

DRAFT

**Report
Participatory Poverty Assessment (PPA)
In Lao Cai Province (July 10-31, 2003)**

September 2003

Acknowledgement

This participatory poverty assessment is the output of team effort, and it would not have been completed without the very important contribution of so many people.

We are grateful to the permission and facilitation of the leaders of the Lao Cai People's Committee for this assessment. Our gratitude also goes to the leaders and staff of the Department of Labor, Invalids, and Social Affairs of Lao Cai, related departments in the province, districts of Bao Thang and Muong Khuong, communes of Ban Cam, Phong Nien, Pha Long, and Ta Gia Khau, for their cooperation, time and effort spent with us to complete this assessment. Especially, we are indebted to village officials, health and education staff, who accompanied and assisted us during group discussion and in-depth interview in the six surveyed villages, namely, Nam Tang, Coc Sam 1, Tan Ho, Xin Chai, Thai Giang San, and Lao Chai.

Finally, we would like to express our most sincere thanks to village households, men and women and especially the young ones, who shared with us both the joy and hardship in life, their comments, expectation, and hope. Without them, this assessment would not have been made possible.

Given time constraint and the complication of the issues under study, errors in this report are unavoidable. As such, all comments and contribution to this report are greatly appreciated.

The Lao Cai PPA and Supporting Team

Executive Summary

Poverty Reduction Performance

- Poverty reduction performance in Lao Cai during the past couple of years is encouraging. Living standard of local people has improved in many aspects. Food security is strengthened and hunger sharply reduced.
- The thrust behind such poverty reduction performance, as felt by local people and officials, is: (i) higher food productivity; (ii) extension of credit; (iii) and enhanced infrastructure.
- Poverty reduction results are not sustainable and contain many risk factors (sloping land cultivation, seed quality, market, weather, animal epidemic, sickness).
- Poverty reduction would be more challenging and require solutions tailored to each region, district, commune, village, and even household.

Recommendations:

- *Reduce sharply forms of "grant" and direct "subsidy".*
- *Concentrate resources to assist poor people in their business, through the development of household economic models and capacity building for officials at communal and village levels.*
- *Accelerate real decentralization; facilitate communes and villages to take initiative in planning, resource allocation, and implementing arrangements for poverty reduction.*
- *Diversify forms of credit (in upland area) to enhance access (small loan, loan in kind)*
- *Improve the sustainability of sloping land cultivation, which should be linked to resource – environment management (balancing between new knowledge and local knowledge) to reduce the vulnerability of people.*

Local involvement in decision-making process

- Many improvements have been seen in the implementation of grassroots democracy regulations
- Local people mostly participated in the implementation stage; information supplied to local people is still limited
- Communal monitoring commissions and mass organizations in upland area are not functioning as effectively as expected
- Village role in the decision-making process is very limited due to capability constraint and low remuneration

Recommendations:

- *Supplement the title of "deputy head of village" to break up the "bottle neck" and provide trainings to young officials*
- *Accelerate decentralization at communal level, enhance the involvement of communes in construction works outside the scope of Program No. 135*
- *Provide strong support to mass organizations to bring into play the representative function*
- *Avoid the formalism in monitoring and evaluation work; focus on targets that reflect performance and impacts*
- *Incorporate gender issues.*

Education

- The rate of primary enrollment is very high, including for poor children in upland area
- Promotion activity is effective; teachers, schools, classrooms, books, etc., are improved
- The rate of attendance is not high, language barrier is a problem, and the girls are still disadvantaged to boys; expenses incurred in higher education are not affordable to poor people
- Many literacy classes are held, yet the recurrence of illiteracy is high and so is the rate of dropout

Recommendations:

- *Extend the age range for literacy education (to 15-40); hold literacy classes for and encourage the participation of women*
- *Literacy education should be combined with Vietnamese language teaching (including at kindergarten and literacy class for adults)*

- *Improve education quality in upland area: educational measures should be accompanied by access of people (children and adult) to Vietnamese language.*

Health care

- Local health network has improved; poor people get better access to health care services
- Work burden on local health care units, environmental pollution and scarcity of clean water are pressing problems in upland area
- Free of charge health care program: limited perception, high indirect expenses (poor people could hardly get treatment at district and provincial health care units), problems in the management of health card and its beneficiary.

Recommendations:

- *Enhance the quality of village health care network*
- *Encourage community and provide support to improve environmental sanitation and access to clean water in upland and remote villages*
- *Regulate private health care services in lowland areas more properly*
- *Treatment program for poor people: allocate more budget to local level; incorporate it with local health care activities; enhance monitoring and evaluation of implementation; better dissemination of information*

Extension

- Local extension system has been established, integrated into prioritized economic programs of the province, and better coordinated with activities of mass organizations (lowland area)
- Extension has made contribution to poverty reduction through higher food productivity
- Knowledge and capability of extension staff at communal level are still weak, their remuneration is too low, and extension activity at village level is inexistent
- Most poor people have not accessed extension service, and extension measures appropriate with poor people have not been deployed

Recommendations:

- *Increase investment into extension at communal level and consider extension official at communal level as a specialist title*
- *Develop village extension network and institutionalize participatory extension methodology*
- *Differentiate between lowland and upland area when production support is provided*
- *Focus on extension activities beneficial to the poor, and increase investment for poor household economic model*

Social support

- Social support has contributed to poverty reduction and reduce hardship at times of risk
- The annual poor household survey, effective though, carries a lot of limitations
- List of poor households does not provide significant meaning in commune under program No. 135, the mentality of equal sharing of assistance is widespread
- The provision and feedback of support information is limited

Recommendations:

- *A set of “cushion” policies should be adopted to help “marginally poor” households escape poverty on a sustainable basis and eliminate the mentality of “desiring to be poor” of the people (not only credit policy)*
- *Incorporate a number of qualitative surveys (adopting participatory methodology); supplement group-based working technique so improve the accuracy of poor household survey results.*
- *Ensure the quality of in-kind support; provide legal assistance and support to immigrants*
- *Speed up decentralization at communal level to tailor specific support to the need of each beneficiary*

Administrative reform

- Administrative reform at district level (lowland area) has brought about initial results

- Administrative reform at communal level is not significant (no plan, no monitoring - evaluation system, no significant decentralization at communal level)
- Village head is offering one-door service to upland people
- Poverty Reduction Steering Committee at communal level is just a formalism

Recommendations:

- *Administrative reform in upland area should commence with the title of village head*
- *The Poverty Reduction Steering Committee at communal level should be reorganized; the role of officials seconded for Program No. 135 should be enhanced*
- *Decentralization and monitoring – evaluation of performance should be improved at local level*

Resources - Environment

- Conflict between demand for and actual usage of agricultural land, forestry land, and protection forest in upland area
- Sloping land agricultural cultivation is less sustainable
- Waste of animal excrement, resulting in pollution and epidemic for animal
- Many people have seen the benefit of forestation (Sa Moc tree)

Recommendations:

- *Provide support to forest growers (avoid giving grant), and help them grow nursling by themselves*
- *Bring into play community ownership, and conserve “holy forest”*
- *Draw up detailed land use scheme (in upland area) with the participation of local people*
- *Adopt sustainable cultivation methods on sloping land, taking into account local knowledge*
- *Promote the use of “forest saving fireplace” to save firewood*

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Draft report – PPA Survey Conducted in Lao Cai, 2003

I. Introduction

In the period of July 10-31, 2003, DFID office in Vietnam cooperated with the People's Committee of Lao Cai to conduct a participatory poverty assessment (PPA) in the province. This survey was conducted to update knowledge of poverty reduction in Lao Cai and contribute to the 2003 development report in Vietnam, which is also based on the survey in twelve other provinces throughout the country. This survey also aims at seeking opportunity to support implementation capacity building and assess the implementation of the Comprehensive Poverty Reduction and Growth Strategy (CPRGS) at the provincial level.

The location of this PPA is the same as that of the PPA conducted in 1999, namely, in the following two districts, four communes and six villages:

- District of Bao Thang: (lowland area and being the most developed district)
 - Commune of Ban Cam: village of Nam Tang
 - Commune of Phong Nien: villages of Coc Sam No. 1 and Tan Ho
- District of Muong Khuong: (highland area and being, together with Xi Ma Cai, the poorest district in the province)
 - Commune of Pha Long: village of Xin Chai
 - Commune of Ta Gia Khau: villages of Thai Giang San and Lao Chai

The two communes of Ban Cam and Phong Nien (district of Bao Thang) represent lowland communes in the province and have good infrastructure and a dense population of Vietnamese. The two communes of Pha Long and Ta Gia Khau (district of Muong Khuong) represent highland and bordering communes, with poorer infrastructure and a high population of ethnic minorities. All the four surveyed communes fall under the scope of Program No. 135 of the Government¹.

The group of experts and supporting staff has 23 people (seven of which are women), including one DFID staff, six Hanoi-based consultants, two staff from Lao Cai's DELISA, four staff of People's Committee of Bao Thang and Muong Khuong districts, and ten staff from the four surveyed communes. The survey was carried out smoothly with the enthusiastic support of local staff at village, communal, district and provincial levels. The list of survey group members is attached in Annex I.

The survey is conducted at all four levels:

- Provincial level: meeting with provincial leaders and consulting with relevant departments, etc.

¹ The two lowlands communes, i.e., Ban Cam and Phong Nien, were added to the coverage of Program No. 135 in 2000. Two highland communes, namely, Pha Long and Ta Gia Khau, also benefit from a separate program for bordering communes under Program No. 186 of the Government (in addition to a grant of VND 500 million per annum under Program No. 135, each bordering commune is granted with another VND 500 million under Program No. 186 – so the grant in total is VND 1 billion).

- District level: meeting with district leaders and consulting with relevant divisions.
- Communal level: consulting with communal leaders and specialists, medical stations, and schools.
- Village level: group discussion and interview with local people (mixed groups, including men, women, the rich, and the poor), visit and in-depth interview with several families. During the survey, attention and time were spent mostly at this level.

All told, 45 group discussions were held with the participation of 453 people (of which, 167 people of Vietnamese and 286 people of ethnic minorities such as Hmong, Phu La, Thu Lao, Nung, Dao, etc.). By gender, 320 men and 133 women attended such discussions. Additionally, 122 in-depth interviews were conducted, of which 51 with officials at different levels and 71 with households. The following table provides a breakdown:

	Group discussion	No. of people participating in group discussion	Breakdown				In-depth interview
			Male	Female	Vietnamese	Ethnic minority	
Province	1	16	12	4	15	1	
District	7	48	41	7	38	10	
Commune	12	131	111	20	50	81	
Village	25	258	156	102	64	194	
Total	45	453	320	133	167	286	

As the location of the survey is the same as that of the PPA conducted in 1999, the survey group had the opportunity to look into changes more closely in each area during the past four years. Especially, the survey group visited almost all households described in the 1999 PPA report. Many of the officials and people here already get familiarized to participatory research tools (PRA) such as classification of household economy, listing-ranking, cardboard coloring, etc. The most difficult problem is language barrier when it comes to interview with ethnic people, especially with Hmong and Phu La minorities, where interpreter was required. The PPA was carried out when the raining season started, resulting in difficult transportation and time consumption.

The preliminary survey outcome was immediately reported to representatives of People's Committee and relevant departments of Lao Cai after the completion of the 3-week field visit. This draft report will also be submitted to relevant departments of Lao Cai for their comments prior to its presentation at the end-2003 seminar to be held in Lao Cai.

Recommendation:
Incorporating qualitative and quantitative poverty surveys at the provincial level

Drawing on reports and discussions on recent poverty developments in the review meeting for the first half of 2003 held by the Lao Cai Poverty Reduction Steering Committee on July 11, 2003, the provincial leaders requested that the DOLISA cooperate with mass organizations to set up a number of streamlined groups, which shall conduct survey at district level to respond to a number of pressing questions raised in the province on poverty reduction:

- Why did certain group of people still not dare to borrow?
- Have agriculture and forestry extension services reached local people?
- How have poverty reduction steering committees, at district and communal levels, been functioning?
- To what extent district officials have been assigned to specifically deal with poverty reduction?
- How have the six locally oriented programs been carried out?

Obviously, there is a need at the provincial level to incorporate both quantitative and qualitative data in poverty assessment to ensure better planning.

Annually, the DOLISA conducts poor household survey in the entire province (usually commencing in November), which mobilizes a large number of specialists from all districts and communes in the province. It would be much more helpful if the poor household survey, which is based on questionnaire, was incorporated with a number of PPA-based poverty assessment activities to consolidate comments of local people and officials on a number of key poverty reduction policies in the province.

Mass organizations could also enhance its regular monitoring activities over the implementation of poverty reduction policies, programs, and plans at the local level through consultation with their respective members.

Better information on poverty reduction is always a good start to improve the annual socio-economic planning in the province, which would in turn better address poverty reduction. This is virtually the window to incorporate poverty reduction approach included in the Comprehensive Poverty Reduction and Growth Strategy (CPRGS) into the provincial planning process. The chance for donors to provide technical assistance to enhance capacity at the provincial level could originate right from the collection and consolidation of information, etc.

2. Recent Development of Poverty Reduction

2.1. Common trends

Officials at provincial, district and communal levels are all encouraged by the *satisfactory poverty reduction achievements* made during the last years. Survey data made available by the DOLISA show that since 2000, the number of poor households has on average reduced by over 5% per annum in all surveyed communes. With this momentum, Lao Cai will soon achieve the target set out by the province, i.e., reducing the percentage of poor households to below 15% by 2005 and, also by that time, lowering the number of poor households by two fifths compared to 2000 – a target set out in the Comprehensive Poverty Reduction and Growth Strategy (CPRGS).

