB (1999), *Tra Vinh: Report on Participatory Poverty Assessment*.

fact live harmoniously with each other and there is almost no discrimination between them (Khmer people in 2 consulted villages can speak Vietnamese fluently while many of them cannot speak Khmer fluently!). Moreover, Khmer people have benefited from some policies on school fee and medical cost exemption/reduction and on preferential credits. Local people argue that increasing assistance to local poor people also means helping ethnic minorities get out of poverty. However, greater emphasis should be placed on making education more suitable for ethnic minorities.

### **3 Creating Opportunities for Poor Households and Supporting Livelihoods**

#### **3.1 Improving Basic Infrastructure**

Recently in Duyen Hai District, and especially in Long Thanh and Long Toan Communes, there have been many essential infrastructure works completed (roads, drainage systems, low-voltage lines, irrigation works, dykes, markets, village centers, schools and clinics) which are managed directly by central, provincial, district or commune authorities. It is agreed that investments in infrastructure have benefited poor communes, and that this should be given the highest priority in the Government's strategy.

Local poor people desire to participate in infrastructure construction for increasing their incomes. However, they consider this as an opportunity for extra income only, as this kind of work is not regular for them. They can rarely take part in the construction works that require skilled laborers (including works managed by the commune). At present, contractors usually employ their own workers and use machinery instead of people in many works, so generating only limited employment opportunities for local people.

**Therefore, in order to increase employment opportunities for poor people, in addition to vocational training, priority should be given to contractors who are committed to using local labor.** Before the construction, contractors should discuss with commune authorities to determine what works local people can participate in and what local materials can be used, and to lay out a detailed plan for local labor employment under the commune supervision.

Both commune officials and villagers desire to have opportunities for managing and monitoring local infrastructure work and understand that this exercise is for their own benefits. The Commune's main difficulties result from the fact that no technician is available to work on management and supervision as required. This reflects an urgent need for a policy on training, employment and incentives for commune management and technicians as part of the capacity building to enable the communes to grow out of poverty<sup>2</sup>.

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<sup>2</sup> Duyen Hai District's policy is to promote the hand-over of the management of works (of less than VND 100 million each) to qualified communes. One requirement for the hand-over is to have technicians with vocational educational level or higher (at present, there are only few communes in the district meeting this requirement). Under existing regulations, budgets for infrastructure works of the Program 135 do not include management fees at the commune level, as it is considered the contribution by local community, thus it is hard for the commune level to hire technicians from outside.

Commune officials say that the commune authorities play an important role in identifying locations and allocating land for works. Regarding works managed by a higher level, however, only one commune official can participate in the supervision board, and his role is also limited. As construction works are managed by higher levels, without the participation of commune authorities in the design and construction stages, some works fail to meet local people's demand. Commune officials state that decentralizing and developing transparent power and responsibilities in designing, formulating, using and managing infrastructure in poor communes should be part of the administrative reform in the coming time.

Poor villagers' groups mention that contributions to infrastructure are a burden to them. The cost burden (the first concern of commune authorities and poor people) has turned the discussion meetings on commune infrastructure works into "contribution announcements" and "money collection exercises", causing difficulties to poor people and undermining their potential role in management and supervision. **Therefore, the I-PRSP should add another requirement for reducing the burden of contributions by the poor to local infrastructure construction.** It is necessary from the beginning of construction works to consult poor people on their ability to contribute and to participate so that local authorities can develop specific measures suited to the local conditions (e.g. labor contributions, gradual contributions over a reasonable period).

### 3.2 Intensifying and Diversifying Agricultural Production

#### Shrimp production

Raising shrimps is the main economic activity in Duyen Hai District. Up to 60% of district households and around 80-90% of households in Long Vinh and Long Toan communes earn their living mainly by this activity. The advantage of Duyen Hai in shrimp raising comes from the fact that it has 3 large water fronted areas, with suitable salty water, that are less polluted than other districts. The change from rice cultivation to shrimp raising has considerably improved the lives of Duyen Hai people and reduced the number of poor households.

Though shrimp production has been developed in Duyen Hai for nearly 10 years, sustainable methods of raising shrimps which are suitable for local conditions have not been developed. Shrimps have made many households rich, and also made some households penniless. Some poor households said that they are continuing to save money, to get loans and hire land for raising shrimps with a dream of having a new life (one successful harvest can make up for 2 lost harvests and even make some profit). Current difficulties for effective development of raising shrimps include many issues:

- **Quality of shrimp breed:** In young shrimps there is a high incidence of death and the price is increasing (people brought shrimp breeds both from other provinces and local households). This is aggravated by the low technical ability of quarantine officials and the procedures for quarantining shrimp breeds.
- **Selling price of shrimps:** price fluctuates sharply and is currently is lower than in recent years: "Loss in shrimp production leads to bad business, so does loss in prices."
- **Capital:** there is a lack of capital for preparing shrimp ponds as technically required, and buying shrimp breeds and feeds. Banks have provided loans for shrimp-raising activities, but many households who suffer losses and fail to pay back the debt as scheduled cannot access other bank loans.

- **Disease prevention and treatment techniques:** which has caused losses in raising shrimp is still a big problem. Although various training courses have been organized, local people cannot apply many of these skills, and still rely on their own expertise due to their lack of capital, equipment, tools and skills in using equipment (e.g. equipment for measuring salty water and PH levels etc.).
- **Environment:** there is lack of systematic planning of canals and dykes and good sense of control by local people, especially when shrimp disease epidemics occur.
- **Feed:** raw feed (mussel) and processed feed receive insufficient quality inspection and quarantine, and their prices are on a sharp rise.

The assistance measures proposed by different participants groups share several common points, although different levels of priority are attached to these measures by different groups:

- **The Local Authorities:** recommend that the Government invest more in the canal and dyke system for appropriate planning of shrimp-raising areas and mitigating environmental pollution; providing support for local production of good breeding; and, training technicians (in the form of establishing an aquaculture skills training school) in the locality.
- **The Better-off households:** recommend that the Government have preferential measures and that the banks provide larger loans with longer terms (3-5 years) for semi-industrial and industrial shrimp raising (implementing the policy on developing the farm economy in shrimp raising); the Government should assist in finding markets to ensure an appropriate selling price for shrimp raisers; and carrying out effective quarantining of shrimp breed, feed, and disease prevention.
- **Poor households:** recommend that the Government postpone the payment of previous debts and provide new loans at the right time for raising shrimps; provide technical guidance in shrimp raising; carry out effective quarantining of shrimp breed, feed and disease prevention.
- **Women's group:** realizes that shrimp-raising has high risks and can have a strong negative effect on their family lives: "*We are too afraid of shrimp*", and want to get loans through mass organizations (Women's Union) for diversifying income sources (raising livestock, growing cash crops, doing supplementary work).

The issues in Duyen Hai District show that the change in agricultural structure from low-value to high-value products is always associated with substantial risks. **Therefore the Government should provide carefully-timed public services planning, aquaculture extension and veterinary services right from the beginning to each poor commune for reducing these risks faced by local people.**

In addition, with a growing trend of moving from extensive to semi-intensive and intensive production, **environmental degradation has raised questions of the sustainability of local shrimp raising in the future.** This question needs to be seriously addressed and answered for economic development of the locality, especially for the livelihoods and future of the most precious asset (land) of tens of thousands of poor households<sup>3</sup>

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<sup>3</sup>Diminishing returns and unrecoverable environmental degradation in shrimp raising areas in coastal areas of Thailand is a typical lesson (extensive farming can last 10-15 years, semi-intensive farming can last 5-10 years and intensive farming can last 3-5 years, but bad planning would result in even shorter time frame.) The situation was so severe that the Thai Government had to put a ban on the switch from rice fields to shrimp ponds.

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### **Diversifying the rural economy**

In addition to following the development of intensive shrimp production, Duyen Hai District officials and people strongly agree with the Government's strategy to promote agricultural diversification based on the right selection of crops and livestock for increasing incomes and poverty reduction. It is recognized that households cultivating crops and raising livestock have not improved their income dramatically, but they are less afraid of falling into debt and have not had to sell their land as some shrimp-raising households have. The biggest concern amongst local people results from unstable market prices for their produce.

**Poor women still desire ventures that are less risky and require less capital.** They suggest that poverty reduction support should be provided to small-scale household economy development projects (in which women play a key role) through supplying micro-credit (some million VND), technical guidance and disease prevention, **and mutual assistance among the commune's rich and poor groups.** Recently, there have been some projects of this kind. However, local people say that the results are not very good due to the unsynchronized nature of assistance measures and the lack of specific support and supervision.

Regarding this issue, **assessing, summarizing and popularizing models and experience gained from community development and rural economy diversification projects funded by NGOs** (including Oxfam GB) in poor areas throughout the country would be very useful for poverty reduction in the future.

### **3.3 Improving Conditions for Market Access**

Local people said that product processing and preservation techniques are not suitable to local conditions. Shrimp, once harvested from the ponds, is sold at any price, as local people are unable to preserve it. Methods of preserving other farm produce (melon, pumpkins and beans) are not very effective because of the small-scale of production and low produce volume.

The measure of providing timely credit to cope with market risks (sustained price falls) is highly appreciated by local people. However, it is not given the first priority. The reason is that shrimp has a high economic value, and if the shrimp harvest is successful, local people still gain a profit despite the fall in prices.

The measure that is of most concern to local people, and is considered the most effective for their livelihood improvement, is to provide timely credits in accordance with seasonal requirements (credit during the production period, not credit when market prices fall). Almost all local people (especially poor people) have to buy shrimp breed and feed on credit, and pay back in shrimps at harvest. Therefore they have weak bargaining power and cannot select high quality breed and feed, and must accept lower selling prices (the input supplier is also output

buyer). Moreover, when shrimps are 2 months old, feed costs are very high and the probability of loss is low, thus service providers are willing to sell feed on credit. This popular type of lending in kind has interest rates as high as that of overnight cash borrowings (4–5% per month).

A generally agreed proposal is – however it can be achieved – **to ensure stable and reasonable markets prices for shrimp raisers**. Educated officials and better-off households argue that this is an issue of world prices: *“it is beyond our control, and we have to accept it”*, and that the Government should assist in finding markets for shrimp exports. Some district and provincial officials pay more attention to measures of reducing input costs, which local authorities can implement, and application of technical improvements. On the other hand, the poor hope to receive price subsidies from the Government (as the poor have not actually benefited from selling price subsidies such as those recently applied to rice).

Almost all of the local participants did not respond positively to proposals to promote the ‘co-operative economy’, because they had bad experience of the past collective model and so far have not realized any really effective cooperative models. Only poor people (and especially poor women) pay attention to mutual assistance groups (involving poor and better-off households) to help each other in the community (‘solidarity production groups’).

Proposed measures for gradually developing cooperative active economy include:

- To inform and provide detailed guidelines on how to organize and operate the new style cooperatives (The Law on Cooperatives);
- To train management officials for cooperative economy management;
- To issue incentive systems for cooperative management to attract capable and well-educated people who are committed to cooperative systems;
- To have (initial) preferential measures applicable to cooperative members (e.g. credits, tax exemption/reduction, assistance in infrastructure investment); and
- To formulate cooperative models suited to each locality’s conditions, which bring about benefits to people to improve their confidence.

### 3.4 Developing SMEs and Household Enterprises

In the district many people have established businesses over the last 2 years (trading rice and general goods, electronics and medicines, providing refreshment services, construction materials, mechanic repairs and shrimp-related services) to satisfy various demands of local people, contributing to local economic growth as a whole. These businesses are generally household-scale production units with few outside employees. Poor people’s groups do not view these businesses as a main source of non-farm employment opportunities (the poor often ‘own’ their non-farm self employment). Almost all better-off households who have established their own businesses continue to raise shrimps.

**Businesses still complain of the inequality between people with business registration and those without the registration** (regarding taxation, contributions, foodstuff hygiene and safety inspection, electricity prices etc). The latter find it difficult to comment on the business support capacity of local authorities because they do not know about their relevant functions. In addition, they have not received any specific preferential treatments and support. **Some household businesses badly need information, but do not know where to get it** (e.g.

information on technical standards applicable to processed feed for raising shrimps).

Business owners suggest that banks simplify and facilitate their credit lending procedures for bigger loans. Businesses claim that they face so many difficulties in obtaining loans as they do not receive any guidelines on borrowing procedures. They have to spend a lot of time traveling to relevant offices and going through many levels for approval; the certificate of land use rights has not been issued to their land, and their house is not considered as suitable collateral by the banks.

Non-farming, better-off households recognize that since the new Enterprise Law was issued, the registration procedure (at the district level) has been simplified and is less time consuming than in the past. Some households argue that **it is necessary to have a flexible list of business registration fields, which is more appropriate for rural market characteristics** (because when first registering they limit their production within a small local market, a more flexible business registration might help them expand their variety of business commodities without re-registration). For example, some households who register for trading 'general goods' think that they are allowed to trade various goods, but are fined when expanding to other goods.

Actions of the Government's I-PRSP have been welcomed by businesses. However, business owners question whether the practicalities of implementation might prevent the Government from achieving their goal. If more detailed rules and measures are not available, they do not know how their local authorities will implement these actions.

### **3.5 Expanding Access to Credit**

All consulted groups give high priority to access to credit resources for income generation and poverty reduction agree with the actions proposed by the Government in the I-PRSP.

Although people prefer preferential loans, the 1999 Tra Vinh PPA report comments that credit subsidy for the poor is not sustainable. Analysis from the situation Duyen Hai District still leads to the same conclusion, at least in terms of credit subsidies for raising shrimps<sup>4</sup>.

Providing loans with mortgage requirements in the form of land use rights is still an impediment. Local people still complain about the method of evaluating land value, which fixes a very low land value for determining loans (e.g. a field for raising shrimps can get a loan of VND 1.5 million, meanwhile its market value is about VND 4-5 million). Almost all local people hope

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<sup>4</sup> Normally, credit subsidy (if any) is only applicable to investments with a low level of risk and rate of return (such as in infrastructure), meanwhile raising shrimps generates high profits accompanied by a high level of risks. Using subsidized credit for raising shrimps means that low cost of capital covers the high level of risks in investments, leading to the fact that preferential lending capital is less likely to pay as scheduled. Many poor people in Duyen Hai District who have been allowed to access preferential loans before, or in the period of 1998-1999, have not paid bank debts for a long time, so they are rejected for other loans (even when the Government's direction for increasing value levels of loans secured by reputation trust is available). Whether local people are able to pay debts depends on if they are successful at shrimp-raising or not, relying less on preferential interest lower than 10% (from banks) or 4-5% (from outside lending sources).

that **the banks will relax their mortgage conditions for increasing the value of loans rather than offering preferential interest rates. The Government should also continue to strengthen and intensify existing forms of “prestige collateral”.**

It is necessary to link lending programs with consolidating local people’s technical skills and applications to facilitate easier access to official loans by the poor. Measures for reducing production risks such as disease prevention and treatment, quality assurance for breeding and feed, can considerably improve the effectiveness of lending programs in poverty reduction if they are well-integrated and properly synchronized.

In order to develop the household economy (raising livestock, farming and doing small-scale trading), **poor women’s groups suggested the need for access to small loans “without land collateral”**, as their land certificates have been used for getting loans for raising shrimps. This is a legitimate request by women in their efforts to get out of poverty and should be supported by the banks and mass organizations.

Some other measures proposed by local people to improve the role of credit programs in generating income and reducing poverty include:

- To provide timely loans according to the farming seasons;
- To allow the poor access to loan sizes and terms suitable to their specific conditions, not only limited within a specific project (cow raising projects);
- To encourage banks to pay attention to assisting household businesses (non-shrimp related) in carrying out their production and services (rather than raising shrimps) for business development; and
- To build capacity for credit officers and improve transparency in lending decisions.

Another issue arising in the Duyen Hai credit market is that a large number of local people have spontaneously participated in “mutual savings and loans groups”, which are out of the control of local authorities, meanwhile the collapse of such groups has been occurring. Therefore, **it is important to provide guidance and assistance in safe saving instruments instead of risky contributions to these mutual savings and loans groups; and to prevent and strictly punish fraudulent behavior in groups to protect benefits for the poor.**

### **3.6 Training and Information Provision**

Local people comment that there is no form of vocational training in the locality, except some ‘on-the-job’ learning through businesses such as dress-making, hair-dressers, engine repair workshops. Nowadays, those who wish to learn a skill have to go to the provincial town or the cities. Difficulties in obtaining vocational training are a shortage of necessary conditions (no money for tuition fees and traveling costs, low awareness, illiteracy, being too old to apply) and limited job opportunities after training.

Local people are increasingly aware of the importance of knowledge and the need for technical information on shrimp-raising and agricultural diversification. There is therefore a strong demand for training. Training courses are given in the locality on raising shrimp (by the aquaculture extension workers) and agricultural extension classes for small-scale projects (by mass organizations

or NGOs). One major difficulty for the people is that they are too busy with farm work and have no time to apply the knowledge they have gained.

Some measures on training to increase income and reduce poverty in the locality have been proposed by local people as follows:

- Vocational training should go together with creating employment opportunities (based on local infrastructure works);
- Vocational training should be based on realistic and practical presentation models. Engineers should stay in the locality to research and draw experiences appropriate with the local conditions, use successful local people (households who raise a small or large volume of shrimps, extensive or semi-intensive shrimp farming) and avoid theoretical presentations;
- Provide carefully-timed training on shrimp raising techniques;
- Training commune technical staff on agriculture and aquaculture extension services;
- Building a fisheries technical school at the district level (proposed by the district and commune authorities);
- Providing each household with leaflets with pictures, drawings, simple and easy-to-understand wording (appropriate for poor households, less-educated or illiterate men and women);
- Some local people request allowances (lunch allowances) for the poor to participate in training courses. This idea seems to be based on the experience of training courses sponsored by the Government or NGOs; and
- Training on farm economic management (suggested by better-off households).

The women's groups say that they have few opportunities to attend training courses due to housework, taking care of children, and sometimes due to health problems (which is different from the opinion of district officials who say there is no inequality between men and women). They propose a form of vocational training that is more suited to their own living conditions (evening training, invitations with the women's names, otherwise the men will go). The women's groups also proposed to strengthen training on livestock and ways to manage the household economy, which relates to diversification and community development projects with loans provided by mass organizations, and operation of production groups to practice immediately what they have learnt.

## **4 Improving Access to Basic Social Services**

### **4.1 Education**

During recent years, big progress has been made in primary education in the two study communes (the universalization of primary education is in process). The main reasons for this success are the policies of school fee reduction and exemption, the initiative to lend textbooks to poor pupils, improved living standards that allow parents to take more care of their children, and more investment to improve schools in the locality<sup>5</sup>.

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<sup>5</sup> During past few years, Oxfam GB has been funding the Duyen Hai District's education program comprehensively with building new schools, supporting facilities and equipment, improving teacher's teaching skills, applying new programs of MOET, mobilizing and raising awareness of local people on education values, improving capacity for educational staff in the district. Much valuable experience on primary education universalization for poor communes could be withdrawn from this program.

However, about three-quarters of pupils drop out from Grade 6 upwards. The reasons are that children do not do well in school (thus making them feel inferior by not keeping up with their peers); school expenses for Grade 6 upwards are much higher than those for primary education and families have to pay for many kinds of fees and contributions; children have to stay at home to take care of their younger siblings or to help their parents; and low awareness of the value of education (especially in Khmer families). Nevertheless, the consulted groups believe that in the coming time families will try to afford fees to send their children to school and to enrol in higher levels (there has been a large number of drop-out pupils in previous years, but the net enrolment rate has increased during the last two years).

Some measures have been proposed by the people to facilitate all children to go to school in the coming time:

- Raising the awareness of parents regarding negative impacts of making children work at an early age so they will encourage their children to go to school regularly, monitor their attendance and, especially, save money for their children to enrol in lower secondary school;
- Reducing the number of subjects in the school curriculum and opening more kindergartens;
- Providing textbooks for all subjects for schools so that poor pupils can borrow them;
- Expanding the scholarship program ‘for poor pupils overcoming difficulties’ to all poor pupils;
- Providing ‘poor household certificates’ before the school year (including complementary ones for those who happen to fall back below the poverty line) so that children of these households can benefit from policies of school fee reduction and exemption, and to borrow textbooks, to avoid children having to drop out of school due to lack of money; and
- Several families that have children studying at university strongly support the policy to lend money to students to pay for expenses during their university years. These families recommended this is especially important for students from poor communes as it costs millions of VND per month for each student to study at university, which is high for every household in this commune.

At present, almost all women in the locality who have children under 5 years old have to stay at home to take care of the children and do housework. This is an income loss for them. Women recommend the support of the authorities to the commune to establish kindergartens for children under 5 years old (currently there is only one kindergarten in these communes) so that women can work and participate more in social activities and mass organizations to provide mutual support to each other in the community.

## **4.2 Health**

To date, the policy of medical fee reduction and exemption for the poor has been implemented at province and district levels. However, people say that with the poor household certificate only normal medicine is given free, while injections must be paid for separately. At commune level, there is no doctor so the health service quality is very poor. Patients have to go to higher levels, causing costly expenses and serious health risks sometimes (giving birth on the way to hospital). People also complain about the poor sense of responsibility of commune health workers; the district’s hospital is not in a good hygienic condition and does not operate as scheduled (explained by the hospital that there is no shift system for health workers). In these two communes, the trend is now to go to private doctors and to purchase medicines at private pharmacies despite the extra costs – there is a belief the service is better.

Women say that in recent years birth control has been implemented well, mainly thanks to strong movements of the commune leadership and mass organizations (the village has a strong sense of cultural responsibility, and has its own women's club), parents' awareness is improved and households have electricity. The majority of women do not give birth at the Commune Health Center (even though the commune has a permanent midwife) because they feel the equipment is inadequate and the district hospital is relatively close.

Some recommendations are proposed by local people to improve the healthcare service in the community:

- In the Government's strategy it is necessary to emphasize family planning in poor communes because having many children is a common cause of poverty, and it is also detrimental to women's health;
- To send more doctors to communes, and providing better remuneration to health workers in remote areas so that they can better serve (currently, in some localities, the Commune Health Center is just a place to live for the health workers to do their household economy, and not a place to treat people);
- To improve the quality of preventive healthcare and diagnosis for health workers at commune and district levels (currently many instances of wrong diagnosis cause people to lose trust);
- To enhance malaria prevention and maintain the policy to provide mosquito nets for the poor; and
- To complete the inner road system in each village and commune to improve access to medical services.

## **5 Reducing Risk and Vulnerability**

The main risk mentioned by local people in these two communes is the loss of shrimp harvests that throws them into poverty. If they win, they can pay off debts and get out of poverty. But if they lose, they will fall into the debt trap, and if this happens for several years they have to sell their land and become landless. It is estimated by Long Vinh commune cadres that about 20-30% of households gained some profit from shrimp-raising in the year 2001, 30% failed and lost everything, while the rest broke even. In Kinh Dao village alone, every year about 6-7 households in the village fall back to poverty due to shrimp loss. If the existing poor households lose their shrimps harvests, they fall into a vicious circle of debt and can never get out (they just get a 'hot loan' from one money lender to settle the debt for another, with a loan frozen at the bank so they can not get the next loan). The collapse of "hui" – the informal mutual savings groups is also a risk, making contributors lose all their savings (which is counted upon for the debt payment and to invest in the next shrimp crop). Other risks are mentioned such as illnesses, accidents, storms and flooding.

To date, local people have to lean on the assistance of their neighbors and relatives to fight these vulnerabilities. Thus, all the Government's proposed measures are highly appreciated by the participants, especially the proposal to establish different types of Relief Funds.

Results from the consultation reveal that together with the measures already proposed in the I-PRSP, the following concrete measures to prevent vulnerabilities should be considered:

- Providing 'poor household certificates' to households that have fallen into poverty. Local people consider this as the Government's very effective measure: besides receiving the exemption and reduction of medical and school fees, those who did not have bad debts at the bank could get a loan up to VND 3 million without collateral to overcome difficult periods and to re-invest in production;
- The Government amend the regulations surrounding the provision of poor household certificates so they can be handed out quickly in cases where households have incurred some kind of shock;
- Extending the health insurance system to the rural and poor areas to facilitate those who have demand and who can afford to join the insurance program;
- The communes should establish a kind of community investment fund to provide loans with low interest and privileges for vulnerable people who are just falling below the poverty line, especially for poor women to invest in production that requires less capital, and less but safe profit so that they can stabilize their lives. This could be considered as a method of socializing existing mutual assistance among people at village level during difficult periods; and
- The mass organizations should organize and manage simple models of savings for the poor such as the 'affectionate' saving scheme ("*hui tinh thuong*" as called by local people). This scheme, in principal, does not make any profit but sometimes requires 'bidding' procedures for those who want to collect the fund.

Natural disaster prevention measures are not considered a priority by local people, since they rarely occur in this area (Typhoon No. 5 is the exception in recent years). The most frequent occurrence is rising water levels and the Government has a scheme to build sea dykes and to lend money to raise house foundations.

## **6 Institutional Arrangements for Delivering The Poverty Reduction Strategy**

When asked which organizations play the most important role in contributing to poverty reduction, most groups give a high ranking to the commune authorities, banks, and the fisheries extension services. The Khmer people also score the role of Khmer pagodas highly in their lives. The banks are scored highly since they provide funds to local people, yet only providing funds cannot reduce poverty. The aquaculture extension services help people to apply technical knowledge to their shrimp production, but do not yet help to reduce the risks attached to shrimp production.

Local people also score highly the role of private shrimp service businesses. Private shrimp businesses are both friends of local people (by providing fry, shrimp food with deferred payment, and purchasing shrimps with businesslike manner and even with higher prices than those offered by provincial fish processing enterprises), and the target of local people's complaints (quality of fry and shrimp feed and price suppression).