Poor Household Survey Result in Recent Two Years (adopting new criteria of MOLISA)		
	November 2000	November 2002
Province of Lao Cai	29.96% (34,016 house holds)	19.19% (22.699 households)
<i>District of Bao Thang</i>	33.15%	19.74%

Commune of Ban Cam	29.77%	16.92%
Commune of Phong Nien	31.35%	19.02%
<i>District of Muong Khuong</i>	44.88%	30.85%
Commune of Pha Long	33.26%	20.43%
Commune of Ta Gia Khau	55.18%	42.32%

Source: poverty reduction reports of DELISA and of surveyed communes, July 2003

In group discussion (classification of living standard) and household interview, local people all said that current living standard of both better-off and poor households has improved in all aspects compared to 1999. ***Food security has improved substantially, while hunger reduced rapidly.*** Hunger is basically eliminated at villages in the midland area. A number of households in remote and upland area still suffer from hunger; yet the hunger period, lasting as long as 3 to 6 months in the past, now is only 1-2 months. Poverty criteria now are also different, as compared by officials at commune of Phong Nien: *‘In 1999, poverty means shortage of food, shelter, clothing, blanket, mosquito net and lack of family planning. In 2003, even the poor has shelter and relatively sufficient food. They have few children, are knowledgeable of applicable techniques to increase productivity and only short of capital, etc.’* As the leaders of the Farmers Association in district of Bao Thang indicated: *“the poor is now equivalent to the marginally better-off in the past; the poor now is just short of household furniture and appliances, etc.”* People awareness of education and health care has much improved. There have been instances of *“becoming poor due to excessive investment in the education of children”*. The issue is drastically different a couple of years ago, when *“children were not allowed to go to school due to poverty”*.

The concern is a wide gap existing in the pace of income growth and poverty reduction between midland and upland areas in the province. The income gap is being widened.

- Villages in *midland area* (commune of Ban Cam, Phong Nien – district of Bao Thang) are located near big roads and have relatively good infrastructure. Most of these villages have access to electricity and bicycle. Most of average-income households have televisions and tile-roofed houses. Recently, the people here have adopted intensive farming, used new seeds on a widespread basis, transformed economic structure actively, boosted pig raising, service and non-farm activities (particularly, jobs created in the construction industry, which is closely related to big infrastructure investment). At present, a major challenge to the midland area is to get people familiarized with and ready to cope with market factors in their effort to diversify products.
- Villages in *upland area* (communes of Pha Long, Ta Gia Khau – district of Muong Khuong) have more difficult access to road. Many villages have not get access to electricity and clean water. Agricultural production relies purely on rain as the only source of water. Famine has reduced remarkably though, income growth is limited given the low starting point in these areas. Poverty is still widespread among a number of villages. Ethnic communities such as H’Mong, Dao, Phu La, etc., which live in upland areas with difficult production conditions, have just escaped from poverty. For them, opportunity to generate marketable products and transform economic structure is limited. As such, their living standard has not improved as much as that of other ethnic

minorities living in lower areas. Upland area is still in need of extensive support to improve infrastructure and increase marketable products in order to reduce reliance on agriculture and raise income.

Comparative analysis of household well-being classification criteria in 1999 and 2003

Village of Xin Chai A bordering, upland and remote village of commune of Pha Long, district of Muong Khuong		Village of Coc Sam No. 1 A midland and easily accessible village, located near national way, of commune of Phong Nien, district of Bao Thang	
1999	2003	1999	2003
<p><u>The richest:</u></p> <ul style="list-style-type: none"> - Have more land than others - Cultivated land is closer to home and more arable - Good livestock raising skills, cattle and poultry is less vulnerable to disease - Have buffalo and cow (3 heads on average) - Food sufficient year-round - Solid wooden house 	<p><u>The richest:</u></p> <ul style="list-style-type: none"> - Have abundant upland field - Have motorcycle - Have television, rice husking machine (no access to electricity in 1999) - House of high value - Abundant cattle (3-4 heads), abundant pigs - Abundant paddy, maize, bean - Can afford fertilizer - Business minded - Proficient in Vietnamese 	<p><u>The richest:</u></p> <ul style="list-style-type: none"> - Have cash income – a number of households even save and lend money - Food sufficient year-round - Have motorcycle, television, other furniture and appliances - Some have wooden houses or beautiful brick houses - Children all go to school - Have cattle and some have rice husking machine 	<p><u>The richest:</u></p> <ul style="list-style-type: none"> - Stable income: salary or from service provision - Developed livestock raising (especially pigs) - Do trading at market - Have road-facing house - Have cultivated land (except teachers) - All have tile-roofed houses, televisions
<p><u>The poorest:</u></p> <ul style="list-style-type: none"> - Do not have cattle, have to borrow cattle for pulling power - Have remote and less arable land - Short of labor - Short of food for 3-4 month a year - Do not raise livestock or livestock vulnerable to disease - Dilapidated bed with no mosquito net - Some do not work as laboriously as others - Young couples which have just separated from parents 	<p><u>The poorest:</u></p> <ul style="list-style-type: none"> - Have few cattle, pig - Old couples, disabled, divorced ones - Not business minded - Many children, children are small - Short of food for 1-2 months a year - A number of households already have house roofed with cement sheet (with bed and mosquito net) - Work as employee of others (growing vegetable, maize, bean, exterminating grass) - Children are less educated - Not proficient in Vietnamese 	<p><u>The poorest:</u></p> <ul style="list-style-type: none"> - Short of cultivated land, land is less arable - Vulnerable to sickness and disease - Few people go to school - Temporary thatched house - Have few furniture, only bed and table - Short of food for 5-6 months a year - Less connection with community and outsiders - Have to work as employee to get income 	<p><u>The poorest:</u></p> <ul style="list-style-type: none"> - Elderly, living alone, have many children - Suffer from sickness - Woman being head of household - Short of labor - No trading activity - No application of techniques - Becoming poor due to sending children to school - Seven of 17 households live in thatched house - Three of 17 households do not have access to electricity (now 90% households in the village access to electricity; in 1999 it was 50%)

Source: Classification of household well-being, July 2003, and extract of PPA report, 1999

2.2. Motivation for Poverty Reduction

It's no surprise that provincial officials often cite the locally oriented leadership and consideration of the Party and the Government at various levels together with extensive investment of the State, plus the self-help mindset of the poor, as the overall reason for poverty reduction. Groups of people and communal and district officials, who participated in discussions under this PPA, often linked poverty reduction to more specific reasons though. They shared relatively similar opinions on the three key driving forces in the fight against poverty in especially poor communes in Lao Cai, namely: (i) increase of food productivity; (ii) extension of credit; and (iii) improved infrastructure.

Budget Allocation for Poverty Reduction in Lao Cai Realization in 2001-2002 and Plan for 2001-2005

Unit: VND million

		Realization in 2001-2001	Plan for 2001-2005
I	Projects directly supporting poverty reduction	42,900	119,500
1	Agriculture and forestry extension, guidance of business skills to the poor (including an allowance of VND 90,000 VND/month/person for 171 communal extension staff)	1,200	8,400
2	Subsidy of interest for rural loans (mostly preferential loans to the poor)	10,300	20,000
3	Assistance with roofing and clean water	14,958	73,000
4	Education assistance to the poor (exemption of tuition and other contributions, grant of books and notebooks, allowance)	8,773	19,650
5	Health care assistance to the poor (treatment and medicine supply free of charge)	7,300	8,400
6	Capacity building for poverty reduction staff (workshops, study tours, poverty surveys and appraisals, poverty tracking record, operational expenses of Steering Committee for Poverty Reduction)	371	10,680
II	Projects incorporating poverty reduction elements		
1	Provision of infrastructure for 138 specially poor or bordering communes (Program No. 135, WB project, Program No. 186)	111,490	
2	Planning for permanent residence	11,728	
3	Support for development of rural industries (supply of agricultural materials and seeds)	5,613	
4	Production and consumption support (loans in hunger situation, support to ethnic-especially poor households)	6,810	

Source: Report on the Performance of the National Targeted Program on Poverty Reduction and Job Creation for 2001-2003 (May 20, 2003) and the Five-Year Poverty Reduction Plan (2001-2005) of Lao Cai

Increase of Food Productivity

Since 1999, new paddy seed (hybrid seed) and new maize seed, combined with intensified use of fertilizer, have resulted in remarkable increase of productivity, thus improving food security for the poor. The result of this PPA shows that over the past 3-4 years, paddy and maize productivity has on average increased by 30-50%, or even doubled in some areas. As cultivated area did not expand significantly, the increase of productivity has substantially addressed hunger problem even in deep and remote areas of the district of Muong Khuong (such as Pha Long and Ta Gia Khau). Most of the people have food stored

for the next production crop. Abundant food also helped develop husbandry. Marketable maize (sold to traders coming from lowland area or to China, possibly used as food for pig) has become a major cash crop for the majority of ethnic people in upland area. *It is encouraging that maize is fetching good price (VND 1,500-1,700 per kilogram) and selling easily, without facing major market disturbances.*

Local people are willing to use new seed because its price is subsidized via the State's agricultural material system and thus lower than market price from a couple of thousand dong per kilogram in commune of Ban Cam to ten thousand dong in commune of Ta Gia Khau (since 2001, Lao Cai has provided a price subsidy of 30% for new seed to people in 3rd area; the subsidy is expected to be phased out over 3 years). In upland area, fertilizer is also subsidized or, at times, even provided free of charge under sedentarization program. People in upland area could also borrow fertilizer under agreement between the agricultural bank and the agricultural material station ('people register the borrowing of fertilizer with the village head, who then obtains verification of the commune and submits the register to the bank for approval; then it is forwarded to the agricultural material station, which will supply fertilizer to the people; the principal shall be repaid after six months at a preferential rate of interest of 0.21% - commune of Ta Gia Khau'). At present, the agricultural material station in the commune of Pha Long sells 700 tons of fertilizer annually, all being subsidized (the consumption of fertilizer in 1999 is insignificant).

Commune of Pha Long – District of Muong Khuong Increase of Agricultural Productivity and Extension of Credit		
	1999 -2000	2003
<i>Productivity</i>		
Maize	2.0 tons/hectare	2.8 tons/hectare
Wet rice	3.2 tons/hectare	4.0 tons/hectare
Soybean	0.55 tons/hectare	0.70 tons/hectare
<i>Percentage of using new seeds</i>		
Seed named Quan Cai	70%	> 95%
New paddy seed	50%	> 95%
<i>Agricultural land area</i>	587 hectare	602 hectare
Wet rice	102 hectare	107 hectare
Maize and soybean	445 hectare	450 hectare
<i>Food per capita</i>	280 kg/year/capita	345 kg/year/capita
<i>Borrowing</i>		
Loan outstanding	VND 160 million	VND 900 million
Number of borrowers	n/a	385 (of the total 467 households)
<i>Animal quantity</i>		
Cow	182	287
Buffalo	578	607
Horse	69	64
Pig	1,513	1,888

Source: discussion with leaders of commune of Pha Long, July 2003

Credit Extension

Lao Cai have sought many ways to help people borrow money such as providing interest subsidy (*interest rate charged on the poor in 3rd area by the Social Policy Bank is 0.4-0.45%, and half of which is subsidized by the province, resulting in the actual rate of 0.21%*), raising non-collateralized borrowing limit to VND 7-10 million, extending loan term to 3-5 years to accommodate cattle reproduction cycle, expanding preferential loan to near-poor households, etc. In the surveyed communes, the loan outstanding is much higher than in 1999, with most of poor households borrowing an average loan of VND 22.5 million. Preferential credit is mostly used for buying buffalo and cow (upland people used to raise horse; but as road improved, horse became less popular because it could only be used for carrying purposes, not for pulling power, consumed food and labor as it could not be grazed, and be vulnerable to cold weather). ***Possession of cattle is an important element of household economy in upland area*** and very effective in poverty reduction in Lao Cai:

- Possession of cattle means readiness of pulling power: no need for exchanging labor for pulling power and avoid missing the production season;
- Availability of manure for upland field (cattle manure is valuable in upland area);
- Cattle raising is a good way of savings (female cow gives birth to calf).

About 30% of households have not borrowed credit. They either did not have the demand or did not dare to borrow due to uncertainty of repayment capability. Few extremely poor households (suffering hunger) are not guaranteed by the village head. Nonetheless, most households borrow in fertilizer (a few hundred thousand dong per production crop) from private agents (in midland area) or from the material station of a state-owned company (in upland area) for agricultural production.

A case of escaping poverty: Mr. Sung Van Chan (aged 24) and Ms. Giang Seo My (aged 25), village of Xin Chai, commune of Pha Long, district of Muong Khuong

The case of Mr. Chan and Ms. My was mentioned in the PPA report in 1999. The family currently has five members, including Mr. Chan's father, who is mentally retarded, Mr. Chan, Ms. My, their daughter, aged 5, and their son, aged 3. In the 1999 PPA, their family was classified as among the poorest. Back then, the family was still facing hunger. In the PPA this year, their family is no longer classified as poor, because they have sufficient food, use new seeds, and harvest 40 bags of paddy and 80 backpacks of maize annually.

In 2000, they borrowed money from the Bank For the Poor to buy a cow for pulling power, thus helping them catch up with the cropping season. In 2002, they sold the calf to repay the loan and the mother cow to buy wood for building their house. The whole family used to live in a temporary cottage house; now they already have a wooden house roofed with cement sheet and including four rooms. They spent VND 8 million on their house, in addition to the cement sheet roof provided by the State. They still owe their relatives 80 liters of spirit, 40 kilograms of soybeans, and VND 600,000 being expenses for the house. And this debt is expected to be paid off by the end of the maize crop this year.

The most pressing problem to his family now is a cow for pulling power. Mr. Chan really wants to borrow loan, yet he is not eligible to the preferential rate of interest of

0.21% because his family is no longer classified as poor by the State criteria. He may borrow money at 0.71% per month, but as he said: “we can not afford to pay interest at such rate, because we need a big loan, about VND 4 million, to buy a cow. We can not, however, generate VND 28,000 to pay for the monthly interest”.

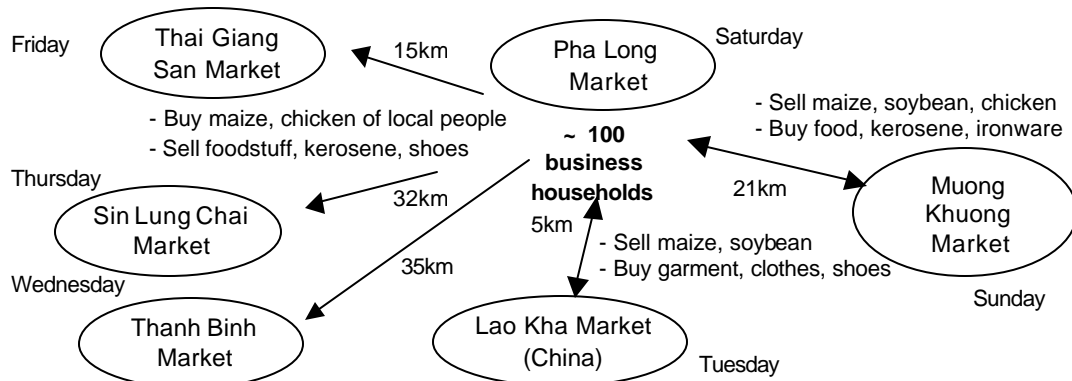
Infrastructure Improvement

Lao Cai has 138 communes that are classified as extremely poor and eligible to Program No. 135 (of which, 11 bordering communes are also eligible to additional investment under a separate program of the Government). A large amount of investment has been put into extremely poor communes. According to the report of the provincial People’s Committee, over VND 110 billion has been invested into infrastructure in these 138 communes during 2001-2002. Recent priorities include irrigation works, roads, schools, and clean water supply, which relatively suit the demand of the people. Local officials and people mostly said that infrastructure works much improved their living condition: ease of transportation, strengthened irrigation works helping rice cultivation, better education, and better access to clean water, etc.

One of the important impacts of road is to *enhance access to market* for inputs (fertilizer, seed, animal feed) and outputs (maize, pig, chicken, and soybean) of agricultural production of people in upland area. In market sessions, cash remains the traditional means of payment. As put by an official of the commune of Pha Long: “remote villages such as Xin Chai has not developed robustly because the road is not good, the local people do not know about trading, and private traders could not access that area, etc.”. People in the village of Nam Tang, commune of Ban Cam, an isolated area in the midland, shared the same opinion about the situation in their village.

Business Network in weekly market opening in Pha Long Commune, Muong Khuong District

In the upland commune of Pha Long, improved road conditions in recent years resulted in better business transactions during weekly market opening between Lao Kha market in China, Pha Long commune -cluster center market, Muong Khuong township market and the markets of neighbouring communes. This helps create employment and income for nearly 100 ethnic minority households (most of them are women) living near Pha Long who buy agricultural products, especially maize and chicken (to sell to traders from lowland areas) and sell essential things to local people.



2.3. The Remaining Poor Households

Diverse aspects of poverty

Group discussion at villages shows that the perception of local people of poverty is broader than the traditional one, which relies on “an income of less than VND 80,000/capita/month” as introduced by the State. Data inconsistency is understandable due to different criteria: many households considered poor by local people (ranked as households with average wealth in the village) are actually excluded from the list of poverty of the local government (according to the annual official survey result). In contrast, there are households that are ranked by the local government as poor but not considered poor by the local people (this issue severely affects the selection of households eligible to government assistance – see part 4).

Different poverty criteria between DOLISA survey and ranking by local people		
Village	Poor according to survey of DOLISA (December 2002)	Poor as ranked by local people (July 2003)
Lao Chai (Ta Gia Khau)	37%	34%
Thai Giang San (Ta Gia Khau)	24%	30%
Xin Chai (Pha Long)	0%	45%
Tan Ho (Phong Nien)	29%	36%
Coc Sam 1 (Phong Nien)	8%	21%
Nam Tang (Ban Cam)	20%	27%

To the people’s perception, the fact that a number of households remains poor has just become poor can be attributed to various reasons:

- Short of land or land not arable
- Short of labor and have many small children
- Short of capital
- Short of water supply
- Do not know how to do business
- Have not cattle or cattle died
- Split from another family
- Elderly
- Sickness
- Divorced/died spouse, woman being head of household
- Not working as hard as others
- Migrants who do not have land
- Expenses for wedding, funeral (upland)
- Complex or inferiority complex (Coc Sam 1, Nam Tang)
- Sending children to school (Coc Sam 1)

The above aspects of poverty are not something new (mentioned in the 1999 PPA report and provincial reports) and usually *interacting*. In reality, each district, commune, or village has its own issues. Even each poor person in a village has his/her own circumstances, which are influenced by several reasons.

Reducing Poverty Is More Difficult

This survey also shows that the current poor households – especially poor households with ethnic people in upland area – are deep in trouble and reducing poverty will be much more difficult.

The shortage of agricultural land becomes increasingly severe . According to local people, as far as poverty is concerned, land is always the most important aspect. The 1999 report indicates two types of land issues: a) short of land due to population density in midland area; and b) land is remote or not arable (sloping, rocky) for villages in upland area. This poverty assessment views land shortage as chronic issue for lowland area. However, the shortage of land in upland area is becoming much more severe. Newly split households or late migrants in upland area represent the majority of poor households due to shortage of agricultural land. So land shortage in upland area will be a major challenge and much more difficult to overcome than in midland area, as the opportunity for changing economic structure or generating non-farm jobs for ethnic people in upland area is limited.

The remaining poor households could hardly get access to capital. In contrast to 1999, this assessment shows that many poor households have been able to borrow capital. In lowland area, poor households mostly borrow non-collateralized loans from Farmers' Association and Women Union. In upland area, however, poor households mostly borrow via the village head. Capital shortage is no longer the most pressing issue for the majority of local people, yet still about 30% of households have not been able to borrow. It would be much more difficult to continue expanding lending coverage due to the following reasons:

- Some households do not have the demand for loan (the shortage of cow or buffalo is no longer as severe as in 1999, yet except buying cow, no other investment opportunity has been identified, as the chance for changing economic structure in upland area is very limited)
- Other households, in need of capital though, are hesitant to borrow due to risk aversion, afraid of being unable to pay monthly interest. It's noteworthy that a number of households, just escaping poverty and still in need of loan to buy cattle though, now are charged at higher interest rate (no longer eligible to the 0.21% as when they were poor). These households are also hesitant to borrow, as they could not afford the payment of monthly interest.
- A number of households suffering from hunger or "don't know how to do business" (including those households which are not working as hard as others) are not eligible to borrow, as the village head dares not to guarantee for them. As explained by a person: *"the village head is also the head of the borrowing group. The village head must be consulted if a household wishes to borrow. The village head accompany households to the bank to complete borrowing procedures. The village head must leave his land use right certificate with the bank at the bank until all the loans have been paid off. As such, the village head dares not to help households that are too poor or not working as hard as others to borrow"*.

Recommendation:

Diversify types of borrowings in upland area

Poor households could borrow from the bank for an average loan of VND 25 million, which is usually used to buy cow or buffalo. The advantage of this loan is that it helps address the pulling power or means of transportation for poor households. The disadvantage is that it contains high risk, for the loan is big and repaid once at maturity. As such, if households failed in their business, they would owe a big sum of money. On the other hand, many households said that they could

only buy cattle with the loan, without knowing any other types of investment. Therefore, types of borrowing should be diversified toward granting small loans or loans in kind.

In some areas, the women union extends loans of VND 500,000 to its members in a rotation scheme to buy pig or chicken. This is an appropriate type of borrowing, as the loan is small and the risk is more acceptable to poor households. Should inoculation and environmental sanitation be improved, small-scale livestock raising would be a potential economic activity for development in the future. And banks could consider expanding the extension of small loans for pig and chicken raising in upland area (via mass organizations).

Lending in fertilizer has also been extended in upland area through agricultural material supply station. Many interviewed households, not borrowing from the bank though, received loan in fertilizer through this channel. Possibly, this type of lending should be extended to include loan in seeds (to avoid instances where poor households could not afford to buy seeds promptly or where poor households get information late and thus could not buy seeds at original but higher price).

It should be admitted that extension of small loans or loans in kind is a complicated activity, requiring cooperation among different parties (bank, material supply station, village head, mass organizations, extension units). It is, however, a way to help poor households get access to loan effectively and with less risk.

Prioritized Measures Recommended for Poverty Reduction Are Diverse

In a situation where poverty causes are interacting, peculiar, and “getting deep to the their core”, it’s no surprise that discussion with village people on measures for poverty reduction resulted in various measures – although, in total, they would cover all possible measures. Essentially, the local people wished that the State continued providing assistance “targeted” to the poor, especially assistance with seed, fertilizer, expansion of preferential credit, and guidance on how to do business to poor households. Some villages highly appreciated community support measures, whereas others stressed on the creation of side jobs, support with reforestation, or subsidy policy to people in serious difficulty, etc. In addition, the local people often put the priority on the infrastructure works that are not in place in their area (i.e., electricity, road, irrigation channel, clean water supply, etc.).

Groups of local officials usually prioritized measures for general socio-economic development in the local area. Infrastructure works such as road, irrigation channel, clean water, electricity, school, and medical station were considered first priorities by groups of local officials, so was capacity building for staff at village and communal levels. They, however, expressed concern over the fact that many types of direct assistance extended in the past would create a mentality of over-reliance on the part of poor households.

Some expressed that the widespread assistance extended so far (lending capital, providing or subsidizing seed) has been very effective, yet left out some poor households due to various reasons. For them, assistance should be tailored to their circumstances in order to help them escape from poverty. For example, land should be provided or lent to those who are short of it, so is the case with capital or labor. Or those who are sick or elderly should be provided with regular assistance, etc.

Recommendation:

Another approach to poverty reduction in Lao Cai in the coming time

Over the past years, poverty in Lao Cai has been reduced rapidly. Yet it would be more difficult in the years ahead, as *‘poverty reduction has come to its core part’*. In each of the surveyed village, many households, which used to be poor, have escaped from poverty thanks to availability of land and labor and making use of State assistance (lending, grant or subsidy of seed/fertilizer, grant of cement roof, etc.), and their own effort. The remaining poor households all show peculiar features (newly split household, shortage of land, labor, elderly or sick people, etc.), where “widespread” assistance measures are much less effective.

As poverty causes are interacting and peculiar, poverty reduction measures should be tailored to each region, district, commune, village, and even each household. Support (regarding budget and human) should be prioritized to *household economic models* that suit with the poor’s circumstances (in stead of current widespread assistance for production techniques or crops). It’s time that *grant and subsidy should be sharply reduced* to increase budget to: (i) *help the poor do business*; and (ii) *training for officials at communal and village levels* to “help the poor walk, after waking them up and getting them on their feet”.

About “better targeting”, real *decentralization* is the most appropriate measure, as it helps communes and villages *take initiative in planning, resource allocation, and implementing arrangements* for poverty reduction measures that suit with local conditions.

2.4. The Sustainability of Poverty Reduction Cause

Many achievements in poverty reduction have been gained in Lao Cai though, the sustainability of poverty reduction here, in the opinion of local officials and people, is not high. There are many factors that increase the vulnerability of the poor.

Cultivation on sloping land not sustainable

In upland area, it is common that maize field lies side by side with forestry land on sloping land. That new maize seed is sowed on sloping land, combined with intensified plough and the use of fertilizer, has resulted in soil erosion and exhaustion (interviews with a number of households in upland area reveal that the use of fertilizer has reached a level even higher than in lowland area). The ethnic people in Lao Cai have virtually abandoned shifting cultivation. All land now has its owner and is not allowed to “rest” as with the shifting cultivation in the past. Interviewed village patriarchs and elderly people all confirmed that “rock is showing up from land”. Sustainable cultivation techniques on sloping land (SALT), which have been researched and tested a lot, have not been applied in Lao Cai. Obviously, *agricultural cultivation on sloping land in upland area, in association with resource and environmental management, is a big gap that should be filled in the coming time.*

Reliance on subsidized materials

The use of agricultural materials purchased from outside (especially hybrid seed, which must be bought annually at a price 5-10 times higher than that of local seed and which could not be self-generated) instead of self-generated local materials, may be the most drastic change in the cultivation system of ethnic people in Lao Cai over recent years. This change helps improve food security, addresses hunger facing poor people, yet also increases their vulnerability. Subsidized materials (supplied through the agricultural material supply system of the State) make local people virtually reliant over this source of materials. In the surveyed communes, there were instances in the last crop where the subsidized maize seed, which were of low quality, resulted in widespread loss of harvest. The hybrid rice seed, mostly imported from China, also raises concern over its unstable quality and timeliness of supply (local people said that for the same rice seed, the quality of seeding was not always the same).

“Growing maize but harvesting banana”

A case in the commune of Ban Cam, district of Bao Thang

In the commune of Ban Cam (district of Bao Thang), local people used the subsidized P11 Lao Cai maize seed for the spring crop. As the seed was of low quality, productivity dropped sharply relative to last years. Many households lost all the harvest as the maize plant, “blossoming 5-6 banana-like flowers though”, did not produce any maize ear. Local people said that local seed, generating lower productivity though, had never ended up that bad. A household with good production achievements like that of Mrs. Hoang Thi Luu in the village of Nam Tang, which sowed 12 kilogram of maize seed, just harvested 0.7 ton this year instead of 2 tons of maize ear. A poor household told that, as the harvest this year is lost, it was facing lots of difficulties and its members had to work for others to earn a living.

The Vice Chairman of the Farmers’ Association said that “this year, the commune sowed about 700 kilogram of P11 maize seed; the 400 kilogram sowed on plain land resulted in total loss of harvest, whereas the 300 kilogram sowed on sloping land resulted in a decrease of productivity by 30-40%”.

Leaders of the Agriculture and Forestry Seed Center of Lao Cai admitted that the 48 tons of P11 maize seed produced and supplied to the entire province by the center this year, of which 20 tons were sowed in the area of 112 hectare in Bao Thang, suffered “productivity decrease due to dry weather of the spring crop”.

Overall, the local people always “appreciate” the subsidy, as it helps reduce production costs. If the new seed was of low quality and vulnerable to total loss of harvest, however, it would worsen the life of the poor people. Local officials in some surveyed communes said that price subsidy should be phased out, *“the subsidy should be halved by each year and stopped in the fourth year”* (the province has set out a policy to phase out subsidy, yet the subsidy in practice has not reduced over the last two years). Others said that: *“price subsidy is a boost to stimulate people to use the new seed. As they get used to the new seed, the subsidy should be phased out. If subsidy was provided too often, people would get used to it and feel bad if it was cut”*.