A point to note is that when mentioning the mass organizations (Farmers Association and Women's Union) local people do not score them highly, except women's groups who score the Women's

Union highly. It appears that the mass organizations are not highly scored by local people because these organizations do not have any resources in hand, and whose main focus seems to be “*drinking tea and discussing*” and “*propaganda*”.

Commune authorities state that they disclose the commune budget and the activities of the authority via meetings with local people, through the People’s Council and at annual review meetings. Local people on the contrary complain that they are not informed at all.

Some recommendations proposed by the participants on local organization are as follows:

- To promulgate operational regulations of the commune organizations in hunger eradication and poverty reduction activities (to clarify responsibilities, powers and act as a focal point of coordination):
- Commune authorities should participate full-time in hunger eradication and poverty reduction activities in the locality and have representation of the people on the board as well;
- Commune authorities should follow closely the Local Democracy Decree, ensuring the participation of local people;
- There should be staff responsible for hunger eradication and poverty reduction at the village and commune levels to follow up each poor household, to directly help them with livelihood strategies to really make hunger eradication and poverty reduction effective;
- To review salary and remuneration packages for officials at the village and commune level to increase their incentives to work effectively’
- To provide regular information on HEPR activities in the locality through meetings, loudspeakers, radio, public notice boards (this should already have happened at the commune level but the information was still in the district/province);
- It is necessary to consult directly with people on local projects and these local projects should not be approved only by the People’s Council just based on the master plan;
- Banks should coordinate with the fisheries extension service to lend capital at the most appropriate time (capital should only be released when shrimp raisers are certified to apply techniques in each step of shrimp production);
- Banks should expand loans with ‘trust’ not requiring land use certificates;
- The agriculture extension services should work with local people on sustainable shrimp raising models; and
- To exchange information with Khmer pagodas to support Khmer hunger eradication and poverty reduction activities.

## **7 Summary of Findings**

Consulted officials and local people feel confident that the proposed actions of the Government would double income in the next 10 years and reduce poor households to lower than 10% in the next 5 years, provided that the Government is prepared to provide stronger support and methods of assistance that are different from in the past.

Local people and officials in Duyen Hai District express their concern over the feasibility of these policy actions: “*it is implementation that matters, if all proposed 10 actions were implemented, it would be really excellent already*”. In particular, local people hope that there won’t be the case as now, when: “*television and radio say differently from reality*” (for example, lending that does not

require collateral). Groups representing the local authorities suggest laying out detailed action plans because “*saying is much easier than doing*” (for example, they know that policies for planning production and diversifying agricultural activities are already available, but face difficulties in implementation; completing canals, ditches, and irrigation banks for drainage on local people’s land has led to a large number of local complaints).

Results from consultation with local officials and people show that the I-PRSP should highlight possible solutions for building poverty reduction capacity for local cadres and other organizations, especially at the commune level. Commune authorities are the most important body in poverty reduction according to cadres and people. Human resources are essential for implementing the I-PRSP locally; **therefore it is necessary to add an action on employment of full-time officials, providing reasonable remuneration packages and training to cadres and technicians for poor areas and communes.**

The I-PRSP should stress **research on effective policies for poverty reduction, and review current experiences of getting out of poverty** (as local officials expressed the opinion that: *local people only believe it if they can see positive effects of specific measures and models*). Local people are continuing to put all their money into shrimp production regardless of the high risk of loss. Therefore, it is really urgent to formulate effective and sustainable ways of diversifying agricultural incomes in the locality: “*there is no clear way here, what is next, what crop, what animal beside shrimps?*” Even the movement to encourage local people to form cooperatives has not been successful because there is no successful model to be seen.

The Government should add and emphasize a strategic action on **combating social evils and corruption**. The reasons given by local people are very simple: if the fight against corruption does not occur, assistance, despite high Government investment and regulatory measures, will not reach local people. If social evils (alcoholism, gambling and lack of motivation to work, etc) are not being fought against, poor people, however they are supported, will never improve their lives.

Generally, **the I-PRSP still lacks an implementation mechanism**. The Government has laid out a series of strategic actions, which cover almost all aspects of Vietnam’s socio-economic development and hunger eradication and poverty reduction. What really matters is how each locality will adopt these actions to suit local conditions. It is important for the I-PRSP to point out requirements of **formulating growth and hunger eradication and poverty reduction plans at each local level from provincial to district, commune and to village levels based on consultation with local people, especially with the poor**. These plans should develop practical and specific actions linked with appropriate allocation of budgets for proposed programs. **It is necessary to emphasize coherence and connection among strategic actions, linked with administrative reform (in areas of responsibilities, authority and accountability) to get a synergy of efforts for growth and poverty reduction at all levels.**

### **Social Equality**

Both local people and officials give priority to actions on ‘improving infrastructure in poor areas

and communes' and 'developing agriculture and diversifying rural economy'<sup>6</sup>. These actions would bring benefits to all people. All different stakeholders consulted think that the poor are less likely to benefit from these actions. The poor have no land, money and skills, so *"they are only able to plan for tomorrow, not far into the future"*.

Therefore, local people and officials propose that a **specific program targeting the landless poor people with comprehensive measures on land, capital, agricultural extension, employment, community support, monitoring and supervision is needed**: *"if no such program is available, individual measures would not get them out of poverty"*; *"only lending money to the poor will make them poorer"*<sup>7</sup>.

Another point worth noting is that both local officials and poor people see better off households as a resource. The local authority groups set a high priority for better-off households to develop their enterprises recognizing it as a breakthrough for the local economy in the future. Better-off households who have non-farm activities are also concerned to create equality for the rich (who are competing with legally registered companies). They complain of the inequality between people with business registration and those without the registration (in areas of taxation, contributions, foodstuff hygiene and safety inspection, and electricity prices). These households score highly the role undertaken by commune authorities: *"we can ask for their help if required"*, even though they argue that so far they have not received any preferential treatment, and there is no local business support services available for their business.

### **Monitoring and evaluation**

Local people think that standards for identifying poor households only based on their income (100,000 VND/head/month) are not totally accurate because of unstable incomes earned by the poor and difficulties in determining their additional incomes. In Duyen Hai District, upon completing household surveys, village officials in reality make a list of local poor households to discuss with villagers to agree with them before submitting the list to the commune and district to issue poor household certificates. Local people suggest that it is most suitable to identify poor households by combining income surveys and community consultation (local people pay most attention to 'equality' in identifying poor households). Local people also point out that differences between the poor and the rich can be seen clearly in everyday life (in such areas as meals, and purchases from market, etc) and their children's schooling.

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<sup>6</sup> Because it is hard to identify relations between macro policies with their life, people from the discussion groups have not targeted the Government's macro policies as a high priority, an example is "stabilizing currency and curbing inflation" ("the poor spend out of their daily income, so there is no money to be concerned about inflation"), "reforming state-owned enterprises" ("no state-owned enterprise available here"). In cases where certain individuals ranked highly the Government's macro policy, the next in-depth question showed that they have understood it in relation to their own interests and experience. For example, when idea of "stabilizing currency and curbing inflation" is given as a priority, people have linked it to "stabilizing market prices" (stabilizing selling prices of shrimp, and the purchase prices of breeding shrimp and shrimp feed).

<sup>7</sup> Duyen Hai District has implemented a pilot project (under the provincial direction) to assist 50 households in taking back their land which was sold or mortgaged, and also has immigration plans in each commune to allocate land to hundreds of poor households. However, these impact of these measures is not clear because various resources, in addition to land, are required for the poor to be out of poverty in a sustainable manner.

Local people argue that special attention should be paid to measuring debts of households in poverty monitoring. It is because of a high level of indebtedness (to the banks and to informal money lenders) in many communes of Duyen Hai District, that some households are ‘on paper’ out of poverty, but in reality they have so much debt: “*false prosperity*”. Local officials and people also say special attention should be given to supervising ‘repeatedly poor households’ (those that escaped poverty but then fall into it again) to find out reasons and develop timely measures for sustainable poverty reduction. Simplifying the issuance of poor household certificates is also needed to help poor and repeatedly poor households to enjoy assistance policies in a timely manner (especially policies on medical cost and school fee exemption and reduction).

## **Annex 1.1: Research Team Members in Tra Vinh**

Ms. Than Thi Thien Huong	Team Leader, OGB Senior Program Officer
Mr. Hoang Xuan Thanh	Chief Researcher and Consultant
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Ms. Nguyen Thi Tuyet Le	Ho Chi Minh Association of Psychology & Sociology
Ms. Bui Viet Hien	OGB staff
Ms. Ha Thi Hanh	OGB collaborator
Mr. Ben	Officer of Duyen Hai District People's Committee
Mr. Hung	Officer of Duyen Hai District People's Committee.

**PART TWO:**

**VIEWS FROM  
VINH LONG PROVINCE**

**VUNG LIEM DISTRICT**  
TRUNG THANH COMMUNE  
TRUNG THANH DONG COMMUNE

SUPPORTED BY:

**Catholic Relief Services**

# Views from Vinh Long Province

## 1 Introduction

**Location:** This consultation on the Government’s Interim Poverty Reduction and Growth Strategy (I-PRSP) was conducted in four villages and two communes in Vung Liem District of Vinh Long Province in the Mekong Delta. The villages included were An Nhon and Xuan Minh II villages in Trung Thanh Commune, and Dai Nghia and Phu An villages in Trung Thanh Dong Commune.

**Participants:** A total of 214 villagers were interviewed, of whom 30% were women. A small number of villagers interviewed were ethnic Khmer, the remainder being Kinh. In addition, interviews were held with staff of the commune authorities (including 50 people) and district authorities (12 people). The facilitation team members are listed in Annex 2.1.

**Methodology:** A range of techniques was used in the consultations including focus groups discussions and interviews, card ranking and sorting, and brainstorming sessions. In eliciting a response from the participants on the relevance and applicability of the Government’s proposed policy actions, the research team looked into four main aspects:

- **Will the proposed actions reduce poverty?**
- **Under what conditions will the proposed actions reduce poverty?**
- **Equity concerns.**
- **Differences in opinion.**

Some research exercises – such as ranking of the proposed policy actions and analyses of which social groups are most and least likely to benefit from proposed actions – were difficult to carry out, hence the results of these exercises have been interpreted loosely.

The facilitation team initially experienced some difficulties while working in the field that may have affected the quality of the results, including the need for people to receive official invitations to the group interviews (at least once, a group of women interested in joining the team’s discussions said they could not, because they “*had not been invited*”). Also, the team was not able to select which villages to visit (though the communes were chosen by the team). Respondents were paid for meetings with the team (in exchange for the loss of a day’s income) but at times people were reluctant to speak openly. Finally, there was a lack of local experience with group meetings and participatory methods, and initial uncertainty at the provincial level of the purpose of the research.

However, the team was very lucky to have excellent assistance from committed and skilled staff at the province and district levels, and once the purpose of the research was clear, the province, district, communes and villages all worked hard to ensure the success of the consultation.

## 2 Poverty Trends and Forecasts

Will the proposed actions reduce poverty? The policy actions the participants felt were most likely to increase incomes and reduce poverty include: encouraging foreign investment and trade; providing better infrastructure to poor communities; and increasing agricultural productivity and off-farm employment. Also seen as helpful were: making it easier to set up new businesses; improving access to education and health care; and providing direct support to the poorest households.

Those actions which respondents felt were least likely to increase incomes and reduce poverty included:

- ***Making SOEs more efficient***: there was particular insistence on this point. SOEs were seen as urban-based, requiring highly skilled labor, and accessible mainly to those with “*friends on the inside*”. This was one of only two Government proposed actions that were prioritized by no group.
- ***Keeping inflation down and ensuring economic stability***: one group thought that inflation mainly affects the wealthy and those with a lot of contact with the market economy.
- ***Helping households cope with natural disasters***: while flooding was a problem in some villages, the majority of respondents felt disaster is not as serious as other problems in their area.
- ***Encouraging poor communities to participate*** in the design and management of activities meant to help them was the second Government proposed action prioritized by no group. Later discussion on issues such as infrastructure belied the apparent lack of interest in increasing participation.

**Under what conditions will the proposed actions reduce poverty?** Local people and authorities emphasized the importance of provision of credit at favorable terms and reduced or waived contributions, fees and taxes as key to enhancing the poverty reduction value of other Government proposed actions. Other actions, such as improved planning, management, implementation, and monitoring of development projects and policies, with a particular focus on gender issues, gender education for society in general and men in particular, improved legal protection for women, and an expanded focus for women’s organizations to include new topics such as new technologies, were mentioned by some groups as useful.

Respondents highlighted some aspects of increasing foreign investment and trade that would increase its poverty reduction value, such as importing modern machinery for large-scale production; establishing processing enterprises to increase employment and stabilize incomes; and increasing exports through providing credit on favorable terms for the poor, preventing damage from natural disasters, improving roads, and improving agricultural techniques. Conditions under which the other Government proposed actions would reduce poverty are discussed in depth in succeeding sections.

**Equity concerns.** Most people felt that local women’s standard of living has improved at the same rate as has men’s. One commune group, however, felt women’s standard has increased less than that of men. Extra interventions to help ensure women benefit equally from Government actions to reduce poverty include: active recruitment of women by enterprises; facilitating continuing education for women; implementing gender education programs, specifically targeting men; increasing leadership roles for women; enacting laws and establishing women’s groups to

protect women; and expanding the focus of women's organizations to include new topics such as the introduction of new technologies.

There was very little consensus on which social groups will benefit more, and which less, from the proposed actions. Of the prioritized actions, encouraging foreign investment was expected to benefit entrepreneurs most, and the very poorest least. By contrast, improving infrastructure was expected to benefit farmers and the very poor most. Increasing agricultural productivity and non-farm employment was expected to benefit laborers, the landless and farmers most.

**Differences of opinion.** There was a high degree of consensus on the prioritization of policy actions among the three levels (village, commune and district). One action, providing better infrastructure, was prioritized only by the village level; one lowest-priority action, keeping inflation down, was de-prioritized only by the village level. In all other cases, villagers were joined at least by officials at commune level in their opinions. One high-priority action, increasing agricultural productivity and off-farm activities, was prioritized by all three levels; one lowest-priority activity, helping households cope with natural disaster, was de-prioritized by all three levels.

### 3 Creating Opportunities for Poor Households and Supporting Livelihoods

#### 3.1 Improving Basic Infrastructure

**Will the proposed actions reduce poverty?** The respondents felt that the proposed actions most likely to reduce poverty was the implementation of priority projects such as construction and upgrading of rural roads, though drainage and dykes to protect rice fields – important even for the landless who work as day-laborers – was also emphasized by several groups. Other important works included clean water; electricity for lighting for poor households; house repair; clinics; latrines; bathhouses; and school construction and repair.

A minority of respondents felt that increasing local participation in planning, managing and maintaining infrastructure works was important – primarily to help ensure the quality of works. A generally low level of participation was described: plans and cost estimates are “*made by Government*”, while villagers are not informed of the contents of contracts with contractors, and have little power to comment on the contractors' work. Even when local people are involved in meetings about infrastructure projects, such involvement usually falls far short of actual participation; a typical phrase used to describe involvement was “*to be informed of*” – for example, labor requirements. Indeed, there is a generally low level of awareness of what participation in planning and management actually means. Respondents often offered information about local labor and money contributions in response to questions on this topic. The lack of experience with and understanding of participation likely affected respondents' comments.

While people had many suggestions for increasing the potential for income generation through employment on construction projects, this was not seen as a realistic way of substantially increasing incomes, primarily because contractors have their own labor forces, and anyway require higher skills than are available locally, as well as equipment that local people do not have. Low pay for such work was another factor.

**Under what conditions will the proposed actions reduce poverty?** According to most respondents, the Government's proposed actions should be complemented by reducing school maintenance fees. These fees have increased in recent years, and despite the fact that people with HEPR certificates get a 50% discount, the consequences of this burden are serious, including school drop-outs and indebtedness, as parents must borrow to pay the fees.

**Box 2.1 One consequence of school maintenance fees is drop-outs**

One mother said that because she was not able to find work, she could not pay the fee (called a 'contribution'): *"my children cried and did not dare to go to school."* Another mother reported about her son that *"the school did not allow him to go to school or take examination unless I made the payment"*, which she could not, so he dropped out.

Some respondents urged that more attention should be paid to ensuring high-quality construction and maintenance: the low quality of some infrastructure projects was seen as due to poor planning, outside contractors being responsible for construction, and insufficient time allotted to maintenance by the contractor, placing the burden of maintenance on local people with low skills.

In addition to these points, respondents named a number of other actions that were seen as likely to enhance poverty reduction:

- Better management and planning of infrastructure works, especially during the bidding and surveying steps;
- Provision of appropriate training, to enable men and women to participate in construction and maintenance;
- Improved educational levels, so men and women can take advantage of training received;
- Education of husbands on the benefits of their wives' participation in infrastructure works;
- Provision of credit to purchase tools for construction, to pay for maintenance fees, and to contribute to construction;
- Issuing of appropriate policies on hiring local labor, setting reasonable wages for construction, and minimum maintenance periods required of contractors;
- Local establishment of SMEs to keep villagers in the area and available for work;
- Provision of direct support to those who cannot contribute to construction costs; and
- Propaganda directed toward increasing women's participation in infrastructure works.

**Differences of opinion.** Commune authorities appeared reluctant to admit the existence of the school maintenance fee burden, one saying only that *"sometimes, people have to contribute to school maintenance"*, and another, categorically, that *"local people don't have to make contributions to maintenance of...schools"*.

A village authorities' group disagreed almost completely with a villagers' group about the extent of local involvement in planning for infrastructure. While villagers reported that plans and cost estimates are made by the commune in the absence of villager input, authorities from the same village stated that: *"the People's Committee and people's groups work together to develop a plan of infrastructure works...This plan is submitted to the Commune People's Committee for approval...The plan is then implemented...In most cases, plans made by the villagers are kept unchanged by the higher*

levels.” Both groups gave the example of dyke construction – the villagers’ group to complain that local people were not involved in planning, to the detriment of the project, and the authorities’ group as an example of local participation in an infrastructure project.

### 3.2 Agricultural and Non-agricultural Employment

**Will the proposed actions reduce poverty?** The clear priority was finding a stable source or sources of income locally, whether that source is agricultural or non-agricultural, even if such income is still rather low. Locally available work was particularly important for women.

While respondents felt that certain types of non-agricultural employment are likely to help the poor out of poverty, they were concerned that some of these jobs are non-local, low-wage and/or unstable (doing business, for example, as it depends on available funds, and construction work because it is occasional), and thus insufficient to help people out of poverty. Opportunities to obtain good non-agricultural jobs are now limited because of the lack of local enterprises, the lack of capital needed to make the switch from agricultural employment, low skills and education, difficult employment procedures, and lack of the necessary equipment.

In this mainly agricultural area, though, it is understandable that improving agricultural employment is still seen as key to poverty reduction, even for the landless (many of whom work as day-laborers on other people’s land). Local people sought relief from income-reducing factors such as the high price and low quality of agricultural inputs, the low selling price of agricultural products, disease, high taxes, a lack of capital, poor quality or insufficient land, low skills, insufficient agriculture extension staff, and a low budget for the district Agriculture Office.

**Under what conditions will the proposed actions reduce poverty?** Important complements to the Government’s proposed actions included:

- Reduction of taxes on SMEs and agriculture;
- Provision of credit for would-be entrepreneurs and farmers;
- Provision of appropriate training;
- Improvement of people’s health;
- Availability of improved agricultural inputs.;
- Design and implementation of better agriculture production plans;
- Simplified employment procedures;
- Identification and expansion of markets for agricultural and non-agricultural products;
- Provision of veterinary assistance;
- Adequate selling prices (respondents asked for prices to be subsidized but international best practice shows this does not work well);
- Lower prices of agricultural inputs;
- Direct access to markets for sellers (rather than being forced to go through middlemen); particularly, legal provisions for district authorities to cooperate directly with foreign partners;
- Better monitoring by the Government of the actions of middlemen;
- Local establishment of processing and other industries;
- Hiring of local labor on infrastructure works;
- Improvement of people’s educational level; and
- Sufficient wages.

**Equity concerns.** Groups identified as being likely to be at a disadvantage include women (lack of skills), the low-educated (not invited to attend training courses), older people (who don't believe they are capable of learning new skills), young people (who are attracted to cities in search of employment and are thus vulnerable to social evils), and the landless (with no collateral to borrow loans and no land to carry out production activities).

### **3.3 Marketing**

**Will the proposed actions reduce poverty?** Respondents were unanimous in agreeing that provision of timely credit is key to poverty reduction. Credit was seen as necessary to partially addressing some of the key difficulties the poor face in accessing the market: unstable prices, low profit, low-quality products, insufficient agricultural inputs, destruction from natural disasters, the power of middlemen to set prices, and the small scale of production.

There was less agreement about whether assistance in preservation of agricultural products is a practical approach, since even if villagers had the necessary skills and equipment, they would still need to sell their produce right after the harvest to get cash. Finally, a great deal of concern was expressed about the whole concept of cooperative production, mainly because of farmers' negative experiences with cooperatives in the past, but also because of the lack of needed capital and management skills, market risk, and the fact that farmers are producing different products at different times. That said, there was acknowledgement that cooperative production and selling could help in improving quality, increasing the scale of production, accessing larger markets, obtaining higher prices and thus in reducing poverty.

**Under what conditions will the priority actions reduce poverty?** Increasing, or at least stabilizing, output prices, and decreasing, or at least stabilizing, input prices, were mentioned repeatedly as key complementary actions to those proposed by Government. In addition, the following conditions were recommended:

- Enforcement of laws to prevent smuggling;
- Improved monitoring of the actions of middlemen;
- Support in expanding markets, particularly the export market; some respondents asked that Government purchase produce;
- Reduction of imports that could be produced locally;
- Improved access to better-quality inputs;
- Expanded job opportunities through local establishment of SMEs;
- More vocational training, particularly of village staff;
- Improved educational levels;
- Improved transportation system;
- Better access to relevant information;
- More direct access to the market for producers;
- Improved planning of the structure of production to better suit market demand;
- More convenient timing of tax payments; and
- Credit at favorable terms.

To make cooperative production more effective and attractive to local producers, respondents recommended training for cooperative managers, use of high-quality inputs, access to adequate

funding, publicizing cooperative plans and budgets, and an emphasis on villager input to cooperative planning and management.

**Equity concerns.** No major concerns about equity were raised. Those with little or no land may again be at a disadvantage from the point of view of accessing credit.

### 3.4 Enterprises

**Will the proposed actions reduce poverty?** Respondents were nearly unanimous in agreeing that the proposed actions to ease the establishment of small and medium enterprises (SMEs) will be helpful in reducing poverty. Specifically, development of a legal framework and supportive policies, input and output services for farmers, and favorable conditions for farmers to invest in agricultural and business activities, and for households to become enterprises, were seen as likely to partially address most of the current difficulties, including lack of capital and skilled labor, complex licensing procedures, insufficient incentives, poor infrastructure, low demand, and insufficient information.

A few village groups voiced concern over the practicality of establishing more SMEs, mainly because they see credit as key, yet it is both insufficient and not available at favorable terms. In addition, it was felt that development of SMEs is more likely to reduce poverty among the young; older people were advised to focus on raising livestock, as they are “less strong” and less skilled.

**Under what conditions will the proposed actions reduce poverty?** Establishment of SMEs that will actually reduce local poverty would need to be accompanied by: improved infrastructure, simpler registration procedures (with the district allowed to grant licenses), increased incentives (particularly related to taxes), an increased pool of skilled labor (via more and better training), increased access to capital along with simpler procedures for obtaining bank loans, improved access to relevant information, help in finding markets, and granting SMEs the right to export directly.

**Equity concerns.** To ensure women are equally able to work in SMEs, some respondents suggested it is necessary to provide them with vocational training and long-term low-interest credit. Others at the commune and district levels felt there is no difference between men and women in terms of ease in managing SMEs – doing business depends only on a person’s education and skills in communication and trading: “*men are the owners and women are the managers*”.

**Differences of opinion.** The commune feels there are more opportunities for developing SMEs than does the village: timely access to relevant information, and access to credit.

### 3.5 Credit

**Will the proposed actions reduce poverty?** Again, respondents were nearly unanimous in their agreement that the proposed actions, such as setting low interest rates, simplifying loan application procedures, increasing loan amounts, increasing loan terms, and ensuring the lending and production cycles are consistent, with a focus on the poor and women, are likely to reduce

poverty by addressing some of the most important limitations to current access to credit. Of note, some villagers felt that as long as credit is longer term, they would be willing and able to pay a higher interest rate, for example 2%.

**Under what conditions will the proposed actions reduce poverty?** Respondents mentioned several other credit-related problems not directly addressed by the Government's proposed actions: lack of skills to use loans effectively; insufficient bank funds to meet demand for loans; burdensome repayment requirements, sometimes leading to indebtedness; collateral requirements for the poor; and the difficulty of being able to self-organize into groups to access larger loan amounts.

In order to increase the poverty reduction value of Government-proposed actions, respondents suggested:

- Expand the use of “prestige guarantees” by the poor and the “nearly-poor” (those with incomes just above the HEPR cut-off line) rather than requiring collateral;
- Training and assistance with making business plans for increased effectiveness of loans;
- Improved Government monitoring of the implementation of policies for preferential treatment of the poor;
- Increased loan sources, such as mutual cooperation groups; and
- Better repayment terms for households at risk.

Respondents felt heavily indebted households will need training, employment, and close monitoring of use of their loans, as well as direct support. Women by and large had the same credit-related needs as men, but additional support was recommended in the form of appropriate training, establishment of women's groups to cooperate in borrowing and loan-use planning, and “prestige guarantees” by the Women's Union.

### **Box 2.2 Preferential policies—but not here!**

The State Bank Governor appeared on VTV to say that there is a policy to allow farmers to borrow up to 10 million VND with a “prestige guarantee” rather than collateral, but this policy has not yet been implemented in the area.