Unstable Market Price

People in midland area (commune of Ban Cam, Phong Nien, district of Bao Thang) have a costly experience with the price drop of many crops that have been promoted by the government, such as sugarcane and fruit trees like longan, litchi, plum, etc. A typical example is sugarcane, which was grown on a widespread basis in 1997 and which used to be considered the tree for poverty reduction. Some communes grew dozens of hectare of sugarcane, yet the price of molasses in two years reduced from VND 3,000-4,000 to a level lower than the cost for cutting the sugarcane (for a while sugarcane was exported to China – then Chinese traders stopped buying). In 2001, all sugarcane was cut down. Seed for fruit trees was provided by the State but not always of good quality. At times, the price was too low or there was no market. One example was the longan, which sold for VND 8,000-9,000 per kilogram in 1999, now fetches only VND 2,000, resulting in a situation that many households “let the children pick the longan for fun”.

Market always poses the biggest risk to hard-working farmers in their efforts to produce marketable products and diversity crops and livestock. It's fortunate that in recent years, some key crops such as maize, rice, soybean and livestock such as buffalo, cow, pig, and chicken fetched high price and the market was also favorable. Concern was expressed as to the market conditions in the future, especially for maize (as trade liberalization would open the market to imported maize).

The provincial government is currently implementing a number of prioritized crop-livestock program, among which tea is a good candidate with preferential credit (50% of the interest on loan for tea plantation shall be compensated) and a guarantee on output purchase (the provincial government directed the state-owned farm enterprise to sign procurement contract with communes, guaranteeing an exchange rate of one kilogram of fresh tea leaves to one kilogram of unhusked rice). It was found from interview that many households have borrowed VND 8-10 million to grow tea. The market outlook for tea in the years ahead, however, contains lots of hidden risks.

Reliance on Weather Conditions

A peculiar feature of agricultural production in upland area is its reliance on natural water. Thus, a drought year is always followed by food shortage. Commune of Ta Gia Khau lost its harvest in 1997 due to drought, which resulted in hunger in 1998. In 1999-2002, people got out of hunger, as the weather was favorable and fertilizer was used. A drought is occurring this year (2003), as there is no water for expanding the irrigation system, which caused a lot of cultivation left unplanted. This is a permanent risk for which an effective solution has not been found by local official and people. The local officials and people here were concerned that many households would suffer from hunger due to the drought this year.

Further, the use of high-productivity new seed (HIVs) is not always appropriate with area where irrigation water cannot be controlled or weather is volatile (local seed is better adaptable weather changes). As such, many households in upland area still reserve part of their cultivation area for local seed because of the following reasons: (i) more tasty; (ii) easier to harvest and store; (iii) can be used as seed for next year; (iv) adaptable to fertilizer, soil, terrain, and local weather conditions. Obviously, *seeking a balance*

between new techniques and local knowledge to enhance food security and income and to reduce local people's vulnerability to risk is a key issue in poverty reduction in the coming time.

Livestock Die

In the interviewed villages, some households had their buffalo, cow died due to sickness, cold weather or fall-off from mountain. Such households remain poor and some have not been able to repay loans to the bank. In recent years, veterinary services have been extended to villages in upland area and are highly appreciated by local people. As veterinary officials of the commune do the inoculation twice a year, epidemic has reduced drastically. However, if the cow or buffalo was bought at times when there is no inoculation, the risk is still high. On the other hand, some villages in upland area still need horse as a means of transportation. Horses, however, died often due to epidemic in recent years. This is also an issue to be addressed.

Severe Sickness and Loss of Key Labor

All households, be they better off or poor, could suffer a lot if a family member is severely sick. This risk may have more impact on poor households, yet it could turn a non-poor household into a poor one. Labor is an important resource, and the loss of key labor (due to sickness, decease, exodus) could inflict a severe impact. Woman-headed households with many small children are most vulnerable, as the woman has to shoulder all the work. The 1999 PPA report mentioned this issued and this assessment encountered similar cases.

2.5. Job Creation

As construction is booming in the province (budget for capital construction is about VND 500-600 billion annually, and Lao Cai will be upgraded to a city in 2005), the province could offer a lot of manual jobs for local labor at construction works. A typical example is the job of “smashing rock or carrying sand” with a daily wage of VND 15,000. This is a big change relative to 1999. Back then, job opportunities mostly came from relatives in the same village and they were available for only a few days. With the construction boom these days, job is available year-round for those who are willing to travel a bit far (to Bac Ha, Sa Pa, Than Uyen, Lao Cai township). In villages with rock mine (such as village of Nam Tang – commune of Ban Cam), there have emerged some construction rock mining companies (both indigenous and outside companies), which create stable jobs for dozens of local labor.²

In lowland villages, local people said that having a job far from home is a popular measure to counter difficulty among poor people who have less land, especially the male youngsters. Local people often leave home to find job in the last months of a year (October until Lunar New Year), returning home after weeks or months. In the past, most of those who looked for far-away jobs were Vietnamese, yet ethnic people in lowland villages now follow suit – partly due to the increasing pressure of land shortage. The

² Enterprises in Lao Cai are booming. As of end-2002, there were 477 enterprises in the entire province with 19,346 labor, an increase of 180 enterprises relative to 2001. Of the total, 417 were private enterprises (report of the provincial People's Committee on the Assessment of Poverty Reduction and Job Creation During 2001-2003, May 2003). It was informed that most of the private enterprises established recently operate in construction field.

mentality of local people about getting far-away jobs, however, is that it is just a temporary measure - “a far-away job is a loath thing”. Some even said that getting a far-way job is “penny wise pound foolish” (a poor woman in the commune of Phong Nien complained that the cost of getting a far-away job is dear, because no one took care of her home and even her chickens were stolen).

Due to difficult transport, ethnic people in upland villages hardly go far away to find jobs. Obviously, improved infrastructure is a key factor to encourage people to get far-away jobs. At present, if works are constructed in the village, local people in the commune, regardless of their wealth status, all go to work for the contractor.

The whole village carried sand for construction of school Village of Lao Chai, commune of Ta Ga Khau, district of Muong Khuong

In 2002, a primary school was constructed in the upland village of Lao Chai with the financing from the World Bank. More than 30 households in the village participated in the transportation of sand and cement from the main road to the construction site (5 km far) to get additional income. People either used pack-horse or backpack to carry. There were households where parents and children all went to carry construction materials. After one month, each household earned some hundred thousand dong. Some youngsters in a household, who borrowed the pack-horse from their father, earned nearly VND 1 million.

In the interviewed villages, there was hardly any cases where people “abandoned” agricultural production to become worker or find a non-farm job. Due to limited education and low skills, the young boys mostly found manual job at construction works on a short-term basis. Lao Cai, in the meantime, is drawing a large number of skillful labor from midland provinces. Expanding vocational training is the right direction, yet it would be feasible if, in the immediate future, such training could take place near communal town or district town.

Communal government hardly helped local people in getting job at construction works. Encouraged by provincial and district governments though, communal government still let it up to the contractor.³

It appears that a pressing issue in job creation at construction works for people in Lao Cai, especially ethnic people and poor households with less land, is to assist them with information and legal issues (avoiding the current situation where the contractor’s foreman handles everything).

Working as hired labor Scared of being cheated and not paid

³ Provincial government encouraged communal government to sign contract with district’s project management unit so local people could work for projects under Program No. 135. The result is limited though. In two years, 1999-2000, local people worked for construction works worth VND 14 billion out of a total of VND 122 billion. The respective figure for 2001 was VND 10.5 billion out of 56.2 billion, and VND 6.5 billion out of 55.7 billion in 2002 (extract from Review Report on Program No. 135 of the Lao Cai Department of Planning and Investment, 1999-2000, 2001, and 2002)

“Over the last three years, members of households with less land had to work as hired labor near the village or within the district. The young boys usually got far-away jobs, within the province or in the district of Than Uyen. Sometimes, a group of ten worked together, digging soil, pouring concrete, doing basic construction steps, mixing concrete, carrying rock, etc. At times, they were not paid because the contractor’s foreman already disappeared as they completed the job”.

(discussion with a group of women in village of Coc Sam 1, commune of Phong Nien)

“Last year, I smashed rock with some other people as the road in the commune was paved. The contractor’s foreman owed me some hundred thousand dong. It took me about 3 days to smashed a truckload of rock, for which VND 50,000 would be paid. Near the Lunar New Year festival, the contractor’s foreman said that he went to get the money and then disappeared. Even the Chairman of the communal People’s Committee was cheated, as he lent the foreman some money”.

(Quick interview with a young boy who was smashing rock at a road in commune of Pha Long)

3. Participation In The Local Decision-Making Process

3.1. Implementation of Grassroots Democracy

Since the commune-level democracy regulation (Decree No. 29/CP) was issued with the motto “the people know, discuss, do, and inspect” and related regulations, communal officials have consulted with local people in activities directly related to them. Some ***positive signals*** include:

- Local people directly participated in the voting of poor households, the voting of people who are eligible to State assistance (roof sheet, water container, assistance to extremely poor households, etc.). Even people in the most remote villages know that the voting recently has been done openly at village meetings. Local people said that they know well the situation of each household and thus know those who are really in need of assistance.
- Local people discussed about the implementation of works under Program No. 135, inter-village road system, contributions (for example, the province decided to allocate a budget of VND 30 million/kilometer, labor for explosion work, machinery for opening inter-village road; other work shall be done by local people – as such, local people should discuss and reach consensus on the contribution of labor).
- All communes assign officials to “update information of and provide guidance to” each village. All communes have a reception section to handle procedures for local people (mostly procedures related to certification of land and borrowing), receive and handle petitions of local people. All communes managed to minimize the number of petitions that bypassed the communal level.

**Local people know well those who really need assistance
Group discussion with men in village of Thai Giang San, commune of Ta Gia Khau**

“The household of Giang Co Min, who is 26 years old, is the poorest in the village of Giang Thai San. His family has no cattle. The cow died in 2000 and he is still unable to repay the loan, which he borrowed in 1999, to the bank. He had no rice field but a small plot of land for maize, where about 12 kilogram of seed could be sown. His two children are small (one aged 3 and the other just 4 months old). As such, we voted him to receive development assistance under the resettlement budget of the province, including VND 300,000 in cash, 30 kilogram of rice, pan, spade, knife, bowl, blanket, mosquito net, mat, etc. No one questioned this decision because all knew that he was so poor”.

Officials at various levels ***have possibly drawn lot of experience from previous failure***, as they did not consult with local people. During this survey, we heard many opinions of the situation in the past *‘as the resettlement program was implemented (without consulting local people), they were just ignorant. Often, local people did not move to the new house, as they said it faced the wrong direction and thus harm the owner or the roof was put at the bad time’*. We also hear opinions of the current situation: *“we need to consult with villages in voting; the issue is equality; we have drawn a lot of lessons, it would be extremely complicated if local officials had to deal with money related petitions”*.

A lot of improvements made though, the implementation of grassroots democracy regulation in Lao Cai is facing a big challenge, especially in upland area with features such as *diversity of ethnic minorities, multi-dialects, poor communication in Vietnamese language, difficult terrain, officials of limited capacity, etc*. The key problems now are:

- ***Limited means of communications and information channels***. The majority of local people knows little about State’s policy and direction as well as their own benefit and obligation. When asked about local activities, including those directly related to local people, the common answer from ethnic people was *“chi pau”* (meaning “don’t know”). *“Chi pau”* made the next steps such as “people discuss, do, and inspect” insignificant (*communal and village officials said they already informed local people of the democracy regulation. Yet interviewed people hardly remembered the rights given to them*). Many reasons could be attributed to “chi pau” (sources, channels, and forms of information not diverse and inappropriate, poor equipment, etc.). But it’s noteworthy that:
 - Even communal and village officials sometimes do not understand State policy and direction (due to information shortage, limited capacity, huge workload). And they only explained carefully to people if they had complaint or petition.
 - People often lack the incentive to look into issues not closely related to their interest (*“people absorbed in their business and thus just ignored...”*)
- ***People have mostly participated in the implementation stage***. In villages, interviewed people virtually knew nothing about such steps as *“contributing to the draft plan”, “selecting priority”, “designing works”, “estimate cost – cost settlement of works”, etc*. The notion of “participation” as understood by local people is to be “briefed” (for implementation) in village meetings and “laboring” for the works (paid or unpaid).
- ***Limited measures to draw the participation of the poor and women***. Due to limited education (most women aged more than 30 years old in upland area are illiterate), traditions (husband to attend meetings), and complex mentality (the poor just listen during meetings), women and the poor hardly contributed their opinion to local

activities. No significant measures have been identified at villages to address weaknesses of the poor and women to strengthen their participation.

- In some villages, as households were voted as poor or for State assistance of high value (such as, roof sheet), local people had divergent opinions, including satisfactory, unsatisfactory, or even envious ones. This may negatively influence the social cohesion in the community.
- ***Local people's participation through representative organizations (farmers' association, women union, youth union, etc.) is limited.*** In upland villages, mass organizations face lots of difficulties and some are even dormant. The main reasons, according to people, are the limited capacity of local officials (many officials of mass organizations are not conversant in Vietnamese), the limited time spent on their job (they are occupied with home work, as they are not provided with allowance), and few interesting activities organized by mass organizations to draw the participation of local people.

It is obvious that poor communes are ***severely short of "community development cum poverty reduction officials"***, who will be assigned specific tasks and equipped with necessary skills (i.e., PRA, supervision – monitoring, etc.) to boost the active and effective participation of local people. Over the past time, Lao Cai has assigned additional staff to most of the communes under Program No. 135 to assist them with poverty reduction projects and programs (called "Program No. 135 officials"). Temporary measures though, such additional staff need to be carefully trained on participatory methodologies to enhance the implementation of democracy in poverty reduction.