**Equity concerns.** According to some villagers, it is mainly the better-off who have the opportunity to access credit from banks; they feel the Government should have a policy to prioritize the poor in accessing bank loans. At commune level, however, authorities stated that all people, including the poor, are able to access loan sources.

**Differences of opinion.** There was definitely a difference of opinion between the district, on the one hand, and commune and village-level respondents, on the other hand, as to the ease or difficulty of accessing credit. The above mentioned problems were identified by commune and village respondents. District authorities, however (specifically, the Director of the district Bank for Agriculture and Rural Development), stated that: (i) the district bank has provided medium-term loans for cow raising for the last two years; (ii) procedures for loan appraisal take seven days at the most; (iii) in the case of crop loss or other disaster, the bank will still consider giving further loans to the household if it was not the borrower's fault and with a certificate from

commune authorities; and (iv) people with HEPR certificates are entitled to borrow money without collateral. District respondents felt there is no need to simplify application procedures since “they are already much simpler than they used to be”. This contradicts the views of other respondents who were concerned about complicated application procedures.

### 3.6 Training

**Will the proposed actions reduce poverty?** Respondents enumerated many related problems, such as the lack of training opportunities, particularly those offered locally, the low quality of trainers, irrelevant topics, and uninteresting training methods. The proposed actions, including improving training methods, focusing on useful topics such as management and development of SMEs and transfer of new production technologies to rural areas, and expanded agriculture extension services, are likely to have a positive impact on access to training, and thus indirectly on poverty.

**Under what conditions will the proposed actions reduce poverty?** Training-related problems not directly addressed by the Government’s proposed actions include the lack of jobs post-training, as well as limitations to people’s ability to take advantage of training courses, such as low education level, insufficient time, inability to afford a day’s lost pay or to pay training expenses, and not being informed of or invited to attend courses. This last issue is particularly problematic for women: one gardening training was attended only by men because “women have to stay at home to do the housework”.

Conditions under which Government-proposed actions are likely to have the biggest poverty reduction impact include:

- Better scheduling of courses: regular, short-term, and at different times for men and women (so there is always someone available to take care of the house and children);
- Ensuring the right people get invited to courses, with an emphasis on women;
- Provision of subsistence allowances and/or fee waivers for the poor, or credit to enable people to pay training fees and other expenses;
- An increased number of training providers;
- Greater emphasis on training of trainers; and
- Increasing people’s educational levels so they are better able to digest training content.

To help ensure post-training job opportunities, respondents recommended assistance with job placement, including dissemination of information on job availability and meetings between local leaders and local enterprise owners.

**Equity concerns.** Some respondents felt special arrangements were needed to ensure women heads of household can attend trainings. Other villagers’ groups suggested women should be able to raise their education level by attending education universalization classes, so they are better able to benefit from trainings. Particular problems women face in attending courses include money (not enough to pay for fees), time and custom (women are supposed to stay home to take care of the house). Appropriate training courses should be offered for women, and they should be the focus of special recruitment by local enterprises post-training. They should be able to receive credit to attend training courses.

The poor are not able to pay for private training courses; their employers must sponsor them. Even if training fees are paid, the poor may not be able to pay the costs of attendance. Thus, many of the poor may have been excluded from training courses that could be of value.

## 4 Improving Access to Basic Social Services

### 4.1 Education

**Will the proposed actions reduce poverty?** Most respondents were concerned about improving access to, and to a lesser degree, the quality of education. Some of the many problems noted include: inability to afford fees and other expenses, for those with HEPR certificates, for poor students in the higher-cost “system B” fee structure, and for families just above the poverty line so ineligible for HEPR certificates; children’s obligation to work to help support their families; and insufficient books and notebooks.

Of the Government’s proposed actions, by far the most useful in terms of poverty reduction in respondents’ eyes is the school fee exemption policy for poor children. Improving the intellectual level of men and women (via education universalization classes) was mentioned many times as key to increasing incomes. In addition, expanding the textbook loan program (though for poor children in general, not just ethnic minority children) would reduce families’ financial burden.

The only Government-proposed action about which some respondents expressed doubt is strengthening of distance learning. In the opinion of some villagers, learning directly from teachers is a much better option because students can communicate directly with teachers and *“without teachers, you cannot have any achievement”*. Respondents only mentioned the student loan program in conjunction with university students.

**Under what conditions will the proposed actions reduce poverty?** Education-related problems not directly addressed by the Government’s proposed actions include: exam failure; difficult transportation; insufficient teachers and low salaries; low self-esteem of poor students; an uninteresting, heavy curriculum; poor school infrastructure; no services for disabled children; and low teaching quality.

Respondents recommended the following actions to increase the poverty reduction value of Government-proposed actions:

- Provision of free medical insurance;
- Assistance in finding better employment for parents;
- Provision of credit at favorable terms;
- Improved transportation;
- Improved teaching quality;
- Better salaries for teachers;
- An improved curriculum;
- Reductions or waivers of other school-related fees, such as fees for drinking water and bicycle storage;
- Creation of recreation areas for girls;
- Improved school infrastructure, including more schools located in the villages and communes;
- Establishment of special classes for drop-outs (“lop hoc tinh thuong”);

- Support for disabled children to attend school;
- Better monitoring of out-of-school children by the district; and
- An adequate education budget.

Respondents recommended further that families check their children's education progress regularly and provide children with time and a place to study, and that teachers cease embarrassing children whose parents are unable to pay fees and contributions. Many specific suggestions were made for implementation of the Government's plan to reduce school fees and contributions, such as abolishing the "system B" fee schedule, and extending reductions to the "near-poor" (those with incomes just above the HEPR cut-off line).

**Equity concerns.** Few special concerns were raised related to Khmer children. Like the parents of other poor children in the area, Khmer parents sometimes need to borrow money to pay school fees, and to borrow second-hand items for their children to attend school.

Most respondents felt girls and boys are treated basically equally in terms of education. One difference noted was that girls have to wear the more expensive ao dai. Also, since girls are responsible for the housework and "are weaker" than boys, they have less time to study and do less well at school, in the view of some. In poor households, girls have to stay home to work or work as hired laborers outside the province to pay school fees for their younger siblings; some (at commune level) feel girls will be the ones in these families to drop out first, before their brothers. On the other hand, one village group estimated that boys make up a higher percentage of illiterate children and drop-outs than do girls, since boys must leave school to help with day-laboring. Other problems girls face: early marriage (even before the legal age), psychological difficulties at puberty (being teased), missing school when they have their periods, having no bicycles so forced to walk to school in their ao dais in the rain which makes their clothes dirty and makes them feel inferior, no possibility of getting a ride to school, higher expenses for clothes. Some Khmer parents feel that girls make less progress in school so their girl children drop out.

## 4.2 Health

**Will the proposed actions reduce poverty?** Key health-related problems include: difficulty paying fees and other expenses, along with a practice of "payment before treatment" (particularly difficult for those just above the poverty line so ineligible for HEPR certificates and thus fee reductions); and malnutrition.

Those Government-proposed actions most likely to reduce health problems include: improving child health (specifically, reducing the incidence of malnutrition), ensuring the poor have access to free health services; and implementing policies to channel financial resources to support health care for the poor. Child vaccination and family planning were discussed but not seen as a major problem locally, and there seemed to be low awareness of the possibilities of preventive health care for addressing health-related problems.

**Under what conditions will the proposed actions reduce poverty?** Health-related problems not directly addressed by the Government's proposed actions include: inadequate human resources (no doctors below the district level, no village health workers, low salaries for

medical personnel); insufficient infrastructure (no village health stations); difficult transportation; insufficient or poor quality medicine and equipment; no medical insurance; low use of gynecological treatment services along with a very high rate of gynecological infections; and no obvious routes for passing local requests for health-related assistance to higher levels.

### Box 2.3 Payment before treatment

Ms. H, who is 65 years old and living in Dai Nghia hamlet, was hit by a motorbike on the highway and badly injured with a bleeding head wound. She was taken to Vung Tau Hospital for emergency aid. But because her family did not pay the hospital fees, she was not hospitalized and had to wait until the fees were paid to be able to be examined and treated.

Conditions under which Government-proposed actions are most likely to reduce poverty include:

- Improvement of infrastructure (such as village health stations and roads);
- More and better human resources (more doctors, village health workers, strengthened policies to encourage doctors to work in remote areas, consultation with people who have knowledge of the medical value of local plants);
- Credit to develop infrastructure and pay health expenses;
- Implementation of the policy “treat first, pay later”;
- Improved medicine and equipment for commune and village levels, as well as encouraging people to sow traditional medicine gardens;
- Provision of chemicals for water treatment;
- Increased access to key health services for women (pregnant or otherwise) and increased participation in national health programs, particularly family planning;
- Inclusion of rural dwellers in health insurance schemes;
- Allowing health insurance card holders to receive treatment at commune clinics rather than having to travel to the district hospital;
- A cleaner environment; and
- Better personal health practices and an increased emphasis on preventive healthcare.

As with education, respondents had many suggestions about how to reduce or waive health fees and other expenses such as extending reductions to the “near-poor” (those whose incomes are just above the HEPR cut-off line) and to higher healthcare levels.

**Differences of opinion.** District health officials insisted that “*it is not true that without money you cannot access the medical system here*”. They said the Government covers all health costs for people with HEPR certificates, and those with health insurance are also relieved of paying any money for treatment.

## 5 Reducing Risk and Vulnerability

**Will the proposed actions reduce poverty?** Some of the main reasons people fall into, or are trapped in, poverty include: floods, which cause crop loss, damage to roads and houses, water pollution and consequent disease and other problems; and poor health and resultant loss of labor, along with high health expenses. Incomplete disaster prevention activities (dykes constructed only for paddies, not for gardens) were also mentioned as a contributor to disaster-related damage.

Most Government proposed actions were felt highly likely to reduce vulnerability of the poor, in particular: establishing a priority system to help disadvantaged groups benefit from national targeted social development programs such as the HEPR; reducing fees, contributions and other expenses for the poor related to their access to social services; and, expanding the social protection “safety net”, including health insurance. In addition, providing regular support to the poorest, including in-kind assistance; providing material support for disaster prevention such as upgrading houses and upgrading dykes; and in-kind assistance for disaster relief, particularly related to agricultural inputs were likely to have a positive impact on disaster-induced or –perpetuated poverty. Non-infrastructure-related disaster prevention methods such as training were mentioned by one group as also useful.

**Under what conditions will the proposed actions reduce poverty?** Other factors contributing to risk that are not directly addressed by the Government’s proposed actions include: low selling and high buying prices; debt – high interest loans and land mortgaging; inadequate irrigation, poor quality land, or landlessness; the consequences of war; house fires; no local employment or unstable work; gambling and wastefulness; many children, young children, and women-headed households; low education and skills; insufficient agriculture extension staff, and insufficient capital and materials.

While most assistance local people receive has proved helpful, a few shortcomings were noted, including: low quality of infrastructure (houses) provided, insufficient (health) equipment provided, insufficient expertise of technical staff (to fully address the yellow snail epidemic), and the need for membership in local social assistance groups before assistance is provided.

Respondents recommended the following actions to further address risk- and disaster-related poverty:

- Assistance finding long-term employment with an emphasis on women and local establishment of SMEs;
- Improved access to credit on favorable terms;
- Increased savings;
- Reduced tax obligations;
- Reliance on the civil defense force and other officials responsible for disaster;
- Establishment of organizations to reduce risk, such as savings and loan groups that can also provide spiritual support;
- Assistance in improving agricultural production; particularly, addressing the problem of crop pests;
- Increased training and improved educational levels;
- Increased implementation of family planning;
- Reduced prices of agricultural inputs;
- Establishment of old-age centers;
- Emphasis on preventive healthcare, reproductive healthcare, and first aid following disasters;
- Training for men on gender equality; and
- Respondents also emphasized the importance of better maintenance of disaster-prevention infrastructure such as dykes.

**Equity concerns.** Special assistance to poor women should be provided by prioritizing them to receive assistance from mass organizations and authorities, such as contribution and fee

reductions, preferential credit, assistance in obtaining employment, training and study trips, health checks, entertainment, housing, etc. Men should be educated about gender equality. Women should be encouraged to join the Women's Union.

## 6 Institutional Arrangements for Implementing the Poverty Reduction Strategy

**Will the proposed actions reduce poverty?** The proposed actions – identifying clearly what activities are the responsibility of which organizations, expanding the role of local social organizations and NGOs in building a social safety net, encouraging the development of legal consultancies for Community Based Organizations (CBOs), and facilitating CBOs management of community resources – are nowhere near adequate to achieve the Government's goals of ensuring people are fully informed of the activities and expenditure of local authorities related to poverty reduction, of providing poor households an opportunity to comment on commune plans, of ensuring that organizations are providing effective support, and of generating more feedback from citizens on the quality of Government services to further improve them. Key comments related to the Government's goals include:

- **Publicizing of commune budgets and plans:** Most respondents knew nothing about the commune budget and plan; information is often provided on a “need-to-know” basis; people cannot remember information that is presented in meetings or over loudspeakers; lack of interest in the topic; lack of time to attend meetings; without an invitation, people cannot participate in meetings, and it is often household heads (the men) to whom invitations are issued; only leaders take part in making the budgets and plans; people seem to have no ideas to contribute, and “do not dare” to speak out, particularly women.
- **Effectiveness of aid:** There is high demand and a limited supply of aid generally; not everyone receives invitations to, or hears about, aid team visits to the villages (for health checks, for instance); some organizations only assist their members; and many mass organizations lack sufficient funding to carry out their mandates.
- **Local input into the work of aid organizations:** No one at village level is involved in deciding what assistance aid teams will provide in the villages, when they will visit, or how long they will stay. Villagers do not know who actually does make those decisions.

**Under what conditions will the proposed actions reduce poverty?** The proposed actions are insufficient to achieve Government's stated aims. To increase local people's awareness of and ability to comment on commune plans and budgets as well as other Government activities and services related to poverty reduction, respondents recommended:

- Self-ruled groups should rate implementation of Government plans;
- Village Information Centers should be improved;
- Project budgets and balance sheets should be publicized;
- A variety of types of information should be provided regularly to villagers;
- Women should constitute 50% of leadership positions in Government and mass organizations, so their views are adequately represented;
- Training and education for women;
- The grassroots democracy decree should be implemented well; and
- Higher (district) levels should monitor lower (commune) levels.

Methods for increased participation should include: use of loudspeakers, Village Information Centers, and cafes; writing and disseminating meeting minutes so information is not forgotten; biannual dissemination of the commune balance sheet in writing; meetings with Government, Party, and self-ruled groups, among other organizations; ensuring invitations to meetings are issued.

To improve Government's effectiveness, respondents recommended that: reports from one level to the next should reflect actual implementation of duties; *"dedicated and objective leaders dare to say the truth, exercise proletarian dictatorship, and fight for people"*; authorities comply with regulations; members of People's Council consult directly with voters, not through people's representatives, so that people will know exactly how the authorities are fulfilling their duties. Respondents suggested that Government can learn how effectively it is providing services from the CPC Chair and CPC reports, those in charge of healthcare and other services, mass organization leaders, and the people.

To help ensure that aid organizations (both national and local) are providing effective support, respondents recommended that:

- Aid organizations consult with villagers on what and how to support them;
- The flow of information to the grassroots level be increased;
- The operations of aid organizations be publicized;
- People's representatives make requests to higher levels on behalf of villagers;
- Government guidelines on how aid organizations should support the poor (particularly, in line with their actual needs), and for facilitating their work, should be issued;
- Stronger relationships be established between aid organizations and the commune, between local and outside organizations, between the mass organizations and other local organizations, and between the people and the aid organizations;
- The number of aid activities and people being assisted be increased;
- Needs assessments be carried out in the villages in cooperation with local authorities, with conclusions based on the expressed needs of the people rather than on reports;
- Adequate financial support be provided by aid organizations for project completion;
- More funds be provided for aid organizations to operate (from ODA, the Government, private enterprises, or the people);
- People be able to express their needs;
- Evaluations of aid work be carried out;
- Aid work be documented for fundraising purposes;
- Monitoring of aid work be carried out by central and local authorities;
- Public meetings be held for project planning;
- Training of staff be arranged; and
- People make best use of aid provided.

Finally, respondents recommended that to improve people's access to legal information, the Government should:

- Have National Assembly members report regularly on National Assembly session results to their constituents;
- Disseminate information via newspapers, media, books, and other documents which actually reach the people;

**Equity concerns.** Special measures to improve the involvement of women in giving input to commune budgets and plans include: increasing the number of women in leadership positions in mass organizations and Government departments; increasing their educational and skill levels; ensuring they can attend Women's Union and self-managed group meetings; and, providing them with relevant information regularly.

**Differences of opinion.** District officials said *"it is not true that people don't raise any comments. In fact, many comments have been made."*

## 7 Summary of Findings

Many of the recommendations made by the participants for enhancing the poverty reduction value of Government proposed actions are not new ideas: for instance, the need for credit to help pay for educational expenses or investment in a small enterprise. What respondents essentially were saying is that the Government proposed actions are highly interdependent. Training is important, but needs to be integrated with actions in infrastructure, employment, markets, SMEs, credit, and risk prevention or reduction; improved health is important to increasing employment opportunities; improved transportation infrastructure is essential to increased access to markets, SMEs, and improved access to education and health services.

One major challenge of implementing the CPRGS once it is finalized, therefore, will be coordination of actions at the policy, planning, design, implementation, and monitoring stages to maximize their complementarity. Respondents did, however, suggest several conditions under which the CPRGS is most likely to work in favor of the poor. While again, most of these are not new ideas, their importance means they should be emphasized in the document:

- **If attention is paid to special groups** such as the aged (homes for the elderly) and disabled children (special schools);
- **If the quality of poverty reduction work is improved:** higher-quality education (through improved teacher quality and a better curriculum) and infrastructure works (through better construction and maintenance);
- **If investments are made in institutional strengthening:** more staff (doctors in rural areas, agriculture extension workers) with better conditions (salary, incentives to work in rural areas); adequate budgets for Government offices;
- **If new local organizations are established** to help prevent risk and provide spiritual support;
- **If self-reliance is emphasized:** better personal healthcare, making best use of aid provided, family support for students;
- **If appropriate policies are issued on key topics** such as minimum wages, hiring of local labor, and minimum required maintenance periods;
- **If the process of poverty reduction work is improved through better planning, management, implementation and monitoring** of development projects and policies: agricultural and industrial production planning, implementation of Government policies ("treat first, pay later"; the Local democracy decree), monitoring of the actions of middlemen, the implementation of Government policies, the number of out-of-school children;
- **If procedures are simplified** for employment in SMEs, for registration of SMEs, for access to health services for health insurance card holders;
- **If participation in local planning is improved** through many specific measures mentioned above; and

- **If more aid is provided** through expanding the number of service providers in the fields of credit, training.

Finally, respondents recommended a number of special issues should be addressed directly to complement those proposed in the I-PRSP:

- **Provision of medical insurance** for the poor to reduce medical (and educational!) costs;
- **Cleaner environment** to improve health;
- **Increased savings** to mitigate the impact of disaster;
- **Reduced taxes** and better timing of tax payments;
- **Gender education**, particularly directed toward men;
- **Higher selling prices and lower input prices** to increase profit and reduce risk;
- **Legal protection** for women;
- **Veterinary assistance** to help increase employment opportunities;
- **Assistance in obtaining direct access to markets** rather than going through middlemen;
- **Direct export rights** for SMEs;
- **Reduced imports** of goods that could be produced locally;
- **Expanded use of “prestige guarantees” and better repayment terms;** and
- **Better scheduling of courses, job placement assistance, and training of trainers.**

It should be noted that while most respondents were insistent on the need for credit at very low interest rates, as well as for subsidized prices, international best practice and experience indicate these are definitely not effective long-term poverty reduction strategies. Exposure to workable credit models for the poor that rely on market interest rates, and to economies without extensive reliance on price subsidies, along with clear explanations of the costs and benefits of the different strategies, could help people and authorities at all levels make more effective choices for poverty reduction.

**Culture of dependence?** Over and over, the team heard the words “*Xin nha nuoc*” (“Request the Government [to do something]”), or “*it depends on the Government*”, in response to questions about what local people could do to address a difficulty or get an important action funded and implemented in their area. This was doubtless due in part to respondents’ reluctance to speak openly. Yet it may also reflect a sense of powerlessness to effect change. One group of villagers said, “*we do not dare to say or to ask*” but only “*convey our points of view through you [the research team]*”.

**Challenges of increasing participation.** The low level of understanding of what participation is; the inexperience in practicing it (manifested, for example, by red tape at local levels for things as simple as attending a Government-sanctioned meeting); the entrenched cultural norms regarding women’s and men’s roles which *ipso facto* reduce the potential for women’s participation; and, the admitted reticence to express opinions all mean that it will not be easy to increase local participation at any stage of any activity. One woman commented, “*This is the first time I have attended a meeting with many new things. Meetings in the local area are not informational at all.*” To realize the Government’s plan of increasing local participation will require careful analysis, planning, design and implementation of participation strategies – a challenging task, but one that has already begun with the very process that produced this report: local consultations on the I-PRSP.

One village group stated, “*after meeting with you [the research group], we think that next time we will speak out.*”

## Annex 2.1: Research Team Members in Vinh Long

Team Leader	Susannah Hopkins Leisher (consultant)
Sub-team Leader	Vu Xuan Dao (consultant, Center for Rural Progress)
Sub-Team Leader	Nguyen Anh Van (freelance social worker, HCMC)
Sub-Team Leader	Nguyen Thi Tuyet Le (freelance social worker, HCMC)
Assistant	Le Thi Ngoc Han (freelance, HCMC)
Team Member	Tran Ngoc Hanh (DPI staff, Vinh Long province)
Team Member	Ha Van Thanh Khai (doctor, Vung Liem district)
Team Member	Nguyen Van Hoa (Education Dept., Vung Liem district)
Team Member	Nguyen thi Hong Mai (Agriculture Dept., Vung Liem district)
Team Member	Nguyen thi Hong Hanh (Women's Union, Vung Liem district)
Team Logistics	Truong Thanh Danh (Fatherland Front, Vung Liem district)
Liaison & Logistics	Nguyen Thi Hong (CRS, HCMC)
Logistics	Nguyen thi Im (CRS, HCMC)
Assistant	Nguyen thi Minh Hoa (World Bank, Hanoi)
Support	Tran thi Yen Minh (Ministry of Planning and Investment)
Support	Tran Ngoc Quang (Friendship Organization of Vinh Long).

**PART THREE:**

**VIEWS FROM  
HO CHI MINH CITY**

**DISTRICT 6**

WARDS 8 & 21

and

**BINH THANH DISTRICT**

WARDS 12 & 21

SUPPORTED BY:

**Save the Children UK**

# Views from Ho Chi Minh City

## 1 Introduction

This consultation with the grassroots on the Government's poverty reduction and growth strategy (I-PRSP) took place in Ho Chi Minh City in two weeks, from 17 - 29 December 2001 (excluding time for preparation, training and report writing). Fieldwork was carried out in 4 wards of 2 urban districts including: District 6 (Wards 8 and 14) and Binh Thanh District (Wards 12 and 21). This represents 2 out of 3 districts where the Participatory Poverty Assessment (PPA) was done in 1999.

In each ward, eight focus group discussions with an average 8 participants were held, including: unregistered poor female migrants, unregistered poor male migrants, local poor women, local poor men, young people (mixed male and female), children (boys and girls), SME owners, and officials (at district and ward levels). In addition, in each district a discussion was also held with officials at the district level. In total, there are 34 focus group discussions, including 282 participants with the following composition:

- *By age group:* 195 adults (over 40 years), 46 young people (aged 18-26 years), 41 children (aged 11-16 years).
- *By gender:* 141 males, 141 female (coincidentally reaching this interesting balance!).
- *By social position:* 47 government officials, 26 SME owners and 209 poor people.
- *By ethnic group:* there was a significant percentage of Chinese origin participants, particularly in Ward 14/ District 6: approximately 50%.

In each district, there were 6 local team members including District People's Committee officials, Ward officials and community leaders. These members were accompanied by eight trained facilitators who have experience in facilitating group discussion with poor people. The whole research team consisted of 18 members, and they were supported by one external team leader (who was also the team leader in the PPA) and one senior member of Save the Children UK staff. In District 6, two children of the SCUUK supported UNGASS groups<sup>8</sup> were trained to co-facilitate the two discussions with children.

Implementation of the consultation was approved by the People's Committee of Ho Chi Minh City, and was jointly organized by the Department of Planning and Investment, the Steering Committee for Hunger Elimination Poverty Reduction and Save the Children UK. The latter has been responsible for field research, methodology (in conjunction with the consultation planning group) and writing the final report. All group meetings were arranged by the Ward authorities and with the support of the District authorities. Sincere thanks go to these agencies for their enthusiastic and accountable cooperation. Most importantly, the research team is

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<sup>9</sup> In preparation for the UN General Assembly Special Session on Children, the six members of the Save the Children Alliance in Vietnam and Plan in Vietnam organized over a period of six months 15 groups of children around the country to seek their views on children's issues to inform the official government delegation to UNGASS

especially thankful to the poor people and children who spent their valuable time to contribute their ideas, which should be for income earning purposes. It is worth noting that these consultations have raised the expectations of what will be achieved from the implementation of the CPRGS by the Government of Vietnam.

## 2 Poverty Trends and Forecasts

### Box 3.1 Key Policy Message

In spite of a decade of high growth and significant overall poverty reduction, in HCMC the poor acknowledge an increase in living standards but describe themselves as worse off. This is due to a perception of increasing inequality between rich and poor; an increasingly competitive and unstable labor and trading environment making it more difficult to make an honest living; and, worries about the high cost of health, education and other expenditure.