Implementation of grassroots democracy regulation Enhancing the role of representative bodies

Decree No. 79/CP issued on July 2003 (replacing Decree No. 29/CP) stressed the role of representative bodies – People's Council and members of the Fatherland Front (Farmers' Association, Women Union, etc.) in the implementation of grassroots democracy. The key function of the People's Council in between two major sessions is to monitor and assess the implementation of socio-economic development and poverty reduction policies in the local area. The charter of the above associations also stipulates the function of advising government and supervising the implementation of the State policy and direction. The above associations all have a system reaching village level. As such, they are capable of collecting, consolidating and reflecting opinions expressed by local people and their members.

Grassroots democracy is an essential factor to poverty reduction. In upland area with multi ethnic minorities, multi dialects, transportation and telecommunications difficulty, limited education on the part of local people, language barrier, etc., enhancing the role of representative bodies would be a practical way to implement grassroots democracy, especially in steps such as supervision and assessment.

What has been drawn from the field trip to Lao Cai is that mass organizations, at the communal and village levels, play a little role in the implementation of grassroots democracy. There is a big gap that needs to be filled between their functions and duties, on one hand, and human resource, capacity and budget, on the other. Budget has been made available for official training under Program No. 135 and Poverty

Reduction Program; this budget should be increased to allocate more to capacity building for representative bodies in the coming time.

3.2. The Role Of Communal Bodies

In discussing the local people's participation in the local decision making process, the first question usually was "what decisions could be made at the communal level"? All surveyed communes benefit from Program No. 135, and the communal People's Council here are entitled to make decision on the list of investment under Program No. 135 (in line with the plan approved by higher level), yet the district's Project Management Unit is the investment owner of all construction works.⁴ Communes are entitled to set up a supervision commission, comprising of communal officials and staff of mass organizations. *Communal supervision commission, however, has limited capacity* on supervising and the quality of construction works. Having participated in training workshops organized by the district for a few days though, members of the communal supervision commission acquire little knowledge of technical issues and busy with other work. As such, monitoring is much in form rather than in substance.

Annual plan's targets are drafted by the communal People's Committee, which then were brought for discussion with the communal Party's cell and submitted to the People's Council for voting (not brought to local people for discussion). Some key targets, such as budget revenue or poverty reduction target, are assigned by the district government. Communal officials said that *"in principle, if the targets assigned by the district are not appropriate, the commune could request for adjustment"*. In reality, however, *"the commune hardly had any opinion"*. The point is, planned targets are seldom related to budget allocation, i.e., the investment is still the same, regardless of whether the annual target for poverty reduction is 3% or 5%.

Even communal officials and people *had few chances to participate in projects and works that fall outside the cope of Program No. 135*, although such works directly support the life of communal people. One example is the electricity works in the village of Nam Tang, commune of Ban Cam. Local people and officials were not consulted about the electricity grid, and the works became useless later. Lots of complaints have been lodged with respect to such works, which affected the local people's trust in the government (*"local people do not know who designed the works, all they could do is complain with the local government..."*).

Recommendation:

The participation of communal government in works that fall outside the scope of Program No. 135

The Government just issued Decree No. 79/CP on the Regulation on Grassroots Democracy, which replaced Decree No. 29/CP, in July 2003. A specific provision in Decree No. 79/CP stipulates that:

⁴ The decentralization under Program No. 135 took place slowly. Leaders of the Planning and Investment Department said that only 30% of communes have been designated as investment owner under this decentralization process; for these communes, the district still provided support with respect to documentation and procedures. The target is to complete the decentralization process by 2005.

“Article 12: People in the commune shall supervise and check the following activities: ... 7. Works implemented by higher level of government in the commune, which directly influence production, public order, culture, social issues, environment, sanitation, and the life of local people.”

Most of foreign financed works adopted the approach of “participatory irrigation management” – PIM or “community-based infrastructure development”. Works financed by Program No. 135 and those with the contribution of local people have been regulated by separate regulations of the Government, which stress the participation of local people in supervision and inspection activities.

Other works (outside the scope of Program No. 135) are regulated by Decree No. 52/CP providing Regulation on the Management of Investment and Construction. Decree No. 52 and its guidelines; however, do not contain any specific provision dealing with mechanism, responsibility, budget, and steps to ensure the right of inspection of local people as required by Decree No. 79.

In the coming time, the Regulation on Management of Investment and Construction should incorporate some specific provisions on the supervision and inspection by local people over works constructed in the local area, regardless of the source of financing, which meet the requirement of Decree No. 79/CP. This is seen as a specific action that contributes to the idea of harmonizing between growth and poverty reduction set out in the CPRGS.

3.3. The Role of Village

This survey in Lao Cai affirms *the extremely important role of the village administration* in ensuring the participation of local people. Village is not a State’s administrative level, yet it is the interface between people and the government and where democratic rights of local people are exercised:

- All activities directed by the commune go through the **village head**; and most of the people get information and submit their request to the government through him. In upland villages, the village head virtually acts as the representative of the people, from registration to receipt of seed/fertilizer, from filling application to send children to school to handling borrowing procedures, collecting principal and interest, etc. (*“people do not care about borrowing procedures at the bank, they just know that to borrow money, they should go to the village head”*). The participation of the poor depends, to a large extent, on the enthusiasm and capability of the village head.
- In upland area, **village meeting appears to be the exclusive channel** through which information is disseminated to people and opinions of people are received.

Through interview, most people said they did not go to the communal office during the year. Thus measures for disseminating information at the communal level such as “disclosure of budget settlement” or “extension bulletin” at the office are not effective, especially for the majority of ethnic people in Lao Cai, who can not read Vietnamese.

The village administration, however, is also the “bottle neck” as far as the participation of local people is concerned:

- The education and capability of village head, especially in upland area, are very limited. Most information goes through the village head, yet many village heads could not fully understand it. Most of village heads in upland villages have just attended primary education. Leaders of the district of Muong Khuong said that “30% of the total of 302 village heads in the district could not read Vietnamese fluently.”⁵
- Allowance for village head, however, is too low, just VND 90,000 per month, “not enough to buy slipper to go and ask people to attend meeting”. (In reality, it is very difficult to notify all people to attend meeting, as in some villages, it could take the whole day walking).
- The “people’s inspector” was voted in each village though (he is supposed to report to the communal Fatherland Front), the role of the people’s inspector, who does not receive any allowance, is weak, as revealed by the survey.

Given the current workload, a village head would be snowed under work and face higher requirements than in the past, while the allowance is too low. Some commented that *“being a village head here is more difficult than being chairman of the commune, as he should be conversant in 2-3 dialects”*. On the other hand, *“a few years ago, while the monthly allowance of communal official was VND 100, 000, that of the village head was VND 50,000. Now the allowance of communal official has been increased 3-4 times, whereas that of the village head was raised to only VND 90,000”*. A communal leader said that “the workload is huge, while the village head is less educated. Travel is far but allowance is too low. Therefore, we should take a soft tone talking to them; otherwise, they said *“you go and do it”*”.

Some upland communes recommended that a “deputy head of village” be nominated to assist the village head, which bridges the commune and local people.

**Recommendation:
Adding the title of “deputy head of village”**

A village head is voted by the people. As such, he must be a reputable, experienced, and, quite often, elderly person (normally the village patriarch takes this title). Yet the village head in upland area is usually less educated. As such, he faces difficulty in communicating State’s policy and direction to the people. Further, the village head is snowed under work, as the terrain of upland villages is both rough and sloping while the people are scattered.

A proposed recommendation is to add the title of “deputy head of village”. The title could be held by a younger person, who is more educated and enthusiastic. He could be voted by the people or designated by the communal government. He could assist the village head with professional issues, receive and disseminate information, and organize local people in community activities. Regarding allowance, the deputy head could receive a small, encouraging-type, allowance (the allowance for “source officials” at local level could be adopted, or an allowance half that of the village head, say, VND 50,000 per month), etc. In reality, in some upland villages in the district of Muong Khuong, local people have taken initiative to vote the deputy head,

⁵ Lao Cai set the target that by 2005, all village heads in upland area should have graduated from primary education, whereas village heads in lowland area should have graduated from lower secondary education.

although no official regulation had been issued by the provincial government. The village head shall give part of his allowance to the deputy head, should the latter has to attend many meetings on behalf of the former.

3.4. Monitoring– Assessment

Discussion with local officials and people revealed that the monitoring-assessment of the implementation of grassroots democracy as well as the supervision of improvements of the participation of local people in the local decision-making process ***should first be executed at the village level***. A number of monitoring criteria at the village level have been recommended:

- The regularity of village meeting (people request that at least once a month), the percentage of attendance (at interviewed villages, the attendance is usually 70-80%, yet it is conditional on the practicality of the meeting subject)
- The implementation of village internal rules
- The level of mobilization of local people to participate in public works
- The extent of activities organized for women and the poor's participation

Communal officials often complained that they had to prepare too many reports, collect and consolidate too many data and tables on various subjects within time constraint at the request of higher government; whereas no budget has been allocated to data collection. As such, that many data are just “superficial” or “relatively accurate”. In regard to information from higher government, communal officials also said that they received too many documents and sometimes they could not “digest” them (some read at low speed), let alone disseminate such information to local people.

On the monitoring – assessment of participation, communal officials suggested that:

- Actually, the ***extent of achieving socio-economic development targets, especially the annual target for poverty reduction, are the best indicators of the participation of local people*** (in the opinion of communal officials, poverty reduction could only be executed well if the grassroots democracy is implemented)
- The use of “survey questionnaire on the implementation of democracy regulation” at communal level (similar to what Lao Cai is doing – conducting the survey with a sample of 5% of the total number of households, using a one-page anonymous questionnaire) could not avoid formalism. As the questionnaire was forwarded to villages, only officials and some “knowledgeable” households filled out all of the questionnaire. As such, the response was not accurate and objective (if the questionnaire was given to the layman, he did not know how to fill it, and the commune could not afford sending its men to conduct interview with each person within a short period).
- If the number of complaints and petitions was relied upon to assess the implementation of democracy regulation, it would not be accurate, too. As upland people know little about laws are less educated (they either never submit a written petition or, at times, submit irrational petitions), it takes more time and effort to improve their knowledge.
- The inspection of the implementation of democracy regulation should be done at the voters reception meeting of the People's Council (once every six months), as people now are “eager to raise their opinion and very frank”.

Recommendation:
Improving monitoring, disclosing targets that reflect performance or impact

At present, reports prepared by various government levels, from communal to provincial ones, are heavy with input management indicators and in-kind performance indicators (i.e., how much money is spent, how many works have been completed, etc.). Information supplied to local people is unnecessarily complicated and detailed that they hardly care about it (for example, there are many details in the draft plan or in the annual statement of budget settlement that local people just ignore).

Whereas, simple indicators, which reflect performance or impact in simple way, are hardly monitored regularly or just forwarded up to the hierarchical professional system without being spread to local officials and people. For example, local people would find it easy to understand such indicators as “the percentage of households in the commune that gets access to electricity” or “the percentage of pupils that goes to school at the prescribed age” or “the percentage of households that gets loan” or even better, “the percentage of households that repays loan on time” (it would be great if time series could be produced).

For better information to be supplied to people, the monitoring indicator system should be revised, taking a bottom-up approach, towards increasing the number of performance or impact indicators (such as the twelve groups of social and poverty reduction monitoring indicators in the CPRGS).

4. Provision Of Social Basic Services To The Poor

4.1. Education

In recent years, education budget in Lao Cai has increased sharply. Teacher’s salary rose and more investment was put into compulsory primary education, elimination of illiteracy, development of pre-school education, expansion and reinforcement of schools and classrooms, provision of book, notebook and scholarship to pupils in extremely difficult area, etc. The cause of education in Lao Cai has made lots of achievements.

Annual Education Budget in Lao Cai

No	Indicator	Unit	1998-1999	1999-2000	2000-2001	2001-2002	2002-2003
1	Total annual budget for education	VND million	81,211	80,931	102,309	124,514	175,533
2	% of budget for salary and allowance	%	76	80	84	87	90
3	Expenditure for primary school construction (from all sources)	VND million	6,298	14,969	5,909	3,204	3,928
4	Expenditure for lower secondary school construction (from all sources)	VND million	2,957	4,987	5,504	5,526	7,901
5	Grant of textbook, notebook, stationery for pupils in	VND million	1,222	1,319	1,343	1,888	2,754

	extremely difficult area						
6	Scholarship for primary ethnic pupils	VND million	1,368	1,344	1,237	1,224	1,575
7	Scholarship for lower secondary ethnic pupils	VND million	1,525	1,551	1,665	1,676	2,698
8	Number of primary teachers	Person	4,305	4,404	4,338	4,406	4,563
9	% of primary ethnic teachers	%	16.0	16.89	17.65	18.86	23.50
10	% of ethnic pupils out of total primary graduation	%	57.3	58.4	60.5	64.9	72.7

Source: Lao Cai Education and Training Department, August 2003

4.1.1 Primary Education

Most of primary-aged children go to school, including poor children in upland area

Lao Cai completed compulsory primary education in 2000. Statistical figures of the education sector show that the percentage of ethnic teachers is on the rise, while the percentage of ethnic pupils out of total primary graduated ones is equivalent to that of ethnic people out of total population in the entire province. Interviews with officials, teachers and people in surveyed areas all show that the percentage of enrollment of children aged between 6-14 is mostly over 95% (96-98% in midland communes). Even in the most remote commune in upland area (village of Lao Chai, commune of Ta Gia Khau), the percentage of enrollment of children from poor households is same as that of those from non-poor households. A group of women said “more children from poor households than from better off ones go to school, because poor households do not have buffalo to be taken care of” (village of Tan Ho, commune of Phong Nien). This achievement is attributable to a combination of various factors, including the following ones:

- ***Most important is promotion activities.*** The education sector has made enormous efforts to encourage children to go to school. With higher salary, better working condition (school, teacher’s house, teaching equipment, etc.), teachers have been more motivated and accountable to their job. Teachers are assigned by school to monitor each village, know the number of children in each household and their age, and then encourage enrollment prior to the school year, ‘*teachers prepare the birth certificate for children to go to school*’. Communal government, mass organizations and the military forces have been providing school with enthusiastic support to encourage enrollment (through the communal education promotion commission). Especially, the village head plays an essential role in helping teachers encourage timely enrollment as well as re-enrollment of drop-out. Virtually, ***the relation between school and households in upland area has turned to direct relation between the teacher and each household***, with the assistance of local officials and the village head. Most outstanding is the proactive role of teachers, while that of parents is passive and of the representative body of parents is blurry.
- ***The construction of school and classroom at villages have made it easier for children to attend classes.*** Officials of the education sector said that classes shall be held at the village if there are enough pupils (15 pupils upward), so that they do not have to go far, especially during rainy weather. Last year, the migration in the commune of Ta Gia Khau had sent some households to a remote area and disrupted the classes. This year, classes will be resumed right in that area. In the past, children of village of Xin Chai could not go to the commune center to attend classes as it was too far. This year, a beautiful school has already been built in the village.

- ***The perception of people of sending children to school has changed positively.*** In the past, households of ethnic groups such as Hmong, Phu La, Thu Lao in upland villages underestimated education; yet their mindset has gradually changed. Many of interviewed households said that they let both their sons and daughters go to school to learn Vietnamese and calculation. Poor households wanted to send their children to school in the hope that they would have a brighter future than their parents: *‘I want my kids to graduate from higher secondary school.... I did not have the chance to go to school, so I want my kids to go to school to have a brighter future than mine’* (Mr. Lu Seo Kho, village of Tan Ho).
- ***Grant of textbook, notebook, pen, learning kit has facilitated ethnic pupils in upland area to go to school.*** Given the widespread poverty in upland area, many teachers were concerned that without such grant, pupils would not go to school. There are many instances when the granted notebook was used up, the teacher had to give pupils another because their parents did not buy it for them.

Attendance is not high and children sometimes do not go to school or just drop out

Low attendance in upland area is the biggest limitation for the education sector in Lao Cai. Teachers in the communes of Pha Long and Ta Gia Khau said that some pupils *“did not go to school regularly, especially if it was raining or if they had to go to the upland field”* or *“there was a class with 31 pupils, but about 5-10 often did not show up”*. This situation occurred due to many reasons, most common are the following:

- ***Stay at home to assist parents.*** In surveyed villages, children start assisting parents at early age (5-6 years old) with work such as grazing cattle, cutting vegetable feed for pig, cutting grass for horse. A few years later, they could cook rice and carry water. By the age of 11-12, they could be an important source of labor in the family, doing work in upland field. Assisting parents is an important reason that explains irregular attendance, dropout and stay-in. The impact is more on elder children in the family (especially in those with many children), as the parents need them to graze cattle and take care of the smaller ones. The impact is also more severe in upland area. The survey in upland villages revealed that most children who did not go to school just stayed home.

Sai and Pao (kids born to Ms. Ly Seo Soa, village of Thai Giang San)

Sai (daughter, aged 11, just graduated from 4th grade) and Pao (son, aged 9 graduated from 3rd grade) are the two elder kids in a family with four children. Their mother, Ms. Soa, has two other kids, namely, Chenh (daughter, aged 6, just finished kindergarten class and shall enroll 1st grade) and another son, aged 3. Her husband died in 2001. Sai and Pao have assisted her mother with lots of chores. Sai takes care of his younger brothers and sisters, carry water, cook rice, prepare feed for the pig. She knew how to take care of younger ones since he was six. Pao grazed buffalo since he was six. The two of them almost do not learn lessons at home. Ms. Soa wants her children to go to school. She said that she wanted them to finish the 5th grade at the village class, then sent them to the lower secondary school at the communal center. Yet her family has no other adult, so her two children could not go to school regularly. There are days when she has to go to the upland field early in the morning, and then Sai has to feed her younger brothers and sisters. Thus, she could not go to school.

- ***Parents do not see the benefit of education***. In all the surveyed upland villages, people mostly communicate by their own dialects and Quan Hoa language, not Vietnamese, especially in remote and isolated villages with no access to electricity. The perception of people of sending children to school has changed positively though, some ethnic households (both in midland and upland areas) feel that literacy does not give much benefit. Household interviews revealed that many wanted their children to both go to school and assist parents. As such, when the children feel bored with learning (as they lag behind others in terms of knowledge, want to play, get upset with teacher, etc.), the parents are willing to let them stay home. The survey team many times heard this explanation: *‘if he does not want to go to school, we let him stay home and can not force him to go back to school’*.
- ***In some instances, expenses associated with sending children to school are a hurdle***. In the surveyed villages, the primary school is located right in the village and most of primary tuition fees are exempted. Both the district of Bao Thang and district of Muong Khuong have collection campaign to provide gifts to poor pupils in remote area. Parents just contribute some thousand dong for water, broom and sometimes, for notebook. Nonetheless, there are instances where expenses may prevent upland children from going to primary school, such as those for clothes and slippers for children in the winter (VND 50,000 a set of winter clothes or VND 20,000 a pair of rain boots).

Enrollment, as far as gender is concerned, is not equal

Performance report for school year 202-2003 of the Education Division of the district of Muong Khuong indicated that girls represented 45% of total pre-school pupils, whereas the figure for primary education was 46.69%. Obviously, the number of girls going to school is less than that of boys. In two villages, we have asked key informers to identify those who had never been to school (Tan Ho) and those who have not been to school or dropped out (Xin Chai). The result was that of the 14 children that had never been to school in village of Tan Ho, thirteen were girls, including some aged 13-14 with the rest aged 7-10. In the village of Xin Chai, 100% of those who have not been to school or dropped out at primary education are girls. An important reason that explains the disadvantage of girls relative to boys in education is that girls could be more helpful to parents than boys. Mr. Hang Seo Phu (village of Thai Giang San) explained it clearly: *“girls aged 7-8 know how to graze buffalo and take care of younger kids. Boys aged 7-8 only know how to graze buffalo; they do not take care of younger kids carefully. In a family with many children, there must be someone to graze buffalo and another to take care of younger kids”*.

Language barrier has an impact on education quality

In recent years, the education sector in Lao Cai has paid special attention to the quality of teaching and learning. There are teachers who have to give lessons during summer vacation because their pupils fail in the final exams. Learning quality of ethnic pupils in upland area, however, is still lower than that of Vietnamese pupils in lowland area. A fundamental reason is that pupils do not speak Vietnamese as they go to school. Ms. Lu Thi Chinh, deputy manager of the Education – Training Division of the district of Muong Khuong expressed: *“ethnic people in upland area usually communicate by Quan Hoa dialect. As such, most children that go to school do not speak Vietnamese. Those who*

attended kindergarten are a bit better. Without attending kindergarten, they could not learn much in 1st grade. As pupils just listen to Vietnamese spoken by the teacher without practicing them at home, they find it very difficult to learn Vietnamese”.

Difficulty in mobilizing children to attend kindergarten

The percentage of children that attend kindergarten is low (85% of children aged 5 in the district of Muong Khuong, while that in the district of Bao Thang is much higher, 98%). Teachers all acknowledged that, by attending kindergarten, children would find it easier learning in 1st grade, for they get used to class order and to listening to Vietnamese spoken by the teacher. The problem is not many upland villages have a kindergarten right in the village. In lowland area, contributions to kindergarten (monthly intuition of VND 15,000 and one-off contribution of VND 45,000 for toys) are a hurdle that prevents many children from attending (for many, not attending kindergarten means not going to 1st grade).

Teaching Vietnamese in kindergarten is also facing difficulty. Ms. Nguyen Thi Tam, a kindergarten teacher at Pha Long primary school said that when she was attending teacher’s training college, they did not teach her how to teach language to others. The curriculum that she used also does not include the teaching of Vietnamese to ethnic children; it just covers common teaching subjects at kindergarten. She had to invent ways to teach children Vietnamese, relying on her experience and by “asking them and their parents in advance how they call one thing in their dialect, then teaching them the equivalent words in Vietnamese”.

Language problem at primary education

In addition to the assigned primary curriculum, primary teachers who take care of ethnic children in upland and remote area have to teach them Vietnamese, especially at lower grades. The curriculum is uniform throughout the country. Therefore, ethnic pupils are disadvantaged to Vietnamese ones, as they have to learn subjects included in the curriculum (pronunciation, reading, writing, calculation, social and natural knowledge, etc.) in Vietnamese while they speak little (or do not speak) Vietnamese. A common concern expressed by teachers is “it’s most difficult to help them understand the lesson; they may read fluently but understand nothing” (dean of Ta Gia Khau primary school).

To teach them Vietnamese, teachers have been quite innovative. However, they have difficulty finding time to teach them and often have to eat into the time allocated for the curriculum. Some schools use the first two weeks of the school year to teach both Vietnamese and dialects. To our knowledge, however, this program is not much helpful, as it lasts for only two weeks, “the result is not as good as if the kids had been to kindergarten”.

Teachers also find it difficult to teach other subjects in Vietnamese at higher grades. When it comes to mathematics, Mr. Lu Seo Senh, a Hmong ethnic person (Pha Long primary school) said that due to language barrier, lessons taught by Vietnamese teachers were very difficult to understand for ethnic pupils. One example is the addition operation with brackets, such as $3 + (6 - 2)$. Vietnamese teachers find it difficult to teach them, because pupils do not understand the words “in brackets”. Or algebra problem with finding a parameter x , Vietnamese teachers find it difficult to teach them how to transfer operators and change the respective signs.

Recommendation: teach Vietnamese language

There are two recommendations on the teaching of Vietnamese language in upland area

There should be a Vietnamese language teaching program at kindergarten for ethnic kids

Prior to primary education, with its curriculum applied uniformly throughout the country, kindergarten is the only opportunity for ethnic children to learn Vietnamese, making them less advantaged to Vietnamese children. As such, kindergarten should design a Vietnamese language teaching program for ethnic children to improve their language proficiency and ease their life in primary education. This program should treat Vietnamese as the second language (similar to program for Vietnamese to learn a foreign language). It should not be like the Vietnamese language subject taught in the current primary curriculum.

Strengthening kindergarten and primary teachers on language teaching

As the current curriculum has not treated Vietnamese language subject as a second language, most teachers invent ways to teach it by themselves. They need to be trained on language teaching in order to work and teach better. If a Vietnamese teaching program is available at kindergarten, then teachers there should also be trained on teaching techniques. In addition, primary teachers should learn to know how children learn a second language and the best teaching methodologies. Teaching ethnic children Vietnamese is a long process though, the first years at kindergarten and primary school are still very important.

Some difficulties associated with the new primary education program

This survey was conducted immediately after the 1st grade program has been piloted in the entire country for one year. As such, we have received lots of opinions of teachers and officials in the education sector about the implementation of this new program with ethnic pupils. Such officials and teachers informed us that this new program contained many interesting points, such as the addition of communication issues in the Vietnamese language subject, bigger, clearer, and more beautiful figures and letters, and teaching aids, which are the strong points relative to the previous program. The application of this new program in remote and deep area, where pupils are of ethnic minorities, is difficult though.

- **The program is too heavy.** The program is loaded with a huge amount of knowledge, the lesson content for one session is larger. Thus, it is difficult for teachers, because the ethnic children speak little Vietnamese and are less exposed to social activities. Both education officials and teachers agreed that the program is appropriate with “townships”, “average area”, “developed area”, not with upland and remote area, especially with ethnic children. One teacher pointed out a difficulty with respect to the textbook: *‘the textbook contains drills, and there is even an exercise book. However, the books are borrowed, and pupils are not allowed to write onto the books. As such, teachers have to guide them do it on the both the main blackboard and a supplementary board, which is time consuming.*

The previous program contained less content and did not require much time to absorb. Therefore, pupils had time to do exercises on their notebook. It's much more difficult now". In the most remote commune of Ta Gia Khau, the dean of the primary school was very concerned, because pupils had to learn a heavy program without speaking Vietnamese: *"80% of enrolled pupils do not speak Vietnamese and thus find it difficult to absorb the knowledge. The previous 120-week program allocated one term to teach them spoken Vietnamese. Now pupils have to learn the program's content immediately, while the content is heavy"*.

- **Whole-day class carries limitations.** In the surveyed communes, some 1st grade pupils already attended whole-day class in the previous school year. And this school year, some 2nd grade pupils will also attend whole-day class. As more classrooms are built, there will be more whole-day classes. Education officials and teachers all said that whole-day class will improve learning quality. Yet it would be difficult to implement, as pupils have to assist their parents with work. At the Pha Long primary school, "if class attendance in the morning is 100%, it would be 50% in the afternoon". Mr. Lu Seo Senh, a teacher of the school, explained: *"although the pupils are of the same age, some are tall while some are short. The tall, who could graze buffalo, often miss the afternoon class. There are days the teacher had to call them to class, yet the parents were absent while the buffalo was at home. Pupils have to graze buffalo. If they fail to do so, their parents would not let them go to the school the next day. Only those who do not have to graze buffalo could go to school the whole day"*.

Pupils who live far could hardly attend whole-day class. The dean of Ban Cam primary school recalled that last year, some pupils, who lived far away, went to school in the morning, returned home mid-day, went back to school again in the afternoon, then returned home late evening. As such, they were exhausted and often missed the afternoon class. The teacher had to prepare lunch for them so they could stay the whole day.

4.1.2. Elimination Of Illiteracy

In 2000, Lao Cai reported that it had finished the elimination of illiteracy for people aged between 15-25. Lots of efforts have been made by the education sector, agencies, mass organizations in the province to open classes and encouraged people to attend.

Limited impact of illiteracy class and recurrence of illiteracy

The impact of illiteracy elimination classes is limited, especially on those who did not speak Vietnamese by the time they attended class. That people attended illiteracy elimination classes for a few sessions and quit was seen in all villages. Teachers also had to stop teaching if the attendance level was too low. Teachers said that after attending illiteracy elimination class, many could spell words; yet they did not understand the meaning. In all five villages, recurrence of illiteracy is common. The meeting with group of poor households in the village of Lao Chai revealed that, of the eleven poor households in the village, no one speak Vietnamese. Nine persons already attended illiteracy elimination class; yet only three of them could read, one could read few words, and five fell back to illiteracy.