The aim of this section is to appraise, based on the participants' opinions, what has changed in wealth trends over the past 3 years since the PPA. The ideas that life has become better are, first of all, based on the increasing amount and variety of commodities on the market. In many residential quarters, there has been upgrading of the lanes, sewage system, and houses being repaired or newly built. These are physical signs of prosperity. Further, some people explain that people are better off because they have obtained jobs; invested their capital or expanded their business successfully because they have been able to take advantage of expanded opportunities. Others sold their land or made profits out of land transactions, hence becoming rich. *"My children are now grown-up and get jobs, my husband earns fine from his motorbike taxi business"* (member of one women's group). This implies that for a household once there are more than two sources of income combined, and as long as they are regular, then the uncertainty of livelihoods will subside and they may manage well. In reflection, the PPA results also tell about the image of poor households as ones that have many (young) members but only one breadwinner.

However, some people complained that things have become worse, or at least have stayed the same since 1999. Poor groups worry about the uncertainty and vulnerability of their jobs, which are mainly in petty trades and services, irregular incomes and increased competition for jobs. An example of the latter is the fact that more and more men are turning to providing motorbike taxi services. Poor people earning their incomes often face many risks and vulnerabilities, such as being cleared off the streets by the police, even by their peers who are competing a space on the pavements, their utensils and goods being confiscated (due to Government Decree No.36 on pavement clearance) etc. The risk of losing capital, and low and irregular incomes is real, while the urban life is so expensive and requires a lot of expenditures for poor households on food, electricity, water, costs of health shocks<sup>9</sup>, and particularly education costs. Even the officials and children state the last issue consistently – such that it distresses many poor families. The children added to the picture the fact that increasing numbers of children are used by adults as beggars, and people turn to theft, drug dealing and sex work to make a living. The migrants inform that the decrease in the prices of agricultural products in

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<sup>9</sup> The PPA (1999) shows that in fact the poor do not always spend money on treatment of common diseases.

recent years has impoverished them and pushed many of them to the cities. As such, the respondents see both an increase in the absolute numbers of poor in the city and a growing disparity in wealth, which official figures fail to capture due to the mobility and residence status of migrants.

## 2.1 Addressing urban poverty by creating employment

### Box 3.2 Key Policy Message

In Ho Chi Minh City, the Government policy to focus on job creation was warmly welcomed. However, many doubted that the poor would benefit without additional measures to favor the poor's access to the expanded job markets (more training opportunities, lower entry requirements – in terms of skills and fees, more support from local government) and to encourage SME growth in poor wards (better infrastructure, better access to credit and to business advice, and more consistent taxation)

### Employment situation and opportunities

The Government's strategy aims to address urban poverty by creating as many jobs as possible targeting the poor. As mentioned above, the poor do not see any positive prospect from their current livelihoods. From the discussions, the poor expressed a feeling of tiredness about what they are doing for a living. They do wish to have paid jobs, believing that the incomes would be more regular and stable. *“My newspaper sales have been too low for the past months to gain profits. Though I still have to pay 300,000 dong per month for the stall, I just want a job”* (female migrant group). Most of the groups, therefore, are highly supportive of the policy – encouraging all economic sectors, particularly the private sector to invest and expanding production and business in order to create jobs for the sake of the poor.

However, poor people face a range of difficulties and obstacles in accessing stable employment and work with enterprises. These are illustrated by the short case study given in Box 3.3. As pointed out by poor people, officials and enterprise owners – no skills, low education, no information on employment needs, no connections, poor health *“perhaps I can't take a job, I always get sick”* (a woman who sells lottery tickets). *“Having no connections”* appears also to be an important constraint for the resident poor now, while in 1999 during the PPA it was only mentioned by urban migrant groups. In this consultation the latter do not mention this as much. The enterprise owners also indicate another intrinsic constraint on the local poor, that is their attitude and commitment to the job: *“they complain that the starting salary is small, so they quit the job even still in the probation period”*.

The elder participants are also realistic that the expansion of the employment market is not beneficial to them if their age is over 40 because enterprises tend to recruit labor in the age groups 18 -25. They suggest, though wishing they also had opportunities, that job creation should be aimed at the youngsters as they can become the main source of income for their families, and this will help reduce prevalent social problems among the young population.

### **Box 3.3 Difficulties in obtaining stable urban employment**

Tuan is 20 years old. He grew up as one of 5 children in a poor family in Ward 12 in Ho Chi Minh City. His father works as a motorcycle taxi driver and his mother sells groceries. Due to his family's difficult circumstances, Tuan dropped out from school in Grade 8 and worked to help take care of his younger brothers and sisters. His first job was to sell moon cakes in Ba Chieu Market. This job was only seasonal so the income is not stable. After that, he worked as a shop assistant in the market. He worked full-time so his income was a little better. He thought he had found a suitable stable job, but after three months the boss fired him due to his health problems. Finding it too difficult to apply for a job, Tuan began to work as a street vendor in the Eastbound Coach Station where he had many difficulties at first. But when he had just got used to the work, he had to return home to help take care of his ill mother.

It has been over one year since then. Tuan has applied for a job in many places but has failed to get one due to his poor health and lack of skills. He has been to the Employment Service Centre several times. He had to pay 40,000 VND for registration each time, but no job has been found for him so far. The local authorities do not cause him any problems when certifying his papers and the Employment Service Centers welcome him because he brings them money. He has joined the activities of the Youth Union but has no information on the program supporting young people in choosing a career. Tuan has heard a lot about labor export, but he thinks that this is very difficult because it requires skills and mortgage and he has taken no vocational training courses.

In order to help young people in getting jobs, Tuan thinks that the government should restrict immigration. At present migrants are preferred because they accept lower wages. The government should have institutions offering free vocational training to young people and young people should be able to receive loans for doing business. Tuan himself is going to a supplementary high school to earn a diploma, which he hopes will help him find a job.

### **Protection of employees in SMEs**

People, especially the poor, who work in private enterprises are very concerned about a range of issues associated with labor standards at work: the absence of any fringe benefits, protection or compensation for accidents and/or sickness, the lack of social insurance, unregulated working hours and non-negotiated salaries are all mentioned. “*There are disadvantages, but we dare not speak out, for fear of losing our jobs*” (female migrant group). This reality was affirmed by the officials who said they could not intervene strongly. If enterprises are enforced to comply strictly with regulations on enterprise practice, such as arranging contracts with employees, they would find loopholes, which may push employees to more vulnerable situations. Bad practices include: applying short-term employment and renewing if needed; prolonging the periods of probation; and signing only one-year contracts at basic salary level. Enterprise owners, while giving reasonable treatment to employees, admit that they prefer an informal, paternalistic approach rather than rigid compliance with regulations (*according to a former Labor Union official*). As such, the policy of developing SMEs could reach the goal which is to create new jobs, but ensuring access of the poor and the rights of employees remains a big challenge. In the absence of health and social insurance the poor would be very likely to fall into poverty again in the case they become sick, have an accident at work and have to resign.

The following is a summary of suggestions that the groups made in order to improve the access of poor people to work in enterprises:

For the Enterprise	For the Government	For the Poor themselves
<p>(Ideas mainly from the poor)</p> <ul style="list-style-type: none"> <li>• Lower recruitment requirements, prioritizing the poor.</li> <li>• Allow direct contact/application by the person without via agent or recommendation.</li> <li>• Accept higher ages for admission.</li> <li>• Prioritize females, even those who are still capable to work though in their middle ages (<i>women groups</i>).</li> <li>• Provide on-the-job training.</li> <li>• Arrange labor contracts, health and social insurance.</li> <li>• Allow trade unions to be established in the enterprise.</li> <li>• Comply fully with tax duties (<i>a female migrants group</i>).</li> </ul>	<ul style="list-style-type: none"> <li>• Improve information on job needs and channel to the poor.</li> <li>• Intervene on legitimate age limits for recruitment, policy to encourage female labor.</li> <li>• Have privileges to encourage enterprises to recruit poor people.</li> <li>• Support developing poor peoples business groups, self-help groups.</li> <li>• Make it more open for migrants to register their temporary residence (enterprise owners may need it as evidence).</li> <li>• Abolish pre-service fees when the poor looking for jobs through Employment Service Centers (<i>young people group</i>) since the possibility of getting the job is not certain at the point of registration.</li> </ul>	<p>(Mainly by SME owners and officials)</p> <ul style="list-style-type: none"> <li>• Learn and improve education level and skills.</li> <li>• Need to be patient and learn to endure trials.</li> <li>• Have a more positive attitude and commitment to the job.</li> <li>• Be pro-active in searching information about job needs.</li> </ul>

## Labor export

The Government's strategy proposes increasing opportunities for poor people to work abroad by providing loans for vocational training and helping with procedures. The reaction of the poor people to this policy was just cautious: *"that could be good"*. In fact, many had a doubtful feeling about the viability of this intention and policy: *"How can the poor go!"*, *"It's impossible to borrow a loan of 500,000 - 1 million VND from the HEPR, so how can we be given loans for vocational training and the procedures"* (male migrants' groups). Obstacles, aside from those mentioned above, include the fact that the poor have no collateral for any such loan in preparation to go abroad. They also doubted that they would be able to pay back the loans. The doubtful feeling was based in part on the reports from the mass media over the past years about bad things happening to Vietnamese workers while abroad, including mistreatment, cheating without accountable protection of any mandated authorities or broker agents. Besides, many participants indicated that there had been problems with the management of the labor export scheme including a lack of no transparency (including bribery, nepotism) and poor supervision of this type of

work. One person said that going abroad to work was like abandoning a child in the market place.

However, some still think that this policy may benefit the poor, and here are some suggestions:

- Authorize a Government agency to take full responsibility for support and supervision (from vocational training, procedures, working abroad, returning);
- No collateral requirement on providing the loans;
- Announcement and selection of people to go abroad should set clear privilege for the poor;
- Have measures to make sure the people will return home on the completion of the labor contract, as this will ensure stability of the whole family (SME and official groups); and
- Collaborate with enterprises for recruiting candidates who are working there, in order to obtain vocational training and sponsorship from the owners.

Some poor groups prefer support for having a job in country as long as it is regular, reasonably paid, since this option ensures them security and long-term livelihood stability: “*Abroad we will have no one to turn for help in case bad things happen, while in country we can still manage to get someone to help*” (female migrants’ group).

### **Residential registration and employment**

The policy on lifting registration requirements for employment is hailed by the migrants’ groups, even the local poor. However, in recent years, it seems that registration has not been much of an impediment for migrants to seek jobs especially in the private sector, but is still a requirement for the state sector. SME owners are simply concerned about the background of the applicant. However, throughout the discussions, not having registration remains a problem for migrants in accessing many kinds of basic social services such as HEPR loans, mains electricity, water, formal schooling. There was reaction from some officials about registering new migrants, as they fear this would stimulate the flow of rural-to-urban migrants, thus compounding the problems of the urban population. As such, they suggested that if the Government plans to develop all economic sectors, and encourage foreign investment, there should be more input on the surrounding areas of Ho Chi Minh City and nearby provinces.

### **Remarks on general policies for growth and poverty reduction**

The strategy for developing all economic sectors, especially SMEs, is welcomed with hope not just by poor people but also by local officials. In their opinion, having more SMEs in their localities is a lever to strengthen their local economic capacity, thus possibly giving them more space and opportunity to catalyze job creation for local people. Nevertheless, some participants still held that having a job in the State Owned Enterprise sector ensures more security (this was even mentioned by one SME group) in terms of stable wages and fringe benefits. So, while SOE reform needs to prove its efficiency as to how they contribute to national economic growth, it is still seen as ensuring a sustainable income-earning option and protection of workers’ rights.

The strategy for providing better infrastructure is perceived as significant for poor households in saving their expenses in buying electricity and water from the informal market (*see detailed analysis in section 2*), and for poor localities vis-à-vis their capacity to attract both foreign and

domestic investment in developing and expanding business and production (officials' groups). One group complained that the degradation of roads and sewerage systems in their ward area has been caused the relocation of some enterprises out of this area in recent years. As such, improving basic infrastructure is seen as important not only to improve the quality of life of poor people but also boost development of the local economic capacity.

The policy action to “*encourage poor households to participate in designing and managing activities meant to help them*” raises interest amongst the poor participants as something to support themselves with self-help initiatives. The officials and SME owners maintain that this is a crucial strategy since it provides the poor the means to empower themselves and to be self-reliant. However, the ranking exercises showed a quite high frequency of choice by the poor of the policy option “*direct support to those who are very poor*”. This suggests that the poor tend to consider themselves in the position of receiving help, which the officials describe as “*poverty mentality*”. Linking this with the problems poor people face in finding employment as earlier mentioned, the proposed growth strategy seems insufficient to address thoroughly all aspects of urban people’s life – powerlessness, insecurity, vulnerability and marginalisation. Poor people are not confident that poverty reduction targets will be met through this strategy without supplementary measures.

Further suggestions from the participant’s on the policies for growth and poverty reduction are as follows:

- Reform the present salary system for civil servants, since this affects significantly the efficiency and commitment of their work;
- More radical actions to fight corruption (*also the children’s idea*), excessive bureaucracy, and extravagance in using the state budget;
- Prevent smuggled goods in order to protect locally made products;
- More input for family planning programs;
- Increase redistribution of economic gains to social welfare purposes;
- There is a need to develop specialized economic sectors by regions in order to avoid high unemployment rate in certain localities and to ease rural–urban migration;
- Special and preferential policies for developing sectors or enterprises aiming to attract unskilled labor so that the poor can benefit;
- Need to set a priority for developing more manufacturing enterprises than commercial and service sectors; and,
- Support farmers to sell their agricultural products at good prices and create off-farm employment (ideas of the migrants’ groups as well).

### **3 Creating Opportunities for Poor Households and Supporting Livelihoods**

#### **3.1 Improving Basic Infrastructure**

In many community quarters visited during the consultations, lanes and sewerage systems have been cemented and improved in recent years. According to the participants, the extent that local people are consulted about technical issues when these works are done is still limited, and is mainly around the financial contributions they have to make. People’s supervision of the implementation and quality of these worked is limited. The Ward-level officials explained the

latter is due to the fact it is not in the Ward authority or mandate to choose the contractor but this is done by District level. Some “*community-organized works*” are good examples of people’s full participation in implementation and management. But in general it can be said that responsibility for basic infrastructure construction is structured in such a way as to restrict people’s participation in giving ideas and supervision.

However, what this report wishes to highlight is that it is access to mains electricity and water that is the main problem for poor households. The participants, particularly the migrants, informed that it is not easy for them to apply for installation, while it is quite possible to “buy” informal installation at double or triple the official prices, without having to produce any registration paper. This remains a major concern of many poor families, since the costs of purchasing these services from their neighbors are very expensive and take a big part of their total expenditures. Interestingly, the children’s groups raised this concern as if they are in their parents’ shoes, since some of them have to work to contribute to these informal service costs.

One discussion group (in an area which has been put under an urban upgrading plan for 10 years) informed that the need to improving basic infrastructure has been ignored; any repairs, improvement of houses, private housing transaction, and application for mains supplies have been “frozen”. The only reason is that the area is under the redevelopment plan. The local residents complained that their livelihood was so much affected because there was neither information nor explanation from the local authority about when the plan would be implemented.

Suggestions from the participants (from the local residents and migrant groups) on how to solve this type of situation are as follows:

- Allow more open and easier application procedures for mains electricity and water, particularly for the poor;
- For areas under urban planning, unless there is a clear timeframe for reallocation, there is a need of continued official attention to improving the basic infrastructure and the people’s livelihoods; and
- Transparent communication of government plans on the areas to be put under urban redevelopment.

### **3.2 Improving the Poor’s Participation in the Marketplace**

In most of the group discussions, the need for loans was most frequently stated by the poor. However, convincing explanations from them as to how the loans could be used productively were rarely heard. Therefore, measures to help the poor do business in a more productive manner through the co-operative economy appears crucial. The SME owners and officials maintained that this option will positively change poor people’s will and capacity to get out of poverty, making them more independent and self-reliant. However, though expressing their support of this option many participants, and especially women, showed confusion of the benefits the cooperative economy could bring. For this reason, enacting this policy should be accompanied by the introduction of effective models, such as providing the poor with market information, protecting them from risks and protecting their rights. Support needs to include training on business management as well.

### **3.3 Developing Small and Medium Enterprises**

**Tax:** There was consistent thinking by the SME owners that the existing tax policies are unreasonable and not clearly elaborated. For instance, products can be doubly taxed, and levies are increased every year, or even every 3–6 months. According to this group, in reality tax regulations and actual practice on the ground diverge, yet they are not always given satisfactory explanations about this.

**Credits:** The participants hold that it is difficult for SMEs to obtain expected loans that are sufficient to develop their business and production. The requirement on house collateral allows a maximum loan of 120 million VND, which is incompatible with the value of the real estate. They complained that there are many discriminatory practices working against private enterprises compared to state-owned ones. For example, the former have to deposit collateral, while the latter are accepted with just “insecure loan with good credit”. In the case of bankruptcy, SOEs will be protected, but SMEs have to self-manage. The process of considering loan applications is often very long, and often involves bribery. They suggested lending cycles should be longer, about 5–10 years and SMEs should be treated equally.

**Laws:** SMEs owners inform that they have to search and study all business-related laws themselves. Many participants did not know of the Enterprise Law (1999). They said they needed regular workshops on introduction and guidance of laws about running a business, such as on taxes and VAT. They also expected more transparent and reasonable implementation of the regulations on business. This should be important in the sense that enterprises, in turn, will feel more legally accountable to comply with regulations on the enterprise and towards their employees as discussed in Section 1. The officials’ groups informed that the Enterprise Law has introduced relatively open avenues for enterprise establishment (e.g. for registering a business permit). However, SME owners complained that in their contact with the authorities they are still facing difficult procedures and bribery. They also expressed their wish to establish professional groups and associations for exchanging information on markets, product samples and laws. They suggested, for new enterprises, responsible agencies should give consulting support concerning prices, regulations, which businesses to invest in etc.

As regards the capacity of the responsible agencies, the participants said that not all staff understood fully the enterprise laws and tax policies, which leads to incompatibility between laws and practice. They also complained about the unfriendly and non-accountable attitude of some tax officers. Thus, strengthening the capacity of the staff responsible for this area should also include improving the relations between SMEs and the authorities. This is important, since as mentioned earlier local agencies could play a more catalytic role between enterprises and poor people so as to create jobs. Good relationships in this regard may help achieve this goal.

### **3.4 Improving Access to Credit**

According to the poor, there are still certain difficulties in accessing the official credit programs including:

- The time for considering a loan application is long, thus applicants have to wait and opportunities could be lost;
- Lack of explanation and communication from officers in charge on the application process (e.g. why someone who applied later get loans first, while others who applied first do not get a reply);
- Loans are small (normally in the range of 500,000 to 1 or 2 million VND) and the lending cycle is short (normally 3–6 months). This is seen as one reason that poor households fail to use loans effectively; and
- Migrants or KT3 households are not eligible for credit.

Other problems as explained by the officials' groups are as follows:

- Defaults on debt repayments of HEPR borrowers are currently huge, thus indebted households cannot be considered for further loans; and
- HEPR staff are limited in number and capacity, thus unable to provide necessary guidance and information on how to use the loans effectively, or what businesses to invest in.

The poor seldom acknowledged that they are unable to pay back loans, but indirectly explained that they failed to earn enough from the trade they had invested in or were unable to make savings. The migrants thought that some local poor people did not use the loans for income earning activities but for other non-economic purposes. Among the suggestions to improve the effectiveness of credit programs, one is that the lending cycle should be longer, loans should be available to migrant households, and there should be follow-up supervision and technical assistance for those who are already provided with a loan. One important thing is that credit programs should include saving component and be jointly managed by self-help groups (ideas by men's and young people's group). The officials' groups are not keen on having more credit sources for the poor, simply because they do not want to take on more work collecting debts. As such, the demand for credit by poor people is huge and real, but if there are new sources of credit for other purposes, it is important to consider and introduce effective mechanisms of management, to ensure real benefits for the poor.

### **3.5 Vocational training, guidance and information on how to do business**

The poor participants confirmed the necessity of obtaining job skills so as to gain stable employment. Yet, they are reluctant to spend their time on vocational training, since they will not have income while leaning. Learning a skill at a vocational training center poses another risk, as this does not ensure employment immediately because of oversupply in the labor market. The officials admitted that job-training centers have limitations in collaborating with enterprises to find jobs for their trainees. Also, in reality the learners mainly take uncomplicated skills due to their low education background, and it is also due to the training capacity of the centers. In fact, the poor prefer learning skills on-the-job at an enterprise as they could be paid an apprenticeship allowance, though modest.

However, as long attending job training at a center is seen to ensure employment security, the participants give the following suggestions on how to organize this:

- Providing job training for the poor without tuition fees;
- Reduce training fees considerably (Government centers only apply a 20% reduction scheme);

- Giving loans for the poor to take training, and allow them to pay slowly later on while working;
- Include introduction of basic knowledge of labor regulations and public sector roles;
- Invest in improving the training quality and capacity of training centers;
- Combine job training with employment services; and
- Set up training establishments targeting women in the local areas.

#### 4 Improving Access to Basic Social Services

##### Box 3.4 Key Policy Message

The high cost of health and education either barred access to services or pushed the poor deeper into debt. Existing fee exemption policies are not working properly. The poor (and especially unregistered migrants) receive inferior services in education, health, water and electricity compared with the non-poor. Policy options include extending health insurance to all the poor, and abolishing all fees (not just tuition) at least for all primary school children.

##### 4.1 Education

**The costs of schooling:** The biggest concern raised and repeated throughout most of the discussions was the burden of school costs that distress many poor households. The participants held that this was the major cause for school drop-out, though the officials added other reasons such as parents not being concerned about their children's study, children failing to keep up with the syllabus and getting bored. As already reflected in the PPA, these costs pushed some families to borrow and get into debt. In the discussions, some participants explained that they were considering withdrawing their children from school. Those children who have to work and study at the same time are more at risk of dropping out, since the income they earn, though meager, is important to their family. Respondents were keen to see the application of school fee exemption and emphasized the importance of ensuring this intention was carried out in reality.

What is important is how to implement exemption policies more radically and effectively. The official school fee is just token, but other school costs and required contributions are plentiful (such as for uniforms, textbooks, facilities, computing, extra classes) and unreasonable (e.g. contributions to flood victims and social welfare funds). In reality, these financial requirements can hurt and humiliate poor people. One woman told of how she was shouted at by the headmaster when she submitted a request for reduction or exemption of some contribution for her child.

Here are some suggestions concerning this policy option from the participants. Firstly, exemptions should be applied equally to all, at least at primary level, otherwise it may cause a discriminatory attitude among the students and teachers even in one school, thus increasing low-self esteem in poor children. Primary schooling (and ideally Lower Secondary Schooling) should be free for everyone. The officials thought that there should be certain contribution from the families, and the school fee is acceptable, because it is not really a big amount. Secondly, to encourage more sources of scholarships for poor children who are diligent. The form of existing Hoi Khuyen Hoc (Study Encouragement Society) should be promoted more widely and play a key role.

Scholarships give more incentives to the children, making them more interested in learning and confident but not having to expect any reduction/exemption decisions.

**Alternative basic education:** Opinions about developing different forms of education varied. Some officials, especially at ward level, hold that the alternative basic education program<sup>10</sup> is actually not cost-effective, and its target is hard to achieve. It consumes a considerable money from the state budget, but it is very difficult to mobilize drop-out children back to school, especially those who have been off for a few months. The suggestion is that instead of budgeting for this education program, the government should simply cancel all kinds of school fees. Because the alternative basic education curriculum is narrower, even the officials admitted that the possibility for children to move on to high school or to switch to the mainstream school system, is limited. The poor, even the children's groups, could accept this alternative to basic education classes though they are aware of the poorer quality. This is because in their mind any alternative would be good as long as it is free or lessens them from the financial burden.

Regarding the argument that children who never go to school or drop out is due to parents' inattention, it was suggested that mass organizations could play a more active role to address this issue. One suggested alternative which seems a combination of the two above situations, is that the Government should invest and develop the form of "learning and doing" schools where children who fail formal schools can continue their study on the official syllabus, and get trained in occupational skills and making products for sale.

**Lending textbooks:** Expenditure on textbooks is a costly item for poor families. Many participants, officials and poor people criticized the fact that textbooks are constantly changed every year, which only brings more hardship for the poor. They said that this is actually a helpful way to enrich publishing houses. As such, social campaigns to collect used textbooks for poor school children, though well intended, do not help. The suggestion is that the contents of the textbooks must be fixed for at least 10 years.

Other suggestions from the participants regarding education include: (i) lifting the primary education completion exams, so as to avoid the situation that failing children have nothing to do and could be engaged in social problems; and, (ii) increasing out-doors and community-based education activities so that school children learn about social responsibility.

## **4.2 Health**

All the poor participants' groups, including children, ranked sickness as the dominant source of vulnerability and risk in their lives. Costs of medical treatment deprive poor households of their resources and could be impoverishing. Because these costs and some special check-ups are too expensive, the poor often end up borrowing to cover the expenses as well as losing the income of the breadwinner. Also, some poor people accept to carry their diseases without treatment and continue working (women's group). Again, these issues had been already reflected in the PPA and they remained the same or even worse during this consultation.

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<sup>10</sup> Alternative Basic Education (ABE) for children who have dropped out and are mobilized to get back to class.

From the experience of the poor, one thing that makes them feel miserable and hurt is that once in hospital, patients always have to pay first for any diagnostic tasks. Households categorized as “poor” according to the assessment of the HEPR program are supposed to be granted a free medical treatment card. However, in many discussions with the poor, not many of them are aware of this card, nor said that they had it. According to one officials’ group, the poor who are given the card may fear discrimination by medical staff, and they would feel inferior to be known as “HEPR category”. However, the officials affirmed that recently the Health authority has enforced the regulations on medical ethics in order to prevent any discrimination of this sort at medical establishments. It is important that this is acted on by health service providers.