The reason for the above situation is clear. Upland people hardly use Vietnamese in daily communications. They only communicate in their own dialect or Quan Hoa language. Newspaper is scarce in all villages (only the village head is supplied with newspaper). So people have nothing to read, and even if they had, they would not understand. In the district of Muong Khuong, we recognized that not only the layman but also the key persons in the village and even communal officials speak little Vietnamese and could hardly recognize letters. At present, the district is organizing primary education classes for communal and village officials. Yet it is still difficult to encourage them to attend class.

The survey team noticed that both poor and non-poor households faced some common hurdles as they attended illiteracy elimination class:

- They are hesitant to attend class as they deemed themselves to be too old to learn.
- They did not have time to attend class, as they worked the whole day, felt exhausted, and might even have things to do in the evening.
- Many said they were not called to attend class. These are people who are about 30 years old and above. They were not called to attend because the illiteracy elimination program targeted people aged between 15-25. It's noteworthy that among these people, some said they would attend if classes were organized. However, they said only the husband, not the wife, would go.

Elimination of illiteracy for women

In general, fewer women attended illiteracy elimination class than men. The reason is women faced more difficulties. Fewer women speak Vietnamese than men and thus they faced more difficulty learning. Women are so busy, working the whole day, grinding maize, taking care of children, and doing other chores in the evening. Mr. Sung Van Chan (village of Xin Chai) explained further: *"in the evening, there must be at least one adult at home to take care of the kids and buffalo. Otherwise, the buffalo would be stolen. Usually, the husband goes to the class. Therefore, the wife must stay home. If the husband already knows Vietnamese, then his wife could go"*. He also added that in his village, women aged less than 30 are usually tied up with children. Women aged more than 30, however, thought that they were too old to learn. Also, there are instances where women knew less than men about illiteracy elimination class.

Illiteracy is also a problem among women officials. The Lao Cai Women Union informed that 20% of women officials in the province are still illiterate. The Women Union in the district of Muong Khuong also complained that even if they had encouraged women officials to attend illiteracy elimination and primary education classes, the result was not satisfactory. If the class was held at the village, the outcome was insignificant. If the class was held at the district center, their husband would not let them go, because they had work at home.

Meeting of women group

Village of Tan Ho, commune of Ban Cam, district of Bao Thang

The meeting of the women group in the village of Tan Ho had more than ten participants, of which only one spoke Vietnamese fluently (the head of the women union's cell in the village). About two or three others could speak some simple words but hardly understand Vietnamese. They reiterated that they wanted to attend

illiteracy elimination class. The head of women union's cell did ask the village head and communal officials about class for women, and the officials said that they should wait till the end of the year, when electricity is available. These women seemed eager to wait for the electricity so they could attend class. They said that some households already had maize husking machine, so they no longer have to grind maize in the evening and thus could attend class.

There are three interesting points about this group of women. First, they live in a remote area, yet it is located in lowland district. Their communication with Vietnamese people, little in absolute terms, is still more than those in upland area. As such, they may feel the urge to learn more than those in upland area. Second, many in the group are more than 30 years old (outside the targeted age) though, they are still eager to learn. Third, they attend group meetings and are fond of it. They recalled that *"prior to the 1999 survey, the women union's cell had not been established. So they stayed home most of the time and hardly attended village meetings. During that survey, they were asked to attend a meeting to discuss issues similar to those in the current meeting. And they were very interested. Mr. Toai, a member of the survey team, said that women and youth should organize some activities. After that, the women union's cell was set up. Now the women attend meeting regularly and contribute their opinion to village activities"*.

Recommendation: Elimination of poverty in upland area

1. Paying attention to language teaching in the program design

The current problem is the language barrier facing ethnic people in upland area. The most important recommendation to program designers is pay attention to Vietnamese language teaching. Put it differently, there should be a combination of elimination of illiteracy and elimination of language barrier. For adult, elimination of illiteracy should go hand in hand with knowledge teaching to maintain the interest of learners and the effect of learning.

2. Extending the targeted age for elimination of illiteracy in upland area

The targeted age for elimination of illiteracy in upland provinces is between 15-25. We recommend that the targeted age be extended to 15-40. This shall partly address the government target of eliminating illiteracy among people aged less than 40. This recommendation was made on the fact that people aged over 25 had a demand for learning and that older women might have free time.

3. Increasing the chance for ethnic people to communicate in Vietnamese

- Get electricity to all villages (so that they could watch television)
- Build a cultural house in the village, which is located near households and has television for local people to watch and some newspaper and simple documents. At present, the State has provided television and newspapers to villages. However, such television and newspapers are usually put at the house of village head. As such, the impact is limited.
- Design useful and interesting publications in simple language for upland villages.

4. Encouraging women to attend class

- Consider the issue of women attending class an important one, and assign specific tasks to the education sector and local government and mass organizations.
- Encourage women, through the women union, to attend class.
- Hold separate class, if necessary, for women in the village.
- Encourage women of various ages to attend class, not restricting the age between 15-25.

4.1.3. Lower secondary education and higher education

The movement of learning is very active in lowland area

People in village of Coc Sam No. 1 (a village occupied by Vietnamese people that is located near national way No. 70) see clear benefits of learning and make lots of investment into education. Here land is scarce, and the young generations could not rely only agricultural production. They want to find job in other fields. Many people in the village went to universities and colleges in the communal township and in other provinces. The number of pupils going to higher secondary school is on the rise, especially after the adjacent commune of Phong Hai opened a higher secondary school for school year 2002-2003 (in the past, pupils had to go the higher secondary school in Lu). The village of Coc Sam No. 1 already has a kindergarten for five-year-old children, and many think that kindergarten should also be available for kids aged 3-4 and even for newborn.

Poor to fund kids to school

Rural areas are characterized with “poverty” caused by the effort to fund children to go to high school and college away from home, which cost several hundred thousand dong per month. This is a new feature, different from the past few years, when there were families too poor to send their children to school. This change, temporarily increasing poverty among families though, is a positive one because it prepares for a brighter and more sustainable future. Following are some illustrative examples:

Far-away school expenses remain big burden for upland families:

Survey’s findings show that most people in extremely poor upland communes send their children to the communal school, which subsidizes almost all of the educational expenses. This survey observed that almost no children of families in Muong Khuong upland communes could afford to go to high school in the town, except some children of local officials (most of the kids going to boarding school are known to be related to officials). Far-away education with expenses of above several dozen thousands dong per month remain to be unaffordable to most families in extremely poor upland communes.

4.2. Healthcare

4.2.1. Community healthcare

Grassroots healthcare network was established and people have better access to healthcare services

Positive developments in community healthcare in Lao Cai health sector are manifested in various aspects: improved infrastructure, increased quantity and quality of healthcare professionals at grassroots level, extensive village healthcare network, on-going targeted healthcare plans, etc. As of today, 100% of 180 communes throughout the province have medical stations, 86% of them have been either newly built or repaired. Some health indicators show health improvement among people. With the on-going free healthcare policy, the number of patients' visit to state-owned medical stations doubled in 2002 relative to that in 1999.

Improved Quality And Quantity Of Healthcare Services

Year	1999	2000	2001	2002	First half of 2003
Doctors/10,000 people ratio	4.2	4.3	4.45	4.69	
Villages with medical station/total villages	1,281	1,461	1,427/1,993	1,729/1,896	1,723/1,982
Number of polyclinics, commune medical stations with doctors			24 doctors/180 polyclinics and medical stations	22/44 polyclinics 30/180 communes	22/44 polyclinics 36/180 communes
Number of polyclinics, commune medical stations with midwives.			50/180	60/180 communes	63/180 communes
Number of patients' visits to medical stations	626,661	735,636	779,024	1,112,084	
Total number of malaria cases	10,108	6,671	6,182	4,447	1,430
Malnutrition of children below 2 years old	44.44%	43%	39.5%	36%	

Source: Reports of 1999-2000-2001-2002-2003 (first half) of Lao Cai province's health report.

Four surveyed communes all have solid medical stations, particularly commune of Pha Long has a regional polyclinic on a 2-storey building with 9 functional rooms. Commune medical stations are all supplied with additional medical facilities to ensure its healthcare services to their patients. The number of medical visits for health check-up and free medicine increased significantly in 2002 (that in commune of Ban Cam increased by 1.38 times and in commune of Phong Nien by 2.17 times relative to 2001 figures). All of the interviewed people, including the poor, in 6 surveyed villages knew about free healthcare policies and most of them visited the medical station in the village for health check-up and medicine at least once in 2002.

Public health education remains a big challenge

Although progress has been made, upland people still lack knowledge and practices in disease prevention and treatment. Such children diseases as malnutrition, diarrhea, worm, bacterial contamination for acute respiration continue to be widespread. Measures such as inoculation and health check-up for mothers and newborns have been rare. The percentage of family control measures adoption is low, especially those for men. Health education has been incorporated into village meetings (for about 10-15 minutes), and into vaccination or health check-up. Its effectiveness, however, is low. Health education has mostly been done through presentation and one-way communication. Graphic tools such as posters, pamphlets were ineffective and insufficient. For example, in Tan Ho village,

many families hang poster picture “HIV/Aids prevention for long-distance truck drivers” but do not understand its meaning. Some people even said that “this poster recommends each family should only have from 1 to 2 children to make them better off and save money to build multi-storey house and buy car”.

Safe motherhood program faces with constraints

It remains prevalent to give birth at home without medical assistance, and mother deaths still happen. For the first half of 2003 in Ban Cam commune, there were only 3 of 31 birth-giving cases that took place in the commune medical station. The figure for Pha Long and Ta Gia Khau communes were 1 of 32 and 3 of 31, respectively. The number of visits for pregnancy check-up, tetanus preventive injections during pregnancy was very low. Group discussion indicates that the ratio of in-house birth-giving is high for all households, regardless of their wealth. Most of in-house birth-giving cases of upland families occurred with the assistance of her mother or husband as the midwife. There were some birth-giving cases where the mother gave birth on her own with her husband’s assistance. Some families in lowland areas seek assistance from traditional midwives or private healthcare officers.

Bad environment is a direct factor to local disease situation

Insufficiency of fresh water is common. Fresh water is in short supply in upland areas due to the high altitude and inadequate water supply. Especially, people in Ta Gia Khau commune, who have been dependent on rain-water⁶, suffer from severe fresh water insufficiency during several months of dry season. It is also a problem of many remote villages in midland communes (Nam Tang village in Ban Cam commune has several dozen of Hmong minority households who share a small rivulet pipelining to a small and dirty pool where cattle passes by and people have on-site showers). Life is even tougher for the poor who do not have money to build sanitary jar, pool or well (in Coc Sam village, the poor have to ask for free water from their neighbors). Recently, there has been considerable improvement in the fresh water sources in certain villages. However, the demand for fresh water investment remains high.

In- and out-of-house sanitation and cattle waste disposal are also severe problems for upland villages. People in this area have been accustomed to store, dry and then package or pile cattle waste in-house in order to fertilize their maize and bean crops. Drying and storing of waste could not be done during rainy season. Therefore, cattle waste is disposed freely onto village roads and the surrounding area, which heavily pollutes the neighborhood. In addition, most households keep their cattle in-house, very close to the bedroom (they are afraid of thieves), which makes it hard to keep the house sanitary. Living without water closets is common, which leads to polluted environment and augments diarrhea and parasitic worms in the community.

Recommendation: Enhance public education and support to improve environmental sanitation in upland, remote villages

⁶ There has been warning on the toxicity of using rain-water from the fibro cement roof (that was granted to many poor families), due to the noxious element in the asbestos roof.

At present, environmental sanitation improvement is an urgent demand to facilitate hunger elimination and poverty reduction in upland and remote villages of Lao Cai province. In this area, the local healthcare sector and administration should:

- i) Promote the “model” roles of healthcare services, officials and societies of villages;
- ii) Link State supports such as freshwater, roof sheet, etc., with the responsibility of families and villages in environmental sanitation improvement.
- iii) Enhance cross-supervisory role of local people in environmental sanitation.

Agencies involving in rural environmental sanitation activities should:

- i) Agree upon action plan for fresh water and environment activities in each locality, incorporate health education and campaign into investment activities, consider local resident participation and contribution as the official criteria for the State investments.
- ii) Make selective investments and support fresh water, latrine, bathrooms, cattle waste disposal improvement models in order to motivate the community to make improvements by themselves.

Private healthcare services in lowland areas

In two lowland communes of Bao Thang district, private healthcare services have been existing in parallel with the State services. Popular private healthcare services are sales of medicine and assistance of birth delivery at home, which are conducted by retired medical officers or incumbent ones after office hours. The survey indicated that lowland people used quite a lot of private healthcare services. Private healthcare service has not existed yet in two upland communes of Muong Khuong district (as commented by medical officers, the reason for such inexistence is that people did not get used to paying for healthcare service and expected State-subsidized healthcare service).

(Lowland) private healthcare services	Commune medical stations
<ul style="list-style-type: none"> • Private healthcare services do not require the presence of patients in order to check up health and sell medicines. • People are free to choose whatever medicine they want <i>“I came out to the medical station to ask for a white tiger bone glue but was rejected, then I dropped by a private pharmaceutical store to get a glue for VND 7,000”</i>. • Private healthcare has more experience <i>for birth giving delivery, we typically invite Mrs. Noi (private healthcare officer). We rarely invite commune station’s midwives because Mrs. Noi has more experience with many years in service”</i>. • At-home services, so local people are willing to pay for it though at higher price comparing to state healthcare ones <i>“Total pay for Mrs. Noi’s transportation and service expenses is</i> 	<ul style="list-style-type: none"> • Commune medical stations require the presence of patients in order to check up health and sell medicines. • The poor are granted with listed medicine, and still have to pay for those not in the list. • Commune medical stations lack experience in some areas (Ob-gyn due to the new program of bringing midwives to communes). • Healthcare services are rarely provided at home.

VND 50,000, and in return the delivering mother does not have to go out to the medical station which costs VND 20,000” (Nam Tang village, Ban Cam commune).

Private healthcare services offer people with more diversified services and also unveil some limitations in commune healthcare services to the poor, who still have to pay for customized healthcare services. Private healthcare services need to be managed better to protect the health and resources of the poor.