An alternative which the HEPR Program is trying to develop is to change the free medical card into a health insurance scheme for the poor. However, there is also some criticism about the quality and discriminatory attitude of medical staff towards patients who are on insurance. Anyway, it is thought by the poor as well as the officials that this option would still be much more beneficial for the poor. What remains important to consider is to what extent the free medical treatment card or health insurance schemes should reach the poor, because in reality not many poor people have access to these sources of support.

Borrowing privately is the most common coping strategy in a health crisis, as found during the PPA. Clearly, the poor do not have savings in the case of emergency. Although the official safety nets are operational for some, the poor continue to manage themselves in such circumstances. “*No one helps*” is the common reply from many groups when asked “who often helps the poor in difficulty”. That is why the poor themselves acknowledge that they own a moral debt to moneylenders “*because they save our life*” (a female migrant group). Therefore, the policy of “channeling financial resources to support health care for the poor” sounds promising, but does not suggest any practical option for the poor to deal with health crises. Besides, the officials strongly expressed their reluctance to manage any further credit programs for the poor, due to the difficulty in collecting the loans.

## 5 Reducing Risk and Vulnerability

### Box 3.5 Key Policy Message

Many especially vulnerable groups were identified. In particular, policies need to be developed to protect workers’ rights (e.g. strengthening trades unions), to extend insurance cover to all workers and those injured by vehicles, to better target the poor (Social/Poverty Funds), to register migrant families, to reduce the negative impact of urban upgrading plans (e.g. participative planning), as well as to ensure the poor’s access to quality basic social services (health, education, electricity and water). More explicit consideration needs to be made to child poverty and the links between HIV/AIDS and poverty.

As already discussed, the risks and vulnerability facing the urban poor are various and complex, and found in all facets – uncertain and irregular employment, lack of cash for the myriad needs for an urban life, incurred debts, poor basic infrastructure (e.g. restricted access to electricity and water), lack of information and social contacts etc. Also, the poor were quoted as not being good at saving. Certain issues carry typical features of life in a city currently undergoing drastic urbanization and urban upgrading, such as no residential status, no official housing papers or birth certificate which may push the poor away from the mainstream. Other factors of

vulnerability include accidents (traffic or at the work place), confiscation of their goods by the police for running business on the pavements, and frequent accidents due to the unsafe tangle of electricity wire cables in the living quarters. Some participants who sell things on the streets even consider traffic congestion in the city as a risk from losing customers.

Some poor people complained that they lost their daily income because they had to spend a whole day submitting an application for electricity installation only to find it hopeless (a migrant woman); parents are shouted at by the principal when trying to submit a request for exemption of school costs (*as already quoted*); school children are discriminated by their teachers because their parents are slow in doing financial duties to the school<sup>11</sup>. Some participants hold that nowadays a family that has two school-aged children means coping with vulnerability – in terms of the burden of school costs and the possibility of dropping out as the child becomes able to earn the income to support his/her family. These factors imply that even administrative procedures and cost-recovery are posing risks and vulnerability, while the official safety nets, though being always a major attention of the government at all levels, cannot cover everybody in need.

Suggestions to reduce vulnerability and risks have been mentioned elsewhere in previous sections of the report. Reducing or exempting contributions for the poor is one major option (in “*access to social services*”). Arranging social insurance for people working in private enterprises and encouraging establishment of trade unions at this level were both considered important so as to ensure their rights at work, and to prevent from falling into poverty when getting sick or having work accident (in “*job creation for urban areas*”).

Existing social safety nets have a very important role to the poor. At the local level, they include the Social Protection Fund run by the People’s Committee, the upcoming Fund for the Poor which is explained to be separate from the former, being more poverty and emergency focused, to be run by the Fatherland Front. The financial contributions will be mobilized from local people and enterprises. At the community level, the poor can always receive help from neighbors when in crisis, in the spirit “*the intact leaves cover the ragged leaves*” as the Vietnamese saying goes, even “*the ragged leaves cover other tattered leaves*”, which is often referred among the poor nowadays. The Red Cross in recent years has launched a “meals for the old” campaign for those who are lonely and have no one to take care of them. However, these funds seem to have limited coverage and respond to emergency cases, and many poor participants when asked do not appear know much about them, thus suggesting the need of wider announcement. Perhaps, to address all types of vulnerability and risks, such charity mechanisms might not be sufficient, but it requires other institutional arrangements (to be discussed in the part 6 of this report).

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<sup>11</sup> The *Tuoi Tre* on 3/1/’02 (just after this consultation) quoted a story of 6 children from a school in a peri-urban district in HCMC being asked to kneel around the flagpole in the schoolyard because of this reason.

## 6 Institutional Arrangements for Delivering the Poverty Reduction Strategy

### Box 3.6 Key Policy Message

Concerns about the implementation of what were generally recognized as good poverty alleviation policies ran throughout the consultation. Poor people, including children, consistently requested more information, more participation, and more equality as well as more accountability and transparency of decision-makers and service-providing institutions.

While a majority of participants thought that the I-PRSP policies are satisfactory and positive, there was a general concern about how these policies were going to be implemented in a synchronized way in order to address the multiple factors leading to poverty. Besides, a monitoring and controlling mechanism is needed. The draft strategy does not propose such a mechanism. Some aspects of implementation were discussed as follows.

**Communication - Participation - Empowerment.** In all consultation sites, the officials informed that in recent years they have publicized local budgets and accounts at the Ward People's Committee office. However, the poor seem not very much concerned: *"we don't want to come up to the People's Committee office unless we have to. We are too occupied to earn money for the day"* (both men's women's groups, and migrants). In fact, the participants say they do want to know of the expenses directly related to themselves or what they have been asked to contribute (e.g. improving basic infrastructure, public labor etc). Meetings at the housing-unit levels are supposed to take place on a regular basis, yet they still tend to be one-way communication rather than local people discussing and questioning the plans. For areas under urban redevelopment or reallocation plan, the need of information and open discussion by the residents is even bigger. One suggestion is that the PA system, having been abandoned in HCMC for a long time, could be used again to announce plans and activities, but not to relay radio programs like in the past.

On the one hand, it is admitted by some officials that the extent that these plans and budgets have been communicated to the people is still limited. On the other hand, local people, especially the poor, are not yet familiar with the idea of participation, let alone decision-making in social and political activities at least at the level that affects their life directly. That is why a discussion about how to establish and improve the participation mechanisms of people did not go to any depth. By and large, there may be some challenges to implement the grassroots democracy decree and administrative reforms so as to bring them really into life.

Although the administrative reform mainly aims at the public administration system, it came out from the consultation that there is an explicit need for applying this reform in other public service sectors (e.g. education, healthcare, electricity supply) as already discussed in related sections. This point was confirmed in a discussion with officials at district level.

The officials' groups are also quite consistent in their views that all sources of support and aid should be combined and under the co-ordination of local government agencies, or the Fatherland Front, despite some mentioning about the positive role and contribution of NGOs, other social organizations and individuals (or philanthropists). The concern about national security due to their involvement was also raised in the discussion with the officials. Yet, it appears that the expected involvement of these actors is mainly for charity activities but not development. Only in one ward location, one senior official support the role of NGOs in providing technical knowledge and skills for the poor groups to help themselves.

Furthermore, one of the objectives of the consultation is to obtain contributions as to how the policies are brought into practice and whether they will bring changes to the life of poor people. One suggestion, which was consistently raised, is to ask directly people about their lives. Leaders at high levels should visit, observe and consult with poor households on a regular basis (the participants took the group discussions on the CPRGS consultation as a good example). The people wish to meet the officials to voice their concerns and suggestions. Some even suggested that local officials should not be forewarned of such visits. Besides, to contribute to how to monitor the reduction of poverty, the participants hold that the increase of social problems can be seen as an indicator of poverty trends. The school drop-out rate is another important measurement. Finally, it is clear that there is huge expectation of the poor people on the determination and commitment of the Government to implement the CPRGS radically.

## **Annex 3.1: Research Team Members in Ho Chi Minh City**

Nguyen Van Thuan	SC-UK	Coordinator
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Lan Thi Hoang Oanh	HEPR, District Binh Thanh	Member
Tran Ngoc Thuy	HEPR, District Binh Thanh	Member
Nguyen The Bao	HEPR, Ward 12, District Binh Thanh	Member
Ha Van Tien	Community leader, Ward 12, BT	Member
Nguyen Y Quynh Luu	Community leader, Ward 21, BT	Member
Dang Dinh Hai	Community leader, Ward 21, BT	Member
Hong Diem Kieu	HEPR, District 6	Member
Truong Dac An	Labor, Invalids, Social Affairs, D.6	Member
Bui Van Thuong	HEPR, Ward 8, District 6	Member
Nguyen Xuan Trung	Community leader, Ward 8, District 6	Member
Duong Thi Kim Lien	HEPR, Ward 14, District 6.	Member
Phan Thi Hong Hoa	Women's Union, Ward 14, District 6	Member
Nguyen Thi Nhan	Open University	Member
Tu Ngoc Chau	CARE International	Member
Nguyen Thi Hai	SC-UK	Member
Tran Thi Men	Social worker	Member
Tran Trieu Ngoa Huyen	SC-UK collaborator	Member
Tran Thi Tuyet Mai	Tan Hoa Lo Gom Urban upgrading project	Member
Tan Dinh Te	Tan Hoa Lo Gom Urban upgrading project	Member
Truong Thi Dua	College of Teachers Training/ social worker	Member

**PART FOUR:**

**VIEWS FROM  
QUANG TRI PROVINCE**

**CAM LO DISTRICT**  
CAM THANH COMMUNE

SUPPORTED BY:  
**Plan in Vietnam**

## **Views from Quang Tri Province**

### **1 Introduction**

In support of the Government of Vietnam's desire to consult with citizens about the interim Poverty Reduction and Growth Strategy (I-PRSP), Plan in Vietnam (Plan) facilitated a process of grassroots reflection in Cam Thanh Commune, Cam Lo District, in Quang Tri Province during December 2001. Group discussions and in-depth interviews took place over a period of 6 days (from 19<sup>th</sup> - 25<sup>th</sup> December) with a total of 155 people (83 females and 72 males). The consultations included 17 in-depth interviews and 14 focus group discussions held at three levels: district, commune, and village.

The consultation was carried out by a team including: 3 officers from Plan's representative office in Hanoi; one external consultant; 4 officers from Plan's working station in Quang Tri; and 4 officers from the Cam Thanh Commune People's Committee (Annex 1 provides a list of the research team members). This team was divided into 4 smaller groups to carry out simultaneous consultations during the six days of fieldwork. The fieldwork included one day for training the facilitators and gathering secondary data, three days for collecting primary data in the field, one day for summarizing the primary data, and one day presenting and discussing the findings with the Commune and District People's Committees.

Interviews took place with 136 villagers (78 females, 58 males), 15 village and commune officials (6 females, 9 males) and 19 district officials (5 females, 14 males). The village level participants included poor women, poor men and the Village Heads. Commune level participants were the People's Committee Officers, employees of banks, members of cooperatives, members of the Women's Union and Farmer's Association, village health volunteers and health station workers, pre-school and primary school teachers, SME owners, family business owners from the commune, and government officials in charge of the Poverty Reduction Board in the Commune. District level participants included leaders of the District People's Committee, agriculture and health care educators, employees of the Agricultural Bank, members of the Farmer's Association and Veterans' Association.

In-depth group discussion methods were used. Questions and discussions were organized according to major topics in the I-PRSP. Training on note taking, interviewing and data gathering took place beforehand. Each data-collecting group consisted of 1 officer, 1 executive, and 1 secretary. After each day of interviews, the teams met to share their experiences and summarize information that was later compiled into 5 brief reports, which were then brought together for this final report.

### **The Study Location**

Cam Thanh Commune, in Cam Lo District (Quang Tri Province), was chosen for this consultation. As a whole, Cam Thanh is a typical commune in Cam Lo District, where the poor

and the near-poor have faced many difficulties. The economy is very weak because of over-dependence on agriculture, severe weather and dry soil conditions that limit crop production, and nearly one-third of the population is unemployed. In addition, because of Quang Tri's strategic location during the American War, the local population still suffers from the negative repercussions, evident in the large number of widows, reduction in cultivable land, and numerous medical problems related to Agent Orange poisoning.

Cam Thanh extends for 17 km along the N9 road, and has a population of 6,918, in 1,524 households in 16 villages. Within the commune there are 2,810 laborers, working in agriculture, forestry, and domestic industry services, with 85% involved in agricultural labor. It has an agricultural land area of 583 ha, 322 ha of which are used for industrial planting, and there is an agricultural cooperative in the commune.

The climate is severe, with hot, dry winds, infertile land, and a shortage of safe water for farming and domestic consumption. Per capita income is 1.8 million VND per year; poor households account for around 14% of the population and 20% percent of households live near the poverty line when using the new criteria set by Ministry of Labor and Social Invalids (MOLISA). Seventy percent of households in the commune have homes built of brick with tiled roofs and 85% of households have access to electricity. Fifty percent own a T.V and 30% own motorbikes. There are a total of 19 cars and 6 rice-husking machines in the commune. Only 10% of the population has access to safe water while 60% use well water and 30% use streams and rivers.

Cam Thanh has 3 primary schools, with 31 classrooms for 1,057 students. There is no separate secondary school. The number of children within school age attending primary school is 98% and no dropouts were reported in 2001. Cam Thanh has 18 pre-school classes, and 12 out of 16 villages have pre-school classes, with 60% of children between 4 and 5 years of age attending. Two health clinics, run by assistant doctors and midwives, exist in the Commune. In addition, there is a health clinic for employees of the local gravel company.

Plan has been working in partnership with Cam Thanh Commune since 1996. The effect of Plan's cooperation in Cam Thanh, and the resulting improvement in living standards, will influence the findings of this report, and should be taken into consideration.

## **2 Summary of Main Findings**

The people and leaders consulted in Cam Thanh felt that although reaching the objectives of the I-PRSP will be challenging, the objectives can be achieved if the priorities mentioned below focus on reaching the very poor and are supported by the Government.

Most poor citizens and leaders of the commune agree that, in general, poverty in Cam Thanh has been significantly reduced over the last five years. Per capita income has increased and the number of poor households in their region has decreased. Infrastructure has been improved and most people now have access to electricity, schooling, and health care.

However, poverty still exists. Land shortages, lack of skilled labor, capital or credit, degradation of natural resources, and a lack of will or inability to overcome vulnerabilities and hurdles associated

with being poor, prevent the poor from breaking out of the cycle of poverty. In addition, poverty still exists at the margins: national standards for measuring poverty often do not account for the number of people living just above the formal poverty line and who are vulnerable to shocks and natural disasters.

Interviews revealed that Government policies for land allocation, and education and health subsidies targeted for the poor were not actually reaching the poor.

Community members expressed a strong desire to partake in implementing and managing local construction of infrastructure projects within their communities to increase employment and add value to the local economy, reduce construction costs, add value and ownership to the final outputs, and gain new skills in monitoring and management.

To assist farmers in diversifying agricultural production and transition to off-farm production, the Government should invest in irrigation systems for poor soil areas, provide training on animal husbandry or make available technology transfers for cash crop production.

The Government can encourage household and SME development by providing market information, technology transfers, and more favorable policies to access capital and credit in the creation of new businesses and the expansion of current ones. Government purchase of excess commodities and policies to address price supports could help stabilize incomes for poor farmers. In addition, Government efforts to strengthen the competitive capacity of SMEs, provide simple technology to process agricultural products, build access to favorable credit policies and information on market regulations and prices, will all create additional and valuable opportunities for entrepreneurs to enter the market. To encourage the poor to invest, credit programs for the poor should be expanded and improved to include flexible loan conditions and easier borrowing procedures. Improving the capacity of Vietnam's poor communities should, according to the people, include practical, feasible and focused training, including science and technology transfers.

Local people feel that, in recent years, the Government and NGOs have increased investment in education and health in their communities. In order to achieve goals in improving the education and health of the poor, the Government should invest in the professional development of teachers and village health workers through incentives such as training and allowances. Government should raise existing levels of assistance to poor households with subsidies for education and health fees, and loans to students in need at college and university levels. Government should standardize and incorporate preschool into primary education and increase education and communication materials addressing common health problems affecting villagers.

Most households are not able to prepare for unforeseen difficulties because they are constantly resolving immediate needs. The appropriate selection of beneficiaries, including poor households *and* regions, for Government programs such as building schools, health stations, irrigation systems and social welfare funds for emergencies and natural disasters is very necessary and encouraged. However, before establishing this system, the Government should carefully analyze poverty within different regions as each region has its own socioeconomic system and culture. Distinction must be made between the rich and poor within communities in order to find solutions appropriate to the poor community's needs.

At the commune level, the People's Committee and mass organizations play the most important role in the implementation of the Government's activities in the region. At the village level, most rely on the Village Board including representatives from the Farmer's Association and the Women's Union and agricultural cooperatives, as the key implementers of Government programs on poverty reduction. Improving the professional level of commune officers, emphasizing transparency in carrying out community activities, and providing villages with a place where people can access legal information would be the three most beneficial programs in achieving better representation of the people and to encourage their participation.

### 3 Poverty Trends and Forecasts

#### Box 4.1 Household plans of Trung Thi Ba

Trung Thi Ba and her husband frequently discuss whether to grow more pepper trees or to try planting other crops. The price of pepper drops every year and they have begun growing lemon and grapefruit trees, in addition to owning two fishponds. For extra income, both of them work as occasional laborers and Ba sells fruit during the rainy season. *"It's all part of our 50 year plan so we can invest in our kids' education."* They have four children; the eldest has graduated from high school and works to help his parents. The second eldest is attending vocational training outside their village. Despite leaving a few years ago, they have returned to Tan Xuan Hai village determined to improve their living standards and keep all their children in school. *"Living standards are better now than when we left a few years ago."*

From interviews with citizens and leaders of the commune, it is felt by most that, in general, poverty has been significantly reduced over the last five years, as measured by the increase in per capita income and the reduction in the number of poor households in their region. Infrastructure has been improved and most people have access to electricity, schooling, and health care. However, for the very poor, the situation has not changed much. In fact, very poor households who have been struggling for the past few years still have not received enough support to improve their situation.

Of those interviewed, poor women, in particular, were most able to list the causes and disadvantages of being poor. Labor is in short supply in large families with too many dependents, and within families where chief manual laborers have died or were permanently injured from war. Fertile land is scarce, both because of unequal land distribution and a lack of water to farm dry soil or mountainous areas. Capital is also scarce, market information is lacking, as is experience in managing investments; this has resulted in higher risks for the poor. Families in this region have also suffered from environmental degradation, including water pollution, soil and forest land erosion and depletion of grasslands used for grazing. In addition, a large proportion of the population of this commune exist near the poverty line and are very vulnerable to shocks such as the fluctuation of market prices, overdue debt, illness or natural disasters.

Great strides have been made to extend services and support for the poor by the Government. Subsidies in health and education and tax reductions were acknowledged as important factors in improving the local standard of living. During our consultation, the poor were often not able to grasp the macroeconomic goals of the I-PRSP and could not answer directly whether the broader goals of reducing poverty to 10% or doubling the GDP would be attainable in the future.

Rather, they made specific, practical suggestions that were, in their views, closer to reality and more feasible in their lives, as prioritized below:

- Further reductions in education costs (construction fees, textbooks and other fees) for preschool and primary schools;
- Reductions in the costs for agricultural inputs and fees including irrigation fees, taxes, fertilizers and insecticides. Combined with improved access to extension services;
- Increased subsidies for outpatient visits and medication at commune health centers. Current remissions are aimed at reducing medical costs for the poor, but treatments are only financially supported for inpatient services at district or provincial hospitals. Consequently, these two services, accounting for the majority of health related expenses for the poor, are not subsidized, and therefore, unable to reach the very poor;
- Decentralization of construction management to allow for local people to build community infrastructure projects;
- Faster implementation of forest and land allocation to citizens by State Owned Enterprises to speed up allocation of much needed land to households in communities. Villagers reported that SOEs in their community produced very little in comparison with the amount of land owned by the SOEs, and, in fact, have to hire local laborers to reforest the land. Despite encouragement from the community and local authorities to reallocate forestland, local SOE's have been slow to respond. One example is the unequal allocation of land to employees of SOEs who receive around 1 hectare (10,000 m<sup>2</sup>) of land, as compared to local households whom receive only 2 sao (1,000 m<sup>2</sup>); and
- Simplified and more favorable legal procedures and access to credit for the poor and new enterprises.

The poorest households and special groups interviewed felt that if grassroots consultations such as the exercise carried out in Cam Thanh were conducted and the priorities mentioned above were supported and implemented by the Government, social equity would be ensured.

## 4 Creating Opportunities for Poor People and Supporting Livelihoods

### 4.1 Improving Basic Infrastructure

#### **Box 4.2 Villagers initiative in building infrastructure**

Within the last five years, there have only been a few government construction projects in Tan Xuan Hoi village. After seeing the grassroots democracy decree being implemented in their village, the villagers decided to build a meeting hall that could also be used as a daycare center. They took the initiative and built a meeting hall with the hard work and involvement of every household. Village heads mobilized cash contributions from households that could afford it and established payment plans or labor contribution options for poorer households to participate. Years after it was finished, it still stands in good condition, thanks to the oversight of the Village Board. *“You see, this is proof that we can build and oversee a project from start to finish, we just need more opportunities.”* (Woman in Tan Xuan Hoi village)

The poor feel that the Government's objectives and proposals regarding the improvement of basic infrastructure are suitable, and will be achieved if the Government includes local people in the planning and building of local infrastructure projects. The villagers and leaders expressed a strong desire to partake in implementing and managing projects within their communities because

this would increase employment and develop the local economy, reduce construction costs, contribute indigenous skills and knowledge, and build a sense of local ownership. The poor would also gain valuable new skills in monitoring and management for future projects.

The meeting house in Tan Xuan Hoi village stands as a tribute to their community's mobilization and participation, in contrast to a clean water project built a few years ago by the local government that goes unused, due to high fees and lack of community management. The water project was built without input and management of the villagers, and users were not informed about higher fees so most households have stopped using the clean water project altogether, resorting to their wells instead. *"I don't use it because prices were simply dictated to the people without first consulting to see if we could afford it"* (Seamstress in Tan Xuan Hoi village).

Local leaders and community members should be consulted during all stages, particularly the initial planning period for valuable input and background information and procedures for employing local staff. To encourage participation of poorer households, contribution plans should be flexible enough to include combinations of payment methods that do not strictly require cash. Management and follow-up of activities after construction could also be led by local people to ensure sustainability. Villagers and local leaders voiced a need for technical and managerial training for the community in building community capacity and to ensure quality.

During larger construction projects, community leaders recommend that more complex management tasks are assigned to company employees and smaller management tasks are assigned to local people until they have received sufficient training to take on more responsibility. The decentralization process adopted in Program 135 was highly appreciated by local authorities, as it enabled communities to become active participants in planning, implementation, maintenance and management of smaller-scale infrastructure projects.

## **4.2 Intensify and Diversify Agricultural Production**

For poor farmers, the issue of intensifying and diversifying agricultural production is currently one of their biggest challenges. Transitioning from agricultural production to cash crop and commodity production and establishing large-scale livestock husbandry have been difficult mainly due to a shortage in capital, insufficient access to and information on markets, and a lack of technical knowledge.

In order to assist farmers in overcoming these difficulties and achieve the I-PRSP objectives to intensify and diversify agricultural production, community leaders feel that the first step should be to assess the socio-economic development of each region to determine its strengths, needs and vulnerabilities to minimize risks for poor communities. National Government support is needed during the planning stage because local organizations do not have the financial or management capacity to do it alone. During the planning stage, the Government should focus on programs that help the poor overcome initial difficulties when investing or expanding their investments. Programs that ask 'how can the poor benefit or take part?' will be most beneficial and appropriate.

The poor in Cam Thanh recognize the need to transition to off-farm and non-agriculture-related employment, particularly for mountainous regions or areas with poor soil. There has not

been an increase in off-farm activities in recent years because villagers lack training. Additionally, animal husbandry activities have proven unsuccessful without adequate technical knowledge.

Poor communities welcome the Government's initiatives to assist in this transition and feel that, if successful, the following programs could offer solutions in fighting poverty in their commune:

- Investment in irrigation systems for poor soil areas;
- Transitioning to livestock raising by establishing training courses on animal husbandry or vocational training on specific trades and developing veterinary networks;
- Creating opportunities for the poor to borrow capital, developing hybrid cows, increasing and giving guidance on establishing cooperatives to enhance productive capacities and attract labor; and
- Job creation and employment are important issues that should receive additional attention by the Government.

### **4.3 Improve Participation of Poor Households in Markets**

Without market information, the poor often have to buy their production inputs at a high price and sell at prices that are lower than the market. Many poor families have to sell their produce early, before it matures, to obtain money for schooling, medical bills or to repay other loans. The poor are unable to organize small cooperatives due to a lack of knowledge of the benefits, guidelines and regulations of forming them, or not having sufficient capital to join one. Nor do they know how to use production and processing technologies to turn agricultural products into commercial products. When the poor gain access to credit, they do not always invest in production, but often must use the money to solve urgent needs. As a result, it is very difficult for the poor to invest in large-scale production because of the lack of collateral required for large loans.

The poor feel that improving their access to markets and accomplishing the I-PRSP objectives and proposals can begin with a Government policy to assist households in accessing markets to begin their businesses. The Government can also support the poor by purchasing excess commodities, formulating policies to introduce price support to help the poor stabilize their income, and providing simple technologies to process agricultural products<sup>12</sup>. Policies should support households and micro-enterprises in accessing credit while encouraging individuals who have the capacity to expand their businesses and capital. And finally, make available information on commodity markets for the poor and create opportunities for them to enter the labor market.<sup>13</sup> As mentioned in the above section, household interaction in labor markets should be addressed in the I-PRSP in alleviating poverty.

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<sup>12</sup> Though price support systems may not be feasible in Viet Nam, the vulnerability of the poor to commodity price changes is clear throughout this consultation. This vulnerability is central to addressing poverty in Cam Thanh Commune.

<sup>13</sup> The Consultation Team is aware of cases in which community members have migrated to Vietnam's cities in search of a better future. However, in some cases, the experience of these people in the cities has been full of hardship. As Viet Nam develops, the team recommends that the Government consider how to address such issues of labor mobility and the treatment of economic migrants.

#### **4.4 Developing SMEs and Household Enterprises**

Local business owners agree that establishing enterprises has become much easier since the Enterprise Law was introduced in 1999. Entrepreneurs encourage the Government to work towards providing market information, technology transfers, and more favorable policies to access capital and credit so that enterprises are better prepared for expansion. SMEs would like the Government to strengthen the competitive capacity of every, particularly new, enterprises and cooperatives by increasing access to credit, providing technical, marketing and business management.

Credit limits of 20 million VND have limited the expansion of smaller, household enterprises and businesses. Another difficulty household enterprises face is of having to resort to legal organizations or individuals to handle bidding, contracts, and collateral procedures – one enterprise reported paying 30% of its income to the legal representative. SMEs and household enterprises hope that government policies will invest and develop larger enterprises already in a region to create economic opportunity and leverage for smaller enterprises to enter.

#### **4.5 Improving Access to Credit**

Local authorities and villagers agree with and fully support the Government's objectives to provide access to credit and increase suitable loans that would include medium-term and long-term loans, easier lending requirements for the poor, and a longer lending cycle. In addition, savings schemes and programs or insurance funds that can be utilized by the poor in case their businesses fail should be established.

Providing training and information for business developments and production development Local leaders and citizens, believe that the Government's objectives and proposals regarding the provision of training and information for business and production can be realized if science and technology transfer training are increased for poor people. Local authorities acknowledge organizing many activities to provide the poor with production skills, credit access and savings, nutrition improvement and health care. But according to the poor, their limited education, unsuitable training times and methods prevent them from in acquiring information from benefiting from these training activities. Simply establishing training activities is not enough: they must be tailored to the needs and availability of the poor.

Refresher courses should be repeated frequently to ensure that students fully understand and remember the coursework. Training objectives should be practical and feasible for communities, so the students should select training content. Trainees should also be carefully selected to meet the requirements of the course. Each training course should focus on a specific topic and be conducted through the centers for agriculture and forestry. The formation of farmer clubs could be developed to encourage participation and knowledge sharing. In conjunction with training, the Government should invest in the improvement and creating of new varieties of seedlings, and support the poor to access these varieties and put them into production.

## 5 Improving Access to Basic Social Services

### 5.1 Providing Quality Education for All

Local people agree that, in recent years, the Government, and NGOs have increased their investments in education within their communities. However, investment in preschool education from the Government is still very limited in this region, particularly in basic equipment and materials. Due to high education costs and long distances to school, poor children often have to drop out of lower secondary school. Disabled and handicapped children who are put into public schools are faced with additional difficulties because of the shortage of well-trained and experienced teachers.

#### Box 4.3 Covering the costs of schooling

Life is hard for Nguyen Thu Thi in Tuong Lan village as a single mother who must make enough to feed and send her three younger children to school. Her husband passed away 8 years ago while trying to find scrap metal from one of many unexploded ordinances left from the war. Her two means of income are from collecting firewood or sometimes collecting small rocks for the rock mining company nearby. *“I had to borrow from the bank, the Women’s Union and buy meals on credit at the local food vendor so that I have enough money to send my kids to school. The government subsidies, although helpful, don’t provide enough for me to keep all my kids in school. Thank goodness we are at least healthy.”* Her oldest child had to stop school in 4th grade to work to help out.

The people felt that in order to meet the goals of universal, quality education, as stated in the Government’s strategy, the following should be addressed:

- The Government should standardize preschool education, which is precondition to developing the quality of primary education. Preschool education should be included in primary education and should receive proper attention. Training for preschool education teachers should be standardized and salaries paid by the Government;
- Additionally, the Government could also increase investment in basic school facilities and equipment to keep up with the demand of classrooms for children, collaborate with and make full use of financial resources of partner organizations, and develop school medical centers to look after pupils’ health;
- The Government should reduce contributions required from poor children including school fees, school construction fees, and establish a program for poor pupils to borrow books. The level of remission should be unified among schools in the region to ensure equality for poor pupils. The Government should give partial support to poor pupils, even those without an identification booklet for the poor, to attend school. The Government should continue its policy, which provides loans for poor students, especially for students at college and university levels;
- The poor in this commune also voiced difficulties in keeping their children in school all day due to a loss of time away from their farms and their children enduring extreme weather

conditions without adequate protection in poor school facilities and the additional cost for school lunches;

- If additional hours beyond the normal school day are approved by the majority of the community or enforced by the school system resulting in additional fees, the Government should assist very poor families who cannot afford paying further costs;
- To improve the quality of education, teacher training should also be a primary focus;
- The Government should provide teachers with training on methods of incorporating disabled children into their communities. The Government should also support expenses and training for teachers on health care, family planning, natural disaster protection and prevention; and
- Libraries should be provided with sufficient documents for research in various fields such as animal husbandry, plant cultivation and health care education for teachers and pupils.

## 5.2 Improving the Health of Poor People

### Box 4.4 The Importance of Healthcare

Huong Duc Hiep and his son are busy with household chores as his wife, Hue, rests with her feet up. They have lived in Than Phu village for 14 years, working as farmers and laborers to build a comfortable life for their 12-year-old son. *“In one month, there will be another family member,”* Hue tells us as she points to her large stomach. *“We have worked hard for a long time, but things are finally paying off. We have a secure house and nearly 300 mature pepper trees now. Ever since we heard this baby was coming, we’ve been saving each month so that when Hue goes to deliver, I can take her to the provincial hospital.”* Hiep beams proudly.

Of those interviewed, most agree that the health situation of the poor has improved in recent years. Healthcare, especially for women and children, has been given more attention than ever before. However, healthcare is still very costly for the poor. The current system of subsidies cannot reach the very poor who rely on the Commune Health Centers for the majority of their medical needs because remission of fees is only effective for inpatient services at the district and provincial level hospitals. Medicine and treatment at the commune level still have to be paid by the patient and the identification booklet for the poor can only be used within Quang Tri Province. In addition, when using their identification booklet for the poor, patients feel they are discriminated against and receive poorer quality of service. These hurdles discourage the poor from seeking treatment until their illnesses become serious<sup>14</sup>. A more appropriate solution would be to issue health insurance cards to ensure access to health services at all levels and equal treatment for every patient.

The participants found the Government’s objectives in the improvement of the healthcare for the poor necessary and appropriate and fully support the Government in implementing these policies. In order to achieve these goals, the following measures have been suggested by healthcare officials and patients:

- Encouraging professional development of all health staff, especially at commune and village levels;

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<sup>14</sup> For the insurance card to be effective, the Consultation Team would also like to emphasize the need to finance health facilities that will provide requested services. Issuing a card is not enough; the supply side of the health care system must also be addressed to make the card a viable solution.

- Granting a health care insurance card to replace the identification booklet for the poor for those seeking treatment at the commune level;
- Expanding diagnosis and treatment for the poor; ensuring that treatment for health care services, at the commune level, is appropriate for the poor; and assigning a full time doctor to each commune health station;
- Make available more training about first aid, emergency aid and normal disease treatment for village health care officers;
- Provide a source of safe water so that people are able to improve personal hygiene, food hygiene, and prevent diseases;
- Establishment of health clubs to discuss and disseminate information about proper sanitation and the environment;
- Support payment for administrative expenses of the commune health station so that the poor do not have to pay for these expenses; and
- Improve the quality of life for village health care staff through increased salary and allowances.

## **6 Reducing Risk and Vulnerability**

### **6.1 Addressing risk and vulnerability**

Most households are not able to prepare for unforeseen difficulties because they are constantly resolving immediate needs – only one household in Cam Phu 2 village had a savings account. The poor approve of the Government’s policy to reduce taxes and subsidies for social services. The appropriate selection of beneficiaries, including poor households *and* regions, for Government programs such as building schools, health stations, irrigation systems and social welfare funds for emergencies and natural disasters are very necessary and encouraged. However, before establishing this system, the Government should carefully consider analyzing the poor within different regions because each region has its own socioeconomic system and culture. An analysis and distinction must be made between the rich and poor within communities in order to find solutions appropriate to the poor community’s needs. If these assessments are conducted beforehand, programs and services will be much more attractive, practical and utilized by the poor.

Several funds exist within these communities that households contribute to and can turn to in times of need. Unfortunately, some households are confused about the purpose of the local funds and their rights in accessing them. There were many supporters for the Government to let poor women establish their own small funds, because they would be more easily to understand and more convenient to manage and monitor. The Government should consider levels of contributions – many poor households will not be able to participate if fees are too high – and monitor the use of these funds to ensure fairness and transparency. The Government’s three I-PRSP aims of establishing a priority system to help disadvantaged groups benefit from national programs on social development, establish a preferential regime for the poor to reduce contributions and fees related to basic social services, and the expansion of the social protection and safety net through different funds are suitable and should be implemented soon.

### **6.2 Helping poor people to deal with disasters**

Surprisingly, although this commune was flooded in 1999, the people did not mention being vulnerable to natural disasters; their daily struggles were seen as their highest priority.

## 7 Institutional Arrangements for Delivering the Poverty Reduction Strategy

### Box 4.5 Views on the community consultations

*“I think this consultation was good for everyone involved because the poor want the government to hear their opinions and these one on one discussions were a great way to do that.”* (Tran Vien Thien, Leader of the Farmer’s Association and Consultation Team Member). Most people agree that the Commune People’s Committee and social associations such as Women’s Union and Farmer’s Association play a critical role in the implementation of the Government’s activities in the region.

At the commune level, the People’s Committee and mass organizations play the most important role in the implementation of the Government’s activities in the region. At the village level, most rely on the Village Board, including representatives from the Farmer’s Association and the Women’s Union and agricultural cooperatives as the key implementers of Government programs on poverty reduction. Since these associations represent the poor in implementing poverty reduction and hunger alleviation policies, representatives of mass organizations need to be carefully selected according to their abilities and morality.

According to the leaders of the People’s Committee, the professional development of officers is the most important way that the Government can assist the people and achieve the institutional arrangements for delivering the I-PRSP components effectively. These representatives should have regular dialogues with the poor as the best means to understand the desires and demands of people. The commune officers need to play a larger role in implementing the Government’s poverty strategy.

People want community organizations to be their representatives but they do not know how to help these organizations operate effectively. They can only rely on the honesty and equity of their representatives through elections. They are often unable to judge the candidate’s ability and they are unsure of how to choose the best person to represent them. Citizens feel that their elected officials should work closely with the people and be transparent in matters that are important to the people. People only have access to financial and development plans when they attend village meetings or at the Commune People’s Committee meetings. Informing people of the village’s plan is only a formality and is not explained in depth. Some people said that development plans and financial information are posted, but villagers are not asked for their opinions.

People feel that legal information is very important and necessary. There are two forms of access to legal information in the community; the mass media and through Officers of Justice. However, information from the mass media is limited due to lack of dialogue between villagers and Officers of Justice. According to the Commune People’s Committee, the professional capability of commune Officers of Justice is limited so their information and explaining of laws does not meet the needs of local people. Books and newspapers are rare in villages, only the commune has newspapers or other publications. The improvement of access to legal information will be easier if villages have an office or library and the professional level of Officers of Justice is improved.

### **Recommendations from the Consultation Team**

Finally, it was felt that this type of grassroots consultation is essential both for policy formulation and for program implementation. Only in this way will programs be feasible for the poor, meeting their needs. Therefore, a key factor in achieving I-PRSP objectives is the application of the Local democracy decree in poverty reduction programs to strengthen community capacity and mobilize local resources.

## Annex 4.1: Research Team Members in Quang Tri

### Plan in Vietnam Staff:

Le Quang Duat	Program Support Manager
Nguyen Van Quang	Quang Tri Program Unit Manager
Tran Thi Lan	Health Coordinator
Nguyen Van Thanh	Area Program Facilitator
Vo Phu Thinh	Livelihood Coordinator
Nguyen Tien Dung	Health Advisor
Nguyen Kim Nga	Public Relations Intern
Mark McPeak	Country Director
Nguyen Duc Chinh	External Consultant

### Local Staff:

Luong Van Thao	Cam Lo District Planning and Investment Section
Nguyen Cong Thien	Farmers Association
Hoang Anh	Chairman, Cam Thanh Commune People's Committee
Nguyen Van Hung	Farmers Association, Cam Thanh Commune
Le Chi Phi	HEPR Board, Cam Thanh Commune
Tran Thi Cam	Womens Union, Cam Thanh Commune
Nguyen The Hung	Commune Accountant, Cam Thanh Commune

**PART FIVE:**

**VIEWS FROM  
HA TINH PROVINCE**

**CAN LOC DISTRICT**  
TINH LOC COMMUNE  
THUONG LOC COMMUNE

SUPPORTED BY:

**ActionAid Vietnam**

# Views from Ha Tinh Province

## 1 Introduction

ActionAid Vietnam (AAV) joined a group of International NGOs in Vietnam to support the Ministry of Planning and Investment to undertake a consultation with poor people to get their feedback on the interim Poverty Reduction Strategy Paper (I-PRSP). AAV organized the consultation in Can Loc District of Ha Tinh Province – the same location in which the Participatory Poverty Assessment (PPA) was conducted in 1999.

The consultation took place from 10-19 December 2001, in four poor villages namely: Hong Phong and Hong Tinh villages of Thinh Loc Commune, and Thanh My and Tra Son villages of Thuong Loc Commune. A total of 299 people (101 women and 198 men) participated in the consultation through groups of men, women, old people and children. A list of the research team members is given in Annex 1.

The Government's I-PRSP prepared in 2001 (which formed the background document for the full CPRGS) was used for the consultation. This was simplified and presented to make it well understood by local people. Detailed guidelines were prepared to get feedback on issues including: poverty trends; opportunities for improving poor people's livelihoods; access to social services, institutional arrangements for implementation; and monitoring and evaluation. Participatory methods such as semi-structured interviews, focus groups discussions, pair-wise ranking and scoring, and card sorting were used to obtain the participant's feedback on the draft policies.

### Can Loc District

Can Loc District consists of 29 administrative areas including one district town, six mountainous communes, one commune on the coast (12km coast line) and 21 lowland communes. The total area of the district is 37,812 hectares consisting of 13,992 ha agriculture land, 6,260 ha forest land, 6,054 ha special used land, 996 ha residential land and 10,540 ha unused land (hilly areas, water bodies and rocky mountains). The population of Can Loc is 179,390 people (14% of province population), of which 76,019 are productive labors (71,891 engaged in agriculture, 46 in forestry, 129 in fisheries, 1,441 in industry, 184 in construction, 237 in transportation, 1,267 in trade and 824 in others professions).

The biophysical conditions of the district provide good potential for the development of agriculture, forestry and fisheries. However, it also faces problems with typhoons and floods, hot winds from the west (Laos) and drought. In several communes the soil is degraded and eroded. Food security is still a problem particularly for poor households. The infrastructure in Can Loc is quite good. Electricity is available to all communes from the national grid and a good road system exists. All communes are accessible by car.

The primary school network is completed. One out of 3,5 persons is going to school and attention is given to vocational training by establishing 2 centers for this purpose, because of the low number of trained laborers, especially from poor households. In the district there is 1 health

center, 3 regional clinics and 31 commune health stations. Only 50% of households have access to clean drinking water and sanitary facilities exist in only 25% households.

## 2 Poverty Trends and Forecasts

Poor people revealed that over the last few years, poverty has reduced and their livelihoods have much improved. However, people commented that further reduction in poverty levels might be slow because the Government has raised the poverty line in 2001.

The participants largely attributed poverty reduction to effective Government policies (credit for the poor, health support, irrigation and rural road construction, land allocation to households for long term investment etc). People gave credit to local leaders and service providers for working closely with them to provide good agriculture extension services (crops and fruit production and protection, veterinary services, flexible credit for inputs) and good information through the media. Examples of this were cited, for instance, from Thuong Loc where due to the availability of improved technology farmers have increased their rice production by 50% in recent years.

Support from national and international organizations such as Bank for the Poor, KfW (forestry project), and ActionAid reportedly helped create jobs and reduce poverty and hunger through their various innovative programs. One example often cited was in savings and credit schemes. Farmers are increasingly involved in off-farm income generating activities such as opening shops, trading or working as laborers. The low population growth rate of 1.04% (in 2000) has helped people to give more time to productive activities than on childcare. The favorable weather conditions over the last few years and increasing exports of seafood products (e.g. in Thinh Loc) have also helped to boost the poverty reduction efforts.

With regard to the overall strategies proposed by the Government, people ranked the following as their future priorities (based on the provisions made in I-PRSP):

- To develop the rural economy so that farmers can produce more from their land and develop off-farm activities;
- Provide better infrastructure to poor commune and households;
- Improve access to education and health care;
- People's participation in planning and managing development activities;
- Helping households to cope with natural disasters.

With regard to social equity, the majority felt that all men and women from different wealth categories would equally benefit from the strategy. However, some people (25%) at the village level suspected that better-off people and especially men would benefit more than others. Some people believed that those who know how to “*calculate*” – meaning someone good in planning and resources use, would benefit more from the strategy. The view of the commune and district staff is that the poor might get more benefit because 3 out of 10 actions are intended for the poor. However, they also felt that those who have better resources would have a better chance to utilize the strategy effectively.

There were indications related to inequity in terms of resource distribution between different villages. For example, some participants felt that Thuong Loc might get more resources for

projects such as electricity, roads and irrigation because commune staff lived there. Women have a heavy work burden hence they will have less opportunity to take part in the social activities and decision-making. The participants, therefore, suggested to make special provision for mother and child care programs, raising awareness on gender, and including their name in the Land Use Certificate to ensure that women would benefit well from the strategy.

People largely felt that the Government's target to reduce poverty by 10% in the next five years is feasible. However, people from Hong Thinh – Thinh Loc where 61% households are still below the poverty line were skeptical that the target would be met. They said that reducing the poverty level to 30% would be a more realistic target for their commune. People mentioned that the income target was more feasible, however some women's groups considered this unachievable. This was because their main source of income was still from agriculture while the land is less fertile and degraded and the expected income from off-farm activities is quite low. In general, the targets could be achieved in the whole district, but the feasibility of achieving the objectives at village or commune level would depend very much on the performance and specific conditions of each location. Their recommendation, therefore, is to prepare location specific targets for poverty reduction and income.

A number of criteria were proposed by the key informants (including villagers and Government staff) for monitoring changes in poverty and living conditions over time, including:

- Population growth rate, number of households in different wealth categories, and the number of households with stable income;
- Income from different sources, and productivity of crops;
- Housing facilities, production equipment/machinery, and access to credit;
- Infrastructure status: roads, irrigation, culture and sports facilities;
- Education status: the number of children going to different school levels; and
- Health status: disease index, number of children vaccinated, data on family planning

### **3 Creating Opportunities for Poor People and Supporting Livelihoods**

#### **3.1 Improving Basic Infrastructure**

Basic infrastructure in the study communes is rather well developed as compared to other remote and mountainous areas of Vietnam. People appreciated the positive impacts of different projects constructed so far. They were also happy with the planned actions of the Government. However, they made the following comments and suggestions.

People at village were invited to participate in the planning and construction of small-scale village projects only. Their representative from the Commune People's Council would participate in the planning of larger public works; while others would only be informed about what they have to contribute. Their involvement in the construction of local infrastructure was limited, and the ability to get employment very much depends on having connections with the contractors. For example, Thinh Loc Commune has recently constructed 5 projects including a water channel, school, road, health station, and People's Committee offices. But only 10 people from the commune were hired, at a very low wage, and some were even not paid after the work was completed. The hiring of laborers is solely the contractor's privilege, and villagers were not informed about this.

A participatory development planning approach should be introduced to the communes, in order to ensure the involvement of all villagers in the planning process and to make proper decisions on the projects (including larger ones). People felt that this would ensure better planning, implementation, contribution, monitoring and maintenance of commune projects. This will also eliminate the risk of projects being mainly built in the home villages of the leaders, which some people complained about.

To improve the impact of infrastructure projects for local people, particularly poor people, tendering should follow a bottom-up planning approach with close supervision by functional institutions. The specific rules for hiring the local laborers should be made clear during tender preparation. Equally important is the technical and management training to local staff responsible for management of public projects. There are already special boards established in the commune (e.g. an electricity board, and water users' association) but there is no board/group responsible for maintenance. The management and maintenance of the infrastructure projects are the part time job of staff with low capacity, which results in high cost of services for the consumers.

A case in point is in Thuong Loc Commune, where some people have to pay VND1500/kwh for electricity. The district staff also agreed that there was a lack of clear guidelines for proper maintenance of projects. The experience from Tra Son village is that with proper management the electricity cost could be reduced to VND 800/kwh. People in the village consultation felt that it was worthwhile to contribute only when it was cost-effective for them. They recommended that for each project clear responsibilities should be assigned to concerned organizations so that they could issue appropriate regulations, instructions and raise awareness of the people.

People were also worried that their contributions to infrastructure mainly in terms of labor or in kind (rice) was rather high. Therefore, they asked for the Government's consideration to allocate communes with financial assistance (e.g. 30% of the irrigation fee) for irrigation maintenance and upgrading.

### **3.2 Intensify and Diversify Agricultural Production**

People at different levels agreed that increasing agriculture productivity would eradicate hunger as already evidenced in many villages. However, they would face problems in venturing into cash crop production. There were many reasons cited by people for this. People lack funds to purchase mechanized implements/tools, good seeds and livestock, dependency on outside sources of seed (e.g. rice seed from China), they lack suitable varieties to grow on the less fertile soils and irrigation water is insufficient. People also suffer from unstable markets and low prices. They cite an example when they were advised to grow sugarcane and garlic, which they did but could not sell later due to lack of a proper market. Other difficulties cited by people are the lack of good access to information on improved technologies, lack of processing facilities, and infestation by pest and disease.

People are happy with the diversification of agriculture that has been achieved in the communes and district particularly in aquaculture, fruit production and industrial crops. They mentioned that off-farm income opportunities have increased mainly through trading, small-scale processing of agriculture produce, carpentry, forestry, and seasonal work as laborers in the southern provinces and from work overseas. All these sources brought additional income but they feared it was not a stable source. Their preferred option for improving income for poverty reduction is to have a stable job. However, they cite poor health conditions, the lack of enough jobs and lack of information about job opportunities as limiting factors.

**Box 5.1 Measures proposed by the participants to support agricultural intensification and diversification**

- Agriculture land classification survey to select suitable crop based on land type;
- Increase the price of agriculture products and provide regular updates of price information;
- Improve the quality of agricultural extension services – not only the good quality inputs but also the performance-oriented extension (as stated in Decree No 13/CP by the Government dated on 2/3/1993);
- Funding support for improvement in agriculture (re-allocation of fields, larger plots for households, provision of agriculture machines, intensified production of profitable crops);
- Provide long-term credit for forest and farm production (proposed loans VND 3–5 million for 3–5 years) and short-term credit for animal husbandry (VND 1–2 million for 6–12 months); and continue credit schemes with preferential interest rates for poor households;
- Introduce advanced appropriate technologies and assist the local people to identify appropriate species of crop or livestock to fit their natural and socio economic conditions through applied research;
- Reduce agriculture taxes as well as various other contributions and fees. No taxes were reduced in recent years despite their similar recommendations in the 1999 PPA. Poor people feel that the annual contribution of 80.000–100.000VND/person is too high for them;
- They further recommend to introduce health and social insurance, and crop and livestock insurance for farmers, particularly for poor households; and
- Mechanize agriculture production in terms of cultivation practices, local processing and conservation facilities for food grains and fruits.

### 3.3 Improve Participation of Poor Households in Markets

Marketing of agricultural products is a big concern of the farmers although they do not have large volumes to sell at present. Poor farmers face various problems when they want to sell their products. They are forced to sell their products to pay their outstanding loans, fees and contribution in cash, and for any urgent expenditure. Consequently, the selling price is often unfavorable for them. They face other problems due to lack of local markets such as traveling long distances to sell their products. They usually have low quality products and systematic information about market opportunities and prices is not yet available.

**Box 5.2 Recommendations to address the constraints in marketing (Ha Tinh)**

- Establish and manage effective local markets to handle large quantities of products as raw material for processing industries;
- Make technological provisions for preservation and processing of their products in order to make it more 'value added' for sale at the right time;
- Provide timely credit to help the poor in marketing;
- Provide an effective price support policy; and
- Timely information on prices of agricultural produce especially of the high value crops.

To develop enterprises, the participants recommended that an effective Government extension service be provided in the communes. This should give them necessary information based on farmers' need and supply high quality inputs at affordable prices. Farmers also expected establishment of processing facilities once they increase their productivity. In the communes, some enterprises already exist, including rice-mills and saw-mills and petty trade in fertilizers, insecticides and daily consumables. Setting up a business is not difficult for people, what they find problematic is their lack of knowledge on the enterprise laws, and managerial and marketing skills. Entrepreneurship is still a new concept for many farmers and hence they requested more information and support from the Government about this.

In general, the registration of enterprises was said to be easier nowadays and people had equal access to credit, however, some people still faced problems. One particular problem was related to credit facilities – especially the small loan size and short duration that does not meet the requirement of SMEs. Some women's groups mentioned that women should be encouraged to invest in SME development as women have advantage over men in business. They said women are more flexible, easier to approach and they can get better help than men.

### **3.5 Improving Access to Credit**

Since 1999, there have been positive changes in terms of access to credit. Larger loans are available and more people have access to credit. The lending procedures have been simplified and there are special credit schemes for the poor and for women. People also appreciate that there are more sources of credit (e.g. women's credit schemes, the fund for job creation, the fund for hunger eradication and poverty reduction etc). The Bank for the Poor interest rate was reduced from 1.2% to 0.5% per month, in addition to which, bank staff are improving their ways of approaching farmers and their staff are better trained.

Despite the above positive changes, the women's group in Thanh My village - Thuong Loc Commune, considers that people still have problems of high commercial interest rates, small loan size and short lending cycle, and high lending fees still exist (4000 VND for a loan of 1 million VND). People appreciated the Government's plan to provide credit to poor people with low interest rates. They were also happy with the provision made in the I-PRSP (e.g. reasonable duration of loans and the intention to simplify credit procedures).

It was found that some poor households could not pay back loans in time due to the death of livestock, flood damage and their own sickness. They recommended that special provisions (e.g. extension of loan period and in some cases cancellation of loans) be made to help the poor

households. Women wanted to have more direct access to bank credit and they recommended including the wife's name in the Land Use Certificate (Red book) in order to use it as a collateral to secure a loan from the banks.

### **3.6 Providing Training and Information for Business and Production Development**

Farmers said that they need knowledge and funds for development. Once they can take loans then training becomes essential. According to them, the causes of poverty, amongst others, are lack of knowledge and experience in planning and production. During the consultation people mentioned about different types of training such as formal vocational training and informal training through extension, and on-the-job training that had been provided in their villages. In the district, there is one vocational training center that targets students for training on subjects such as: carpentry, tailoring, electricity works, construction work, and gardening. Training on some traditional professions was also organized in the commune (e.g. for mat making, rattan/bamboo weaving and carpentry).

#### **Box 5.3 Recommendations to make training more relevant and effective for poor men and women**

- Trainers should have higher skills in training (in particular for adults);
- Selection of suitable training topics (in crop production, animal husbandry, veterinary work, off-farm activities etc) should be based on need assessment and longer training courses are required at the commune level;
- Farmer to farmer training should be promoted;
- Training for farmers should be combined with establishment of demonstration plots locally, and more practical exercises should be included; and
- More women should participate in the training for which support from their family (particularly men) is required.

## **4 Improving Access to Basic Social Services**

### **4.1 Providing Quality Education for All**

In general, universalization of primary education has been achieved in the study communes, but not all of them at an early age. For example, in Thuong Loc Commune the school attendance rate is 86% and in the Can Loc District only 24 communes out of total 30 could achieve the target of all children completing primary school at the right age.

People revealed that disabled children and those from the poorer households were deprived of schooling. One district discussion group stated that there were around 2,500 disabled children of schooling age. The need for a special school for such children has been strongly recommended. People also recommended that poor people's contribution for school construction costs should be reduced or they should be exempted. People expected other facilities such as better teaching equipment, lending textbooks, and school libraries (highly appreciated by the children's groups) and assistance from the Women's Union and the association for education promotion. People

further suggested that there should be better incentives for teachers, and that credit should be provided to poor students with a proper lending and repayment plan to enable them to study further.

One further issue that was raised concerned the classification of poor households that are eligible for school exemptions as they felt this was incorrect. In Think Loc Commune people asked for an effective survey to list the poor households correctly, so that they could benefit from the Government services meant for them.

#### **Box 5.4 Recommendations on improving education**

- To strengthen capacity and responsibility of local staff in socializing education by calling every household to pay attention to education;
- To mobilize more resources for education particularly for school construction to have sufficient classrooms for children;
- To avoid the present practice of having daily three-shift classes;
- To provide better teaching aids and facilities;
- To establish an education promotion fund;
- To provide more teachers with better quality for kindergartens, and with higher salaries in order to build a good foundation for the children to go to primary school; and
- To recruit more young and qualified teachers in primary schools (in Tra Son primary school 50% of the teachers are old with limited qualification).

## **4.2 Improving the Health for the Poor People**

People highlighted several problems related to their health. Regarding use of the Health Insurance Cards, one problem is that only the head of the certified poor household is eligible for free treatment. For example, in Think Loc Commune only 186 health insurance cards were available among 6,800 people. There were further difficulties in making use of the cards. Upon expiry the cards were not replaced on time, the cards were only valid within the province. In some cases people were also not well taken care of by the doctors or nurses when using the cards. Sometimes, to get the required treatment on time some people had to pay extra cash (e.g. in Can Loc Hospital). Poor facilities, a lack of sufficient budget and staff numbers in the Commune Health Station and the longer distance to District Health Center were other problems faced by poor people.

To improve their health condition, poor people recommended that health insurance be strengthened at the commune level through provision of well-qualified doctors, better facilities, and sufficient medicines. Health insurance cards should be issued to all members of poor households. They further asked for primary health care work and information, health facilities, equipment and medicine for remote areas, strict quality control of essential medicine and free supply of medicine for elderly people and children. Additional recommendations to improve the health status of people in their communities included that they should be committed to a clean environment (e.g. treatment of pesticide bottles), they should go for regular health examinations (quarterly) and take part in the community health program. Children and elderly people should be committed to play sports and exercise.

## **5 Reducing Risk and Vulnerability**

### **5.1 Helping Households Manage Risk and Address Vulnerability**

In order to prevent risk and vulnerability, people wanted information and training on preventative measures against natural hazards. They suggested that they should help each other during emergencies. They further recommended health insurance for poor people, job creation, and preferential credit and savings schemes for poor households in times of need. For this, one district group proposed credit at VND 5-10 million/commune without charging interest for the poor households and savings of VND 10,000 VND/person/year that could be connected to the existing well-run rotating credit units in some villages. Furthermore, reducing the contributions and fees that people have to pay, technical support through the agriculture extension system, supportive land allocation policy for poor households and vocational training for their children were proposed by people to reduce risks and vulnerability.

Those families that fall into difficulties did receive assistance from Government and other organizations (such as the Red Cross) in terms of tax exemption, food support, seed and seedlings, and materials for house repair and construction. People asked for close cooperation between these support agencies and the affected people so that a needs based support is provided to them following a participatory monitoring and evaluation process. Clear and timely information of the intended support for each location was reported to be of vital importance.

To cope better during an emergency, the district groups recommended that a fund for disaster prevention and mitigation be established and poor people supported through this. They further recommended that insurance systems for crops and livestock be established as they said people only had limited rice and livestock as reserves.

### **5.2 Helping Poor People to Deal with Disasters**

People acknowledge that provision of mosquito nets and blankets, clothes, rice and vegetables, rice seed, medicines and health care, and schoolbooks during an emergency are useful relief measures. They preferred the support of seed/seedlings and housing facilities the most. In the past, people were not directly consulted on what they needed during emergencies. On advice from the Village Heads, the needs for relief measures were aggregated at the commune level and support sought which did not always meet the demands. Therefore, a proper consultation for needs assessment was reported to be vital.

The district groups recommended replacing temporary bamboo huts of the poor by permanent bricks and tile roof. Other requirements included dyke construction to avoid floods, and harvesting crops early before the storm season begins. The district authorities already plan some of these measures. In addition, the district also plans to organize training for people to prepare them better for disasters (disaster preparedness) as well as to prepare sufficient materials (at village and commune level) for protection and they suggested this should be included in the I-PRSP.

## **6 Institutional Arrangements for Delivering the Poverty Reduction Strategy**

The greatest concern amongst local people was how the I-PRSP and other strategies and policies are implemented. Therefore, they recommend that a detailed implementation plan be prepared and included in the I-PRSP.

People reflected that they rely heavily on help from the local Party organization, administration and different mass organizations: the Women's Union, Farmers Association, Youth Union, Veteran's Association and the education promotion associations. To make them work more effectively, the following suggestions were offered by the participants:

- To strengthen the capacity of key people by selecting capable, good quality and responsible persons; provide them with necessary training on management skills; regularly monitor and evaluate their work; allocate sufficient budget to meet the operational cost of the organization based on transparent work plans;
- To implement the Grassroots Democracy Decree at the local level through villagers' participation in development planning, policy making and on other issues that affect their lives. People had so far been informed about commune development plans and budgets by Village Head through village loudspeakers or in village meetings. The district groups informed that about 50% of the communes already posted their plans and budgets in the headquarters. They further requested for more information on the use and final statement of budget utilization for each projects (school, irrigation system etc.);
- Commune staff should work in close collaboration with people, listen to people, and not put everything on the Village Heads, and be just to all villages;
- To have a proper reward and punishment system for staff based on their performances; and
- To have effective measures to eliminate corruption at different levels.

People participating in the consultation recognize that poverty reduction is the combined responsibility of the Party, the Government at different levels and sectors, and of the whole society. For these different groups, they have the following suggestions.

### **Government:**

- Develop strategy, policies and mechanism for poverty reduction;
- Mobilize and provide budget;
- Develop appropriate programs and organize implementation of these programs by establishment of boards at local levels with clear mandate, information to people about the support and related issues; and
- Coordinate, supervise, monitor and evaluate the implementation of different programs under poverty reduction and economic growth.

### **People:**

- To help implement the policies and programs properly;
- To have active participation in different organization and get involve in different activities through direct democracy; and
- Development of interest groups, raise the expectation to the responsible institutions and fight against corruption.

**Other organizations:**

- To take part as members in the poverty reduction board at local level;
- To provide relief, funds and support for the Government program; and
- To contribute technical and professional assistance.

## Annex 5.1: Research Team Members in Ha Tinh

### ActionAid Vietnam

Le Van Dinh	Commune Coordinator, ActionAid, DA2
Tu Thi Phuong Nga	Commune Coordinator, ActionAid, DA2
Nguyen Huy Ha	Commune Coordinator, ActionAid, DA2
Tran Thi Thanh	Commune Coordinator, ActionAid, DA2
Vo Cong Hoan	Commune Coordinator, ActionAid, DA2
Nguyen Quang Minh	Social Development Program Officer, DA2
Phan Thi Ha	Social Development Program Field Officer, DA2
Nguyen Tat Quan	Northern Program Manager
Vy Ngoc Anh	DA2 Manager
Nguyen Thi Tu	Desk Program Officer
Tran Thi Nhieu	Southern Program Officer
Pham Van Ngoc	Policy Research and Advocacy Manager

### District and Province

Nguyen Hien Minh	Ha Tinh provincial Foreigner Relation Dept., Officer
Manh Loc Hoa	Ha Tinh provincial Foreigner Relation Dept., Officer
Ngo Thi Hoai Nam	Ha Tinh Provincial Foreigner Relation Dept., Officer
Nguyen Duy Cuong	Planning Section, Can Loc district
Nguyen Huy Vuong	DOLISA, Can Loc district.
Nguyen Thi Nguyet	Education Section, Can Loc district

### Others

Le Minh Tue	Technical consultant
Le	Volunteer, Thinh Loc Commune
Hang	Volunteer, Vuong Loc Commune

**PART SIX:**

**VIEWS FROM  
LAO CAI PROVINCE**

**BAO THANG DISTRICT**  
PHONG NIEN COMMUNE  
BAN CAM COMMUNE  
&  
**MUONG KHUONG DISTRICT**

SUPPORTED BY:  
**The World Bank**

# Views from Lao Cai Province

## 1 Introduction

### Participants and study locations

These local consultations on the interim Poverty Reduction and Growth Strategy (I-PRSP) were undertaken together with local people and government staff in four villages and two communes, in two districts of Lao Cai Province in the Northern Mountain Region. In total, around 350 people were involved (including 172 women and 174 men) in 20 discussion groups, summarized as follows:

<b>Muong Khuong District</b>	33 participants
District level consultation only	
<b>Bao Thang District</b>	24 participants
<i>Ban Cam Commune</i>	22 participants
Nam Tang Village	45 participants
Ban Lot Village	74 participants
<i>Phong Nien Commune</i>	18 participants
Tan Ho Village	79 participants
Coc Sam 1 Village	42 participants

The participants included representatives from Hmong, Dao, Kinh, Tay, Phu La, Han, Nung and Giay ethnic groups, with ethnic minorities making up approximately 79%. With the exception of Ban Lot Village (in Ban Cam Commune), all these locations were previously involved in the PPA carried out in Lao Cai 1999. Many of the village people, commune and district staff and officials who participated in the PPA also took part in these consultations. Background data and information on the study locations can be found in the PPA report<sup>15</sup>.

The commune and district participants represented 34 sections of Government and service agencies including the Party, People's Committees, Mass Associations, District government technical sections, the banking sector, state enterprises and media agencies and special committees. The district authorities in Bao Thang and Muong Khuong were keen to involve a wider range of institutional representation than was initially proposed – which is an indication of the high level of interest and commitment given to the consultations.

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<sup>15</sup> MRDP (1999), *Lao Cai Province: Participatory Poverty Assessment*, Vietnam Sweden Mountain Rural Development Program in partnership with Lao Cai Province and the World Bank.

### **Box 6.1 Response from the participants on the consultation process**

Many of the participants expressed their interest and appreciation that the consultations were taking place. They recognized this as a more intensive approach to obtaining local opinion on the proposed policies of the Government than has commonly been undertaken in the past, and were generally open and willing to share their ideas and opinions. As noted by the Mr. Ta Dinh Bang, the Chairman of Muong Khuong District People's Committee:

*"In a very short time, but most district staff can participate. I think it is good. Especially, as the consultation is done at the end of the year which is the busiest time of the year."*

Mr. Dao Hoang Thi, Chairman of the Fatherland Front in Ban Cam Commune, expresses similar viewpoints:

*"Before, there were some consultations with our commune staff, but it has never been so comprehensive like this. Never could all representatives of all sectors and organizations participate in a consultation like this one. This is a very practical thing for us. It is a right thing for us to discuss. The Government should have chances to listen to what local people say. What they say may be right, or may not be right, but it is the truth. The Government must listen to the truth."*

*"I think the facilitation team's method in using "cards" is good. First, everybody can contribute their opinions. In a very short time, the team can collect as much opinions as possible for each topic. It is possible to avoid the situation when there is someone who is too active in giving their opinions, while others have none to contribute. Perhaps they do not know how to articulate, then they are afraid to speak out. Sometimes it is just indifference. By using cards like this, everybody has to "say". What I appreciate is that, for oral speaking, it is lengthy sometimes, and it takes a lot of time. Those who can speak long may take all available time for others to speak. The important thing is someone might have "opposite" ideas, they might not speak out. But they can write down and "say" that. If there are repeated opinions, then the team can know the percentage of agreement. We expect the Government develop this method of consultation so that its directions, policies are more relevant and effective to local people."*

And as a farmer from Ban Lot Village, Ban Cam Commune says:

*"We are very happy because this team's coming here to listen to us. You come to consult and collect our opinions on how to reduce poverty for us. From listening to us, the Government will know how to help us. We understand that we cannot demand everything from the Government. For some things, we have to take care of ourselves. But for other things, we do not know how to do or are too poor to do. This consultation really creates chances for us local people to discuss and offer solutions for the Government, and to share the work with the Government."*

## **2 Poverty Trends and Forecasts**

Participants at all levels agree that there was a substantial reduction in poverty in the 1990s. Two main sets of reasons are given for this. First are the gains in agricultural productivity resulting from the application of new techniques and varieties (and hence improvements in household

food security). Second are the focused and beneficial policies and programs for poverty reduction put in place by the Government. Improved access to extension information also ranks highly as a reason from some discussion groups.

When asked if the Government targets of doubling the average income over the next 10 years and of reducing the poverty incidence below 10% by 2005 are realistic – the response from the participants is more varied. At district level, only around half the participants believe these targets are obtainable. The main reasons given for this are related to the constraints on commercializing agricultural production in Lao Cai. District staff in Muong Khuong suggest that given current poverty levels in the district of around 40%, it will only be possible to reduce this by 5% per year. The commune level participants are generally more optimistic about achieving these targets, and interestingly, they refer to a number of enabling conditions they hope will lead to continued improvements in living standards (including the stable political and socio-economic situation, infrastructure, and better access to information).

The village participants express various viewpoints on the rate of poverty reduction in the future. While the general consensus from some village discussion groups is that the targets are obtainable, other groups are less certain about this. Nearly all village groups recognize this depends very much on the particular assets, resources and initiative of the individual households. As noted by one participant from the men's group in Ban Lot Village – *“some households' income may be increased 3 to 4 times but some households won't be able to do that.”* Villagers also speak about the importance of diversifying income sources. As noted by Mr. Hoang Van Le from Nam Tang – *“in order to limit the number of poor households it is necessary for households to develop various professions.”* While another participant from Ban Lot says – *“the income cannot be doubled, because we have a fixed area of land and the main income is only from agriculture and agriculture productivity cannot be doubled, only those families with their own business can.”* On balance, a greater proportion of participants feel that the Government's targets for poverty reduction and growth in income are over-optimistic. At the same time, people remain generally hopeful about the future.

## **2.1 Raising the Living Standards of Ethnic Minority Groups**

When asked about whether it is necessary to formulate special plans and programs to promote socio-economic development of ethnic minorities – almost 100% of participants at all levels agree this is required. Two priorities rank most highly from the discussion groups. The first is in building up human capital amongst ethnic minorities. This includes creating favorable conditions for people to gain access to socio-economic information, improved provision of schooling, and training ethnic minority cadres. The second is in building up infrastructure in the remote upland areas. One of the main recommendations to come from the consultation is that special provision should be made in the poverty reduction strategy for education and vocational skills training for ethnic minorities and for people living in the remote upland areas (this is covered more fully in later sections of the report).

### **Box 6.2 Main recommendations on improving infrastructure development**

- While local people are in agreement with the proposed actions of the Government, it is recommended that the strategy should be more detailed with respect to the mechanisms for implementation;
- There is a strong belief amongst commune and village participants that the program for infrastructure development can be feasible with the help of local people, and there is often a willingness to share the cost of such works;
- If it is intended that communes and villagers should have greater responsibility for operation and maintenance of local infrastructure, then it is essential that they are more involved in selection and construction so they can help ensure the quality of works;
- Ground rules need to be established under the strategy to ensure that paid labor opportunities for local people are both maximized and realized in practice and that appropriate checks are placed on contractors; and
- Training for commune cadres and supervision boards is a priority. Information on local infrastructure works including plans, budgets and expenditure, should be frequently provided and discussed with local people.

A majority of participants support the priority given by the Government to developing infrastructure in remote areas to improve access to services and markets. The specific actions proposed for this are also generally seen to be sufficient and appropriate. However, the participants raise some issues regarding implementation of these policies, specifically: (i) the delegation of management responsibilities for local infrastructure, (ii) how to maximize paid labor opportunities for local people, (iii) mechanisms for ensuring that local infrastructure is built to high quality, and (iv) the local supervision of works.

**Regarding the management of construction of local infrastructure** – there are differing opinions between commune and village level, and district level on this matter. In general, district opinion is that the commune authorities do not have sufficient capacity to manage the construction of local infrastructure. The message coming from many of the commune and village participants is that they do have the basic capacity for management of small works, and that communes and villages should have a greater role in construction and supervision. It is noted from several discussion groups that increasing commune and village management would increase the chances that local laborers are employed. However, the commune participants recognize that support is required and they give a high ranking for technical training for commune cadres.

**Regarding provision of paid labor** – villagers are keen to have more local labor opportunities. They stress that priority should be given to the local labor force rather than to itinerant laborers from other localities. However, in some instances there appear to be difficulties in realizing this policy. Several reasons for this are given. First, it is necessary to more clearly distinguish between ‘public labor contributions’ and ‘paid labor opportunities’. As noted by the women’s group in Nam Tang Village – *“local people were involved in preparing the site of a new school, however, they were not paid for this work as it was considered as part of their public labor contribution.”* Second, mechanisms are needed to ensure that contractors fulfill the Government’s intention of providing more local labor opportunities. As noted by the women’s group in Coc Sam 1 Village – *“the local labor force is not fully used, and local people go to work as hired laborers in other localities (on brick*

laying, wood working etc.).” In another case, local laborers were hired to carry earth to build a road, but the contractor went away without paying them.

**Regarding quality control** – the village groups are unanimous in their opinion that if local people have a greater role in providing labor and supervision the quality of construction will be ensured. As noted by the women’s group in Nam Tang Village – *“village and commune people did not take part in supervising construction of the new school, although they took part in handover. However, after 3 months there are cracks appearing in the school building (the school cost 95 million VND). They stress that there are local people with the skills to work on construction. They give an example of local labors who were hired by one man in the village to do carpentry and more technically complex jobs on his house (that cost 50 million VND) and which is better and more beautiful than the school.”* A recommendation made by another group is that construction projects should be implemented by local contractors, rather than by those from other localities who are less responsible for the construction.

**Regarding the supervision of works** – ‘Commune supervision boards’ have been established in the study area. However, it appears that their authority and specific responsibilities are not clear in some instances. It is noted by the men’s group in Coc Sam Village that – *“no specific requirements or criteria appear to have been worked out for selection of people’s inspectors. They also note that ideally people who are responsible for management should not also have an inspection function.”* This group also notes that information on local infrastructure works, including budgets and expenditure, is not easily available to local people (and the works under Program 135 are mentioned in this respect) and it is recommend that such information from the Government should be more frequently provided.

### 3.2 Intensifying and Diversifying Agricultural Production

Many participants attribute the reductions in poverty over recent years in large part to increases in household crop and livestock production. The majority of participants at all levels agree with the Government’s proposed strategy for intensifying agricultural production to boost commodity production and programs to help the poor shift from agricultural activities with low market value to those with high market value. However, there is a sense from the village discussions that many local people are uncertain about how to achieve this shift towards market production. Two main reasons stand out for this uncertainty: (i) constraints on available land area and quality, and (ii) the unstable markets for cash crops.

**Regarding land resources** – there is evident concern in many villages about limited land and water resources that pose constraints on the ability of households to significantly boost production. Land constraints are related to both land area and land quality. People are aware there is a fixed supply of land, particularly of irrigated land in the uplands, and a growing population. Accordingly, any increases in agricultural productivity must come from improvements in land use techniques and particularly through improvements in the quality of soil resources. As noted by Mr. Tran Dinh Vinh from Coc Sam Village says – *we need to have technical staff coming here to make soil analysis for us and then to give us advice on what kind of plants are suitable for our soils so we can invest in the right plants.*

Given these limitations on land resources, many households in the uplands will have to continue

to rely on hill crop cultivation to fulfill their basic food supply. And as found in the PPA in 1999, the reliance on hill crops is greater for the poorest households and communities that tend to have less irrigated paddy, and fewer alternative sources of income. The focus of the poverty reduction strategy is largely on boosting cash crop and commodity production. Local people agree with this general orientation. However, it is recommended that attention should also be given in the strategy to research and development on improved upland farming systems. Continued work in this area will be critical to the sustainability of many poor people's livelihoods in the uplands.

The agriculture extension service concentrates on the introduction of higher yielding / improved varieties of maize and rice that require higher levels of external inputs. These may be subsidized for poor households. Local people are interested in planting new and improved varieties, and there is a large demand for these inputs. However, attention should also be given to ensuring the suitability and sustainability of introduced varieties and technologies. Subsidized agricultural inputs on a short-term basis for poor households are also not a long-term solution to poverty. As noted in Tan Ho Village – *some recently introduced improved maize varieties are not suited to local needs and conditions* (for instance, in relation to storability, food preference and there are limited markets for these new varieties). One essential component of continued research and development on upland farming systems should be on crop improvement of local varieties that are well suited to the environment and needs of upland farmers in addition to introduced varieties.

**Regarding cash crop production** – this is the second main reason for local people's uncertainty with respect to agriculture development lies in markets. Compared to the situation in 1999 when the PPA was undertaken, there is a growing concern amongst local people about unstable markets for the main cash crops in Bao Thang. As noted by the men's group in Coc Sam Village – *the number of poor households increased to 25 because farmers have experienced crop failure in sugar cane, longan and litchi cultivation which are their main source of income, and additionally, prices for these products have dropped (for example, the price for sugarcane dropped from VND 4,300/kg to VND 1,500/kg)*. As a result some households have removed these crops, and the district extension service is promoting alternative crops such as tea and bamboo.

### 3.3 Improving Participation of Poor Households in Markets

The scope and content of extension services required by farmers is wider than is currently provided. The extension organization concentrates primarily on input supply and on the provision of technical information related to the establishment of the main cash crops and high yielding food crop varieties. Local people also express a demand for much more advice and information on markets and marketing. However, there is a sense from the village discussions that because these crops are promoted primarily through Government programs, often with the support of subsidies for poor households, it should also be the Government's responsibility to find or guarantee markets. This can lead to a situation whereby farmer households are in a passive role with respect to markets.

In response to questions relating to the new cooperative law, participants at commune and village level understand the basic rationale for setting up joint marketing organizations. There is high concern about marketing. However, people's understanding on the new cooperative law is limited. In addition, the participants in some village discussion groups are concerned that the

shortcomings of the past cooperative organizations are resolved, and people are wondering if setting up cooperatives can really help farmers find markets for their products.

Many participants say that the level of both agricultural and non-agricultural employment has increased in recent years since the PPA was conducted. However, this finding needs to be interpreted with caution. The village groups say that the number of people seeking and engaged in occasional hired labor is increasing. But as noted by the men's group in Coc Sam Village, this is partly a result of the failure of the markets for local cash crops. The increase in numbers of people engaged in occasional wage labor cannot be taken to mean there has been an increase in stable off-farm sources of employment. More detailed investigation of the changing situation with respect to employment opportunities in upland areas such as Lao Cai is warranted.

### 3.4 Developing SMEs and Household Enterprises

Many commune and village participants speak about the need to diversify household sources of income away from a reliance on primary agricultural production. However, they also say that only a few households have the necessary resources to achieve this at present. At the same time there is a fairly wide range of small-scale enterprises managed by such more prosperous household (particularly in primary processing and construction) that provide occasional labor opportunities for poorer households to supplement their income. District and commune participants identify a range of requirements to create an enabling condition for the development of household enterprises (including the need for appropriate sources of capital investment, strengthening legal education and management training, providing appropriate incentives, and assisting in market information etc.). No particular ranking of priorities emerges, but to a large extent these ideas reflect the provisions mentioned in the Government's overall poverty reduction strategy. However, the outstanding issue is what particular mixture of policies, incentives and support

#### **Box 6.3 Main recommendation on agricultural intensification and enterprise development**

- It is evident that currently many local people feel a degree of uncertainty about the potential for significantly boosting cash crop and commodity production in the future. The unstable markets and prices for some of the main cash crops in the area over recent years have compounded this uncertainty;
- Even though people are actively engaged in the local market place, they are also uncertain about the potential or future direction for household enterprise development. A particularly important policy issue with respect to upland areas such as Lao Cai is how to achieve an appropriate balance between building economies of scale and diversification of rural people's livelihood and income opportunities;
- The economic strategy of many households in this area is clearly towards diversification – to spread risk and to maximize different income opportunities. The strategy of the Government is more towards building concentration areas (for instance, of certain types of cash crop) that can be a more risky venture for poor households; and
- In addition to dealing with input supplies and establishment of the main cash crops and introduced higher yielding varieties, the scope and content of extension services should be broadened to provide more advice and information on. This should be complemented by more intensive research and extension on improved hill land farming methods and natural resources management systems on which poor people in uplands have to rely.

services is required to develop regionally specific and appropriate strategies towards household enterprise development.

### 3.5 Improving Access to Credit

The majority of participants agree with the proposed strategy and provisions set of by the Government to create favorable conditions for the poor, and especially for women, to have improved access to credit services in order to develop production.

**Changes since 1999** – many participants say that since 1999 the rate of borrowing by villagers and by poor people has been increasing. In some villages, such as Tan Ho, that had no households or only a small proportion of households borrowing in 1999, there are now higher borrowing rates. A number of reasons are given for this change. District participants in Bao Thang refer in particular to the policy of the province to direct preferential loans to households in poor communes. They also suggest that procedures have been simplified, the average loans size per household is higher (3.3 million VND), and the loan period is longer (a maximum investment time of 60 months) which is more suitable with the production period. Commune and village participants confirm that access to credit is generally improving. It also appears there is now a greater diversity of lending agencies and programs.

**Regarding women's access suitable credit sources** – the response from commune and village participants is that in many cases it is already more easy for women to take loans. Several reasons are given for this. There is a greater diversity of credit sources available to women, that is, through the intermediary activities of the Women's Union in addition to the banking agencies and programs. Some participants also mention that women are also regarded as more responsible by some lending agencies and programs and therefore have greater borrowing opportunities. Even so, as noted by the women's group in Ban Lot Village – *the borrowing procedures are difficult for women with low education level.*

**Regarding access for poor households** – despite these improvements, there is one group that still has very limited access to formal lending services – this is the very poor. The participants in nearly all villages say that it is still not possible for hungry households (i.e. the poorest households according to the Government classification) to get access to loans. One main problem, noted by several groups, is that these households do not have collateral of any kind. The men's group in Nam Tang Village says that – *households with low income of under 70,000 VND are not allowed to borrow money from banks. It's said that there is another way to help these people. At present, they only have limited social relief to survive.*

**Regarding terms and conditions** – district participants are of the opinion that loan terms and conditions have been improved in recent years, and that procedures are simplified. And the Government's poverty reduction strategy attaches importance to providing medium-term and long-term loans consistent with the production cycle. Even so, the village participants still speak about the need for an improvement in loan terms (a higher loan size threshold and longer duration). In particular, several groups mention that loans available under the HEPR/VBP do not match people's conditions, in part because they are in practice, if not in principle, directed towards certain types of investment (primarily livestock). As noted by the men's group in one village – *a majority of households apply for loans to purchase buffaloes but end up spending money on other business. If people purchased all those buffaloes there would be more buffaloes than people in the*

village. Therefore, it is suggested that loan duration should not be defined depending on investment purposes so that borrowers are free to invest in what appears most effective to them.

#### **Box 6.4 Main recommendations on financial services**

- More emphasis should be given to developing credit facilities and services that are suited to the particular needs and capacities of the very poor and hungry households. Currently, these poorest households have almost no access to formal lending services; and
- There is an on-going need for an improvement in loan terms, conditions and procedures in order to ensure that they match the conditions and investment priorities of poor households. Specifically regarding the HEPR/VBP loans, these should be less tied to certain types of investment.

### **3.6 Providing Training and Information**

There is a high expressed demand amongst local people in the study area and is mentioned by nearly all commune and village groups. This appears to be indicative of a growing awareness amongst a broader section of rural society that education and skills are essential for making one's way in the modern world. As noted by one participant from the men's group in Ban Lot Village – *People only finish primary school. It seems impossible to set up many new different industries due to the shortage of trained workers. Education and training should be a more concern.* In this respect, the participants at all levels are supportive of this section of the Government's poverty reduction strategy.

This demand is not just for agriculture related topics and skills, but also in a wide range of vocational trades, in managerial skills, and more broadly in terms of general access to broadcast media. For instance, the range of skills mentioned by participants from the four commune discussion groups includes: infrastructure design and construction, agricultural production and processing, tailoring, carpentry, handicrafts, forgery, business management, forest product processing, teacher training, civil electricity, literacy, motor vehicle repair, livestock food processing, veterinary medicine, and computing.

**Regarding the provision of training services for poor people** – the main difficulty lies in the fact that this demand far exceeds the available institutional capacity and resources to provide such training, and constrained on access. As noted by one women's group in Coc Sam Village – *some vocational skills are covered in the secondary school syllabus, but in order to go further for vocational training you need to complete secondary school certificate but there are few pupils who complete this.* The further education and training opportunities for villagers in Lao Cai – and even for a majority of commune and Village heads, are currently almost non-existent apart from what can be gained from radio and television.

The commune and village participants give a number of ideas and recommendations for this: Integrating vocational and skills training in the secondary school curricula.

- Providing job training for school-leavers.
- Creating favorable conditions for ethnic minority children to go to secondary school.
- The communes also perceive a need for well-trained specialists who should be paid because some persons returning from training courses do not want to share their knowledge and experience with local people.

On a broader note – the Government’s poverty reduction strategy speaks generally about the need to increase vocational training opportunities for poor people. However, it needs to be recognized that there are significant regional differences in the availability and institutional capacity to provide vocational and skills training. For instance, it is only since 2001 that an Economic and Technical Training School has been established in Lao Cai Province. Some other provinces have several such training institutions.

**Box 6.5 Main recommendations on vocational training**

- Special attention should be given in the poverty reduction strategy to concentrating investment in building up vocational and skills training capacity in provinces such as Lao Cai where there is both weak existing institutional capacity and a large proportion of ethnic minorities.

## 4 Improving Access to Basic Social Services

### 4.1 Providing Quality Education for All

**Box 6.6 Main recommendations on education**

- Particular attention should be given in the strategy to ensuring that the mechanisms for encouraging children from poor households to attend primary schooling (such as preferential access to text books and exemptions from contributions) are carried out effectively and in a sensitive manner;
- More explicit reference should also be given in the strategy to: (a) enabling a larger number of pupils from remote areas to attend secondary school, (b) creating greater opportunities for ethnic minority pupils to access secondary schooling, and (c) including adult literacy and primary schooling opportunities especially for women.

Importance is attached by the participants to gaining an education and it appears that many poor households are making a great effort to get their children as far as possible through school. As noted by the men’s group in Tan Ho Village – each family should find ways to get their children to school. And the Village Head of Tan Ho says that – even though he has many children he has worked hard so that they are all attending school. Even so, as noted by the district discussion group in Muong Khuong – there is an on-going need to inform people about the importance of education, on the laws on child care and protection, and the equality in the rights of male and female children for schooling. In general, the participants agree with the proposed strategy and actions of the Government to improve access to education for the poor. However, an overall impression gained from the participants is that they would like the strategy to be more detailed, specifically regarding the measures to improve primary and secondary education for ethnic minority people in the remote areas.

**Regarding constraints on access to schooling** – there is a high degree of consensus between participants at village, commune and district levels on the main difficulties poor households face in sending their children to school, and the best solutions to these difficulties. While the provision of primary schooling has been steadily improving in the remote communes and villages of Lao Cai in recent years, the difficulties poor households face are chiefly to do with access. The participants make many useful suggestions and recommendations only some of which it is possible to mention here.

**The long distances to school are mentioned as a prohibiting factor by some groups** – the men’s group in Tan Ho Village says – *the school is too far away from home, making it very difficult for the children to attend*. Flooding is also another problem. If the school is near, children’s schooling will be easier and parents will have more time to care for their business. Participants at all levels support greater investment in school infrastructure and facilities, and specifically expansion of the network to remote villages and hamlets.

**The high costs of schooling are mentioned by all village groups** – especially contributions and other side costs that can be prohibitive for poor households. The women’s group in Nam Tang gives an account of these side costs including: (a) *kindergarten – tuition fees, payment for toys, and cost of a meal if this is not included in the tuition fee*; (b) *primary school – contribution for school building, text books, uniforms, photographs for pupil’s cards*; (c) *junior secondary school – contribution for school building, guards, bicycle park, school yard, and tuition fees*. The worry amongst some village groups is that the Government cannot help them lessen these costs. One participant made the suggestion that in situations where children have to go a long way to school, the provision of 1000 VND per day for them to buy breakfast would ease the side costs faced by the family. However, the district group in Bao Thang recognizes that the state budget is insufficient to fully cover these costs.

**Regarding subsidized textbooks for children from poor households** – this policy is known about everywhere. However, it appears there are difficulties with implementing this in some places. The Commune discussion groups and several of the village groups say this policy does not work well in practice, that there are not enough textbooks to go around, that the intended poor pupils do not receive them, or the teachers keep them in reserve. As noted by the commune group in Ban Cam – annually, the Education Department supplies schools with textbooks, yet only a few people can borrow them. The policies are appropriate, but they are not beneficial to the right people. They give high ranking to solving this particular issue, and one commune suggests a possible way to do this would be to give the commune the responsibility for selecting eligible pupils.

Some participants mention the stigma that may be attached to children from poor households that inhibits them from participating. It was suggested by one participant that a list of children from poor households who are eligible for free text books should be drawn up and posted so it is clear to everyone – but another participant said this may make the children feel embarrassed. The women’s group from Nam Tang says – *“if pupils cannot afford a uniform for Monday morning they feel ashamed.”* The men’s group in Tan Ho says – *“some children do not want to go for fear that they cannot learn well.”*

**Regarding teaching quality and standards** – many groups recognize the need to continue to create preferential conditions and terms of employment for teachers to work in the remote areas. This is prioritized by the district participants, as well as by some village groups. As noted by the men’s group in Tan Ho Village – *the teachers should live at the school so their children can be educated better. The frequent replacement of teachers should be avoided and the teachers should be enthusiastic*. The need to improve the quality of the school environment and teaching materials in schools and classes is mentioned by several groups from both village and district levels.

**Regarding secondary schooling** – several groups specifically recommend that more provision

should be made to enable a larger number of pupils from remote areas to attend secondary school. This is specifically mentioned by Muong Khuong District as an additional action required in the poverty reduction strategy. And as mentioned by both the women and men's groups in Ban Lot Village, they wish to see a secondary school built in the commune so that more pupils can attend.

Several groups suggest that more priority should be given in the strategy to ethnic minorities, as the number of pupils who can be selected each year to attend the ethnic minority boarding school in Lao Cai is very few. As expressed by the men's group in Ban Lot Village – *“our children are good enough for secondary school education, but when they are not accepted, they easily feel depressed. We'd like the Government to give right instructions to the local authority about proper implementation of the policy.”*

**Regarding adult education** – several groups say that the poverty reduction strategy should mention the need for adult literacy and schooling. The women's group in Ban Lot Village says – *“women over 30 should be active to go to school to obtain a general education.”* The need to include supplementary classes for adults out of schooling age is another specific addition to the poverty reduction strategy that is proposed by the discussion group in Muong Khuong District.

## 4.2 Improving the Health of Poor People

### Box 6.7 Main recommendations of health

- The strategy should place greater emphasis on the factors relating to improving access to healthcare services for poor people, including the need to remove disincentives;
- Mechanisms are also needed under the strategy to ensure that administrative procedures and ethical standards are adhered to in the commune clinics and local hospitals, combined with improving the professional qualifications of health staff at the local level as well their working conditions;
- Increasing the provision of health insurance for poor households through Health Insurance Cards or other appropriate mechanisms, with close monitoring of the impacts of these schemes;
- Improving information provision for poor people and people from ethnic minorities on (a) how to access hospital services, and (b) on eligibility criteria and entitlements under the Health Insurance Cards; and
- Stricter enforcement of controls on the sale of medicines at the local level both through the state services and private markets.

The health sector emerges as the main area of the poverty reduction strategy that requires further clarification and amplification. Participants at all levels agree with the general orientation of the strategy and that it is necessary to improve both the provision and access to healthcare services for the poor. However, this is an area in which there continues to be a large gap between what the policies say and what poor people commonly experience.

On the one hand, the draft strategy contains broad commitments to improving healthcare provision and access for the poor. On the other hand, it also contains detailed targets relating to particular aspects of improving the overall health status of the population. Yet the main message coming from the village and commune participants is that there is also a large 'middle ground'

of issues that are not adequately covered in the strategy at present. In particular, the local participants identify issues relating to: i) administration of the commune and village healthcare services, ii) marketing of medicines, and iii) terms and conditions of the preferential services that are applied to the poor.

**Regarding aspects of the healthcare service that work best for poor people** – these include: (i) implementation of the national healthcare programs, such as vaccinations for children and family planning, and (ii) the improvements that have been made in building up the health infrastructure and network (recently including more village healthcare workers). The good performance of the basic healthcare programs appears to be because there is assured funding and regular material supplies through these programs. As noted by the men’s group in Nam Tang – *“with regard to healthcare, basic equipment have been supplied (at the commune clinic). District hospital fees are exempted for the poor. Children have got access to vaccinations and regular check ups have been given to expecting mothers.”* This is also the view of the women’s group in Ban Lot who say the advantages are – *“having a commune clinic, a medical service in the village with health checks, basic medicine and birth control pills, regular health check for women, and regular vaccination program for children.”* Commune and district participants largely confirm these viewpoints on the main strengths of the system as it has been developing in recent years. For instance, it is noted by the commune discussion groups in Ban Cam that – *“the commune clinic has been put in regular operation with seven national healthcare programs.”*

**Regarding administration of the commune healthcare service** – the participants in several villages say this is not so effective, or that they have limited confidence in the commune system. The men’s group from Nam Tang says – *“the commune clinic operates ineffectively, which has bad influences on the patients’ families financially. Some have to sell their assets to pay for treatments.”* And as noted from one household in Ban Lot Village the policy on the health service has been issued locally – *“but has not been well implemented.”* The main difficulty lies in when people have to access the clinic for services that are outside the subsidized national programs, and hence, when fees are required. Informal payments frequently need to be made. And there are instances of health staff selling services and medicines informally at a higher rate. As noted by the men’s group in Coc Sam Village – *“some medical workers at the commune clinic tell the patients that the clinic has run out of medicines, but these medicines are available for sale at their home.”* They say it is necessary – *“to avoid careless medical diagnosis at the clinic but careful diagnosis at home where patients are charged with higher fees, and to prohibit the private sale of medicines”*

The village and commune participants give many ideas on how to improve the delivery of healthcare services from the commune clinics. These are primarily to do with introducing stricter controls over the marketing of medicines, and improving the working conditions, qualifications and numbers of local health staff. The villages groups from Coc Sam Village and Tan Ho village have the following list of recommendations:

- The fees for medical treatment at the commune clinic should be reduced;
- Medical insurance service should be made available;
- Women should not have to pay before being admitted to the maternity wards;
- Increasing the wages of commune medical workers;
- Upgrading clinics for better accommodation for medical workers and patients;
- Making sure that there is at least one health worker in each hamlet;

- Ensuring regular and sufficient medicine supply;
- Prohibiting the free sale of medicines at markets by persons lacking expertise;
- Banning medical workers from selling medicines at home;
- Resolving the situation where medicines are sold at lower prices in markets;
- Improving knowledge on medical prevention and treatment; and
- More advice on village sanitation.

District participants from both districts also give high priority to improving the professional qualifications of health staff at the local level, as well improving their working conditions, which may help to resolve some of the difficulties identified by the village participants. For instance, the district group from Bao Thang recommends that – *“the Government should find a solution to assist the budget for local staff and to ensure a minimum budget to create favorable conditions for the activities of the health service in the communes and villages.”*

**Regarding introduction of the Health Insurance Cards for poor households** – these have been issued to some households in the study villages. For instance, it was recorded that 13 households in Ban Lot Village and 9 households in Nam Tang Village have received them. People are interested in the health insurance cards. For instance, when Mrs. Trinh Thi Hoa from Nam Tang Village (who suffers from a calcified backbone) heard that the cards were being issued, she and her two children took photographs and applied for the card. However, it appears there are some difficulties with the new system.

Some groups say they have taken cards but do not know how to use them, so they don't show them when they are in need. As said by one household in Ban Lot Village – *“there are 13 poor households who have already have a health insurance book but they still have to pay fees for a health-check.”* Another household says – *“A health insurance book is no use. The medical staff considers it redundant. We get it for our children and think that it makes use when they have an accident.”* The commune participants confirm some of these viewpoints on the Health Insurance Cards. For instance, the commune group in Ban Cam says – *“They do not know how to use the cards. Besides, in order to use it they have to cover a long distance of 40km from the commune to the district health center.”* It is recommended that there is a need for more information provision on ‘how to use the cards’ and on ‘what the cards entitle people to’. In addition, monitoring should be undertaken on utilization of the cards to identify these constraints in more detail.

The district participants identify a related set of constraints with initial implementation of the Health Insurance Cards. Their main concern is that the available budget for the system is limited, while the number of poor households is large. This means it is difficult to ensure equity in issuing the cards, which may result in complaints from local people. The participants in Muong Khuong also note that a suitable organization for managing the budget of the Healthcare Insurance cards has not been found.

Several of the women's groups say that language is a particular constraint on people from ethnic minorities, and women in particular, to gain access to health services at district or province level. As noted by the women's group in Nam Tang – *“many local residents cannot read or write and they cannot speak Kinh language so do not go to a big hospital. They are now buying medicine at the local market.”* They also say that some doctors and nurses are not very enthusiastic in treating local women. The PPA study in 1999 also found that language constraints and a lack of confidence

and information about ‘*where to go*’, ‘*what to do*’ and ‘*who to ask*’ really inhibits some ethnic minority people from going to the district hospital. It can be recommended that special attention should be given to improving information provision in the hospital environment to make it easier for poor people.

## 5 Reducing Risk and Vulnerability

The participants at all levels indicate that the proposed strategy for addressing household risk and vulnerability is generally sufficient. There is also consensus on the main forms of household risk and vulnerability in this area. For instance, the women’s group on Coc Sam Village refers to – “*a death or illness in the family, crop losses due to bad weather, livestock disease outbreaks, unstable markets for cash crops, and theft particularly of livestock.*” This largely confirms the findings of the previous PPA study, although there is a greater concern nowadays with unstable markets.

Regarding how to address vulnerability and risk, the participants focus more on measures to deal with household or community crises when they arise, rather than on preventative measures. Several groups indicate there is a need to combine (a) mobilizing funds and other forms of support on an occasional basis when an emergency arises, with (b) support for long-term vulnerable households through some form of systematic targeting. For instance, the women’s group Coc Sam Villages gives the following combination of recommendations – “*providing allowances for households with difficulties, occasional tax reductions and exemptions (especially when crops fail), stimulating the mutual assistance spirit in the community, and providing long-term lending facilities.*”

In general, however, the participants give higher ranking to mobilizing funds and other types of material or logistic assistance from local people and from local organizations. For instance, the commune group in Ban Cam ranks the actions taken in the commune in the following order – *launching self-assistance (e.g. lending to households in difficulty without interest), calling on mass associations for funds and labor, reporting on the households with greatest difficulties to the Invalids and Social Affairs Committee, and setting up special funds for households in difficulty.* It appears that highest priority is given to mobilizing local assistance, as this is the main source of support currently available.

Some groups mention the need for taking out insurance against the loss of productive assets (crops and livestock) and health insurance. However, there is limited familiarity in these rural areas with insurance schemes. And a specific problem in this respect mentioned by the district group in Muong Khuong is that – “*the rate of poor households is high, therefore it is difficult to expand insurance activities and other forms of preventative funds to a large scale.*”

## 6 Institutional Arrangements for Delivering the Poverty Reduction Strategy

### 6.1 Organizations for implementing the strategy

The participants at all levels recognize that there is a wide range of organizations that need to be involved in poverty reduction activities at the local level. There is no single agency that can cover all aspects of the strategy. At the same time, the participants recognize that there is a need

for stronger and closer linkages between different government agencies, mass associations etc. in order to ensure that the poverty reduction efforts are implemented effectively.

The district participants in particular refer to the need for strengthened coordination mechanisms under Hunger Eradication and Poverty Reduction Program. Various aspects to this are mentioned, including the need to assign confident and enthusiastic staff to the HEPR Boards, and to fully implement the regulations on organizational mechanisms for HEPR particularly regarding coordination between agencies and the assignment of tasks. Several of the district participants in Bao Thang and Muong Khuong also refer to the need for more monitoring and evaluation of the efficiency of the HEPR activities including the efficiency of the invested credit capital, and of the benefits to poor people, and monitoring the preparation and implementation of the local plans for HEPR.

## 6.2 Information on policies, budgets and plans

A majority of participants at all levels recognize the need for greater information provision to local people on plans, budgets and expenditures, as well as on government laws and legal advice. And they identify a range of mechanisms that can be used for this including village meetings, consultation days at the People's Committees, through the mass association representatives and meetings, public posting for instance at the Commune People's Committee office or in the market place, village loud speaker systems, commune book shelves, as well as broadcast television and radio.

**Regarding access to information on commune plans and budgets** – there is a discernable difference of opinion between the district and commune participants on the one hand, and village participants on the other. While many of the district and commune groups say that such information is made available, a majority of the village participants say they are not fully informed. For example, the men's groups from Coc Sam Village says that – *“the financial plan of the commune is generally unknown in the hamlet, people are not well informed on implementation of State-managed construction projects in the hamlet, and they do not know the amount of the rural traffic fund, which they have contributed, or how much has been spent.”* And as noted by the women's group in Nam Tang – *“many local residents are not literate, that's why they can't read the information, which is written at the public places such as market. People's contributions and village affairs are the only things discussed at the Village meetings. For big projects local people are not consulted about the matter of which projects should be implemented first. Local people also do not have information on how many workers are needed.”*

It appears that while efforts are made by the communes to keep people informed, especially through the Village heads, there are significant constraints on information flow to the villages. Low levels of literacy and national language skills in this area prohibit the use of written forms of communication. The regularity, efficiency and extent to which information is disseminated is therefore highly dependent on the time and commitment of the commune cadres and the Village heads to organize and hold meetings. As noted by the men's group in Coc Sam Village – the Village Head must serve as a bridge between authorities at higher levels and the grassroots. However, due to the scattered settlement patterns there are constraints in these upland villages on getting everyone together for regular meetings.

**Regarding legal advice and information on Government laws and policies** – there is a perceived need amongst district and commune participants for strengthening this in the future. Several groups mention the importance of providing relevant documents to communes and villages, but here again, language and literacy constraints would limit the effectiveness of this. One participant says that what is more important than providing legal documents is that poor people should be given the information about what they should do, and where and when they can go if they want legal assistance. Other participants emphasize the importance of using the media, especially in their ethnic minority languages, and combining such information with mobile film-show units, and enhancing the provision of legal information through the suitable mode and typical thought of ethnic minority people. Other groups say it is necessary to assign clear responsibilities for this, and to encourage the judiciary cadres to work with local people, assisting free of charge with legal consultancy.

#### **Box 6.8 Main Recommendations on institutional aspects**

- As there is no single agency that can cover all aspects of the strategy, close collaboration is required between different government agencies, mass associations etc. in order to ensure that the poverty reduction efforts are implemented effectively;
- There is a particular need for strengthened coordination under the Hunger Eradication and Poverty Reduction Program, combined with more intensive monitoring and evaluation of the efficiency and impact of the HEPR components and activities;
- The strategy should be more explicit on the need for, and mechanisms through which to keep local people, including the poor, regularly informed about local plans, budgets and expenditures;
- Poor people should be given information about what they should do, and where to go when they require legal assistance; and
- Effective methods of disseminating information to people living in the remote upland areas, especially in ethnic minority languages, need to be developed and more widely introduced.

## **7 Summary of Findings**

In general, it can be concluded that the participants at all levels (district, commune and village) endorse the overall orientation of strategy, and agree with a majority of the specific policy measures and actions proposed in the different sections. At the same time, the over-riding concern of many of the participants is with clarifying the mechanisms for actually putting these policies and actions into practice in such a way as to ensure that the intended goals and targets for poverty reduction and growth in income are achieved, and to ensure that the poorest sections of society fully benefit.

This local concern with how to put things into practice in an effective way covers most areas of the strategy, but is most evident with respect to: (a) the management of local infrastructure development, (b) strategies for agricultural intensification, (c) the local administration and financing of healthcare services for the poor, and (d) measures to improve access to schooling for children from poor households. The main emphasis of many of the recommendations made by the participants is that the strategy should be more explicit and detailed with regard to the mechanisms for implementation.

The participants also speak about the need to address significant regional differences more explicitly in the strategy, particularly regarding the focused and adapted policies and actions that are required for poverty reduction in the remote upland areas, and in working with ethnic minorities. The need for a more focused regional strategy in areas such as Lao Cai is particularly evident with regard to (a) promoting educational and vocational training opportunities, and (b) approaches to agricultural intensification and market development.

## **Annex 6.1: Research Team Members in Lao Cai**

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