Village healthcare needs support and training to work

Village healthcare network contributes significantly to the local healthcare for people such as (i) providing health information (notification of health activities to be implemented in villages, notification of births, deaths, and diseases in each village to the commune’s medical station); and (ii) facilitate medical officers to vaccinate and scale children’s weight at villages. In addition, there are many limitations:

- Village health officer could not convince people about community health education. *“I visited those that did not come for vaccination to explain but they did not listen to me, i do not know how to persuade them”.*
- Village health officer typically attended a 3-month basic training course, and is not exposed to further training and update of knowledge, *“monthly meetings are mostly for reporting the village situation, receiving information and plans for the following month. No professional training has been provided additionally”.*
- Village health officer is overloaded with work while the allowance is very low (VND 40,000/month). Typically village health officer has to spend “4 to 5 days to go and provide service during a busy month and 3-4 days during a less busy month”, and *“any trip to disseminate a notice takes often one whole day and we have to walk because there are many uphill areas that bicycle could not help. Sometimes I could not drag my feet on such notice-disseminating trips”* (Ly Thi Gam – health officer of Nam Tang village).

Recommendation: Consolidate performance of village health network

With regard to functions and tasks:

- With current levels of expertise and culture, village health officer should focus on disease prevention tasks such as health education, disease preventive campaign, medical information, monitoring outpatients in accordance with communal medical officers.

To fulfill these tasks properly, village health officer needs to:

- be additionally trained on (i) health subjects and disease prevention, methods, skills for health education, organizational and operational methods for health education in combination with community persuasion; (ii) commonly encountered problems of mothers and children that need attention.
- be supported to develop pilot models of environmental sanitation (sanitary latrine, sanitary cattle waste disposing processes, etc.) to make village health

become the heart of community persuasion to improve rural environmental sanitation.

4.2.2 Free Healthcare Services For The Poor Under Decision 139

Eligible beneficiaries

Lao Cai provincial People's Committee defines free healthcare beneficiary as: (i) the poor qualified under the criteria set by the MOLISA; and (ii) ethnic minority people of communes under Program No. 135 and villages in 3rd region (A2). As such, Lao Cai has cut down one type of beneficiary as stipulated under Decision 139 (Vietnamese people of communes under Program No. 135 and ethnic people in 1st and 2nd regions in northern upland provinces). It was explained that the funds granted from central authorities were not enough for Lao Cai, which then decided to focus on the two poorest categories (*"it costs VND 20 billion a year to serve all beneficiaries, while the central authorities grant only VND 12 billion a year"*).

Means of payment

Lao Cai chooses the cash-based payment method for healthcare expenses ("actual payment on actual expenses"), instead of buying health insurance card. For a upland province where most people have their health checked-up at grassroots levels (few cases go to central stations for treatment), the cash-based payment method shall help the province's health sector in the short-run to take more initiatives in its expenditures. As the program just started, it is not in a good position to make comparison of long-term benefits between purchase of insurance card and cash-based payment method.

Implementation process

Slow listing and issuing of health cards. As of the end of July 2003, Muong Khuong medical center has just issued cards for 5 communes. Over the same period, Bao Thang district has just finished issuing cards for A1 beneficiaries only. Slow implementation inevitably delays the benefits that qualified beneficiaries could enjoy from the preferential treatment under program No. 139 (though provincial and district stations have started to take beneficiaries of program No. 139 since 1 May 2003). Major causes to the delayed process are explained by medical center's officers as follows:

- There are too many beneficiaries⁷ that makes the listing and writing health cards very time-consuming.
- The lists of poor households transferred from the Labor and Social Invalids Division to the medical centers contain only names of householders, so medical centers must contact again with each commune to review each household and make a detailed list (*"like a general population survey"*).
- It is difficult to identify and list A2 beneficiaries in communes with various minorities because of the cross-minority marriages by some people (the case such as "Vietnamese father, ethnic-minority mother").

⁷ According to Lao Cai Health Department, there are 288,276 people province-wide qualified for eligible poor and ethnic minority residents commune 135 and village of region III (account for xx% of total province's population).

- There are errors in the list of poor households under the criteria of the Ministry of Labor and Social Invalids.

Limited participation by grassroots medical stations. During the planning phase, district medical centers have rarely been allowed to participate in the discussion, making most relevant recommendations to implement Decision No. 139 on their areas (they mostly have been invited to attend approval-making meeting and post- approval management training once the program’s design has been completed). This situation led to some inconsistencies in implementation among districts (Muong Khuong and Bao Thang). For example:

- Should children below 6 years of age and people above 60 be included in the beneficiaries under Decision No.139?
- Staff remuneration provisions (Decision No. 139 does not provide for the allowance for staff)
- List of medicines for polyclinics are identical to ones for communal medical stations (short of medicines for emergency cases), while polyclinics provide treatment almost the same as district hospitals, etc.

Fund allocation

Funds are not allocated to various levels relevant to healthcare demand of people. Most of the poor and upland people typically go to grassroots healthcare service (commune’s medical station) for disease check-up and treatment. In the meantime, the expense ration for commune-level health checkup and disease treatment are too low, especially the medicine expense ration per resident (VND 10,000/resident). Moreover, the medicine limit of up to VND 10,000 per commune -level treatment has led to a situation where medicine is insufficient to cure the disease. This problem needs to be corrected, especially when the “actual payment for actual expense” method is chosen by the province.

Allocation of annual budget for disease curing under decision No. 139/2002/QĐ-TTg

District	Polyclinics, hospitals of provincial and district levels		At commune level	
	Estimated number of poor patients	Budget	Total number of beneficiaries	Budget
Bao Thang	Around 1,000 patient/year	VND 1,867,860,000	31,131	VND 311,310,000
Muong Khuong	Around 3,000 patient/year	VND 1,988,000,000	33,134	VND 331,340,000

Source: Health Department’s reports, interviews with district medical centers, July 2003

Recommendations: More emphasis should be placed on grassroots le vels

Allocated budget should be increased for healthcare and medicine granted to the poor at commune levels while the medicine-granting limit on a single health checkup and treatment should be increased to ensure special prescriptions for cases that need antibiotics.

Benefits and challenges in different parties’ opinions

As program No. 139 was implemented recently, opinions of different parties mostly base on actual experience in free healthcare and disease treatment under decision No. 186 of 2002 (Implementation-wise, it has many features in common with program No. 139).

Medical officers and people share some common opinions about the benefit of healthcare activities under decision No. 139. However, people often focus on short-term and practical benefits such as the free access by the poor to healthcare and medicines and reduced expenses for illness. Whereas, medical officers are aware of bigger benefits such as the resident awareness of grassroots medical station facilities, of diseases and medicine utilization. Same things have been seen for challenges. In addition to common opinion such as low medicine-granting limit, medicines used without result (inadequate and ineffective medicine), people pay attention to the attitude of medical officers during healthcare and medicine giving, while medical officers direct their attentions to the potential moral hazard and abusing of the free healthcare activities by some people.

Opinions of health sector's officers	Opinions of local people and officers.
<p><i>Benefits:</i></p> <ul style="list-style-type: none"> • Changed attitude of patients who used to go for sorcerers' service, and only go to medical station only when the condition got critical which was too late. • People, especially the poor, are better aware of the facilities of the local medical stations and visit those stations more often. • Fostered healthcare activities of medical stations, balance disease prevention and treatment activities. • Improved the poor' access to healthcare, especially to heavy disease treatment. • Knew how to use medicines (which were packaged and hang up on the smoking shelf in the past, now were used quite properly). • Healthcare expenses of the poor are fully funded (on actual payment) and patients are not required to contribute 20% of total expenses under the health insurance program. 	<p><i>Benefits:</i></p> <ul style="list-style-type: none"> • Stations have medicines, people go more often to stations for healthcare. • The poor have a chance for healthcare, especially for critical diseases that need upper-level medical treatment. • People' expenses for their families' ill members are reduced,
<p><i>Challenges:</i></p> <ul style="list-style-type: none"> • Increased moral hazards and expectation of people, especially the non-poor. • Abused the program (attempts to apply for medicine without disease) and increased pressure and 	<p><i>Challenges:</i></p> <ul style="list-style-type: none"> • Medicine-granting limit of commune medical station is low. • Many patients take medicines home for treatment but the diseases were unstopped. • It is time-consuming for patients to

<p>unreasonably demanded grassroots medical officers⁸</p> <ul style="list-style-type: none"> • Too low medicine-granting limit. VND 10,000/prescription makes it hard to have outpatient treatment, especially the cases that need antibiotics. • Most of the given-away medicines are domestically produced which are less effective than foreign ones. • On treatment, patients could only use listed medicines and have to pay unlisted medicines. 	<p>have free medicines which must be recorded into many books.</p> <ul style="list-style-type: none"> • Vietnamese and ethnic minorities households next to poor level are not supported with free healthcare. • Uncomfortable attitude of some medical officers when there is a large number of patient visiting the station for medicines.
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Failure to help the poor reduce indirect expenses and unlisted specific medicine expenses. Disease treatment is always an economic burden for families, especially the poor, which is a big barrier to the decision of treatment or not. In addition, extra expenses during the treatment process (regardless of the free healthcare mechanism) remain an important factor that pull people into poverty.

Big indirect expenses for healthcare at upper levels

For heavy cases that patients must go to provincial hospitals, the portion of expense reduced and waived accounts only for part of the total treatment expenses, as the indirect expenses remain high, particularly the cases that use unlisted free medicines.

- Case No. 1: Husband of Mrs. Ly Thi Xoa, Hmong ethnic minority, Thai Giang San village, Ta Gia Khau commune. In 2002, Mrs. Xoa's husband got a liver disease that forced him to go to provincial hospital. Mrs. Xoa's family had to sell 2 cows, one pig to cover transportation, meals and additional medicine expenses. Total hospital fees was VND 1,400,000 however her husband could not overcome the disease and died. Her family got into severe economic and living condition and then was included into poor household of the village.
- Case No. 2: Mr. Sung Seo To, Hmong ethnic minority, Xin Chai village, Pha Long commune. He had liver disease in 2002, went to Muong Khuong hospital but failed to have it cured, then he was transferred to provincial hospital (Polyclinic Hospital No. 1) where he was hospitalized for one month, cost VND 1,200,000 for meals and extra medical injection expenses for VND 150,000, excluding the waived fees.

Low effectiveness of free medicines. According to provisions on the free medicine list for the poor, most of the medicines used are produced domestically and the maximum limit for each medicine grant is often as low as VND 10,000/treatment in commune medical station, VND 20,000/treatment in polyclinics and VND 30,000/treatment in district medical centers. Therefore, many prescriptions have been ineffective.

Recommendation: Integrate Decision No. 139 into local healthcare activities

Healthcare for the poor under decision No. 139 is just a part of all healthcare activities to improve health of people, especially the poor. Therefore, the

⁸ Residents do not follow healthcare principles "they do not take their patients out to the medical stations, but talk about the disease, ask for medicine to bring home as a reserve"

improvement of healthcare for the poor needs to be implemented synchronously with healthcare activities, especially the health publication and information – education – communication in combination with public persuasion campaigns.

Means to support the poor need to be intensified from different sources such as support from the State budget, ministries, humanitarian forms (such as free meals for hospitalized poor which is implemented on pilot basis at the Polyclinic Hospital No. 2 of Lao Cai province, funded by the Red Cross and the hospital itself) and the community-pooled funds contributed by community members and the poor themselves to support poor patients who go to upper levels for disease treatment (district, provincial and central levels) for critical disease.

Implementation management and supervision

According to the decision of provincial people's committee, commune medical station is responsible for administering the cards on behalf of people (to avoid the situation where people do not manage their cards well, most of upland people are not good at reading so they do not know how to use them, etc). However, there are difficulties:

- It is hard for medical officers in highly populated communes to know well all beneficiaries.
- It is hard for upper-level medical levels to supervise commune medical officers in their healthcare and medicine-granting to the right beneficiaries when commune medical officers both hold the cards and are entitled to grant medicine (according to managerial officers of medical centers in Bao Thang and Muong Khuong).

It would be challenging for village healthcare to manage and grant medicine for beneficiaries under Decision No. 139. By regulation, medical stations grant medicine only to villages so remote that make traveling hard. People of remaining and closer villages shall be persuaded to visit the medical station for health check up and medicine. In addition to problems of education and medical awareness, village healthcare officer is under the pressure of community to grant medicine under Program No. 139 that was already brought to the village.

Monitoring and assessment activities over healthcare for the poor (with budget of 2% of total investment) were contracted with the social security agency. Due to human resource insufficiency, social security agency is capable only of conducting this activity as far as the district level. Whereas, the task of monitoring healthcare for the poor at grassroots levels (polyclinics and commune medical stations), with a larger workload, was delegated to district medical centers, which are not granted budget to carry out this task.

The poor so far have just played the beneficiary role in healthcare activities; and they are not allowed to participate in evaluating the performance. The lack of evaluation by beneficiaries themselves has limited the ability to meet their demand, and increased potential moral hazards, unreasonable demands and abuses (as happened in the healthcare activities under decision 186 QĐ/TTg of 2002).

Recommendation: Strengthen management and supervision over the implementation

Establish the supervisory – evaluating mechanism for the beneficial people under program No. 139 (directly and/or via representative agencies).

Review and adjust operating budget for operational monitoring and evaluation activities of district-level healthcare agency, which is directly involved in the supervision and appraisal of activities at the commune level to improve their quality.

Consider thoroughly the transfer of medicine to village medical stations to grant it in their villages. Medicine should be transferred to village medical stations only after the following conditions have been met:

- i) village medical stations have been trained on the diseases that could be cured with the medicine transferred to their villages, the book-keeping methods and
- ii) commune healthcare unit supervises properly the bookkeeping capability of village medical stations.

Information – Communication

It was found from the survey that almost 100% of local officers and upland people are not aware of healthcare policies. There are cases that officers mis-informed the community, causing difficulties for medical stations “*just go to the medical station to have free medicine worth VND 10,000*”. People often confuse between “disease declaration” and “disease diagnosis” (when patients have to go to the medical station). The survey team has met some fathers who went to the medical station but then “were upset and returned” because “asking for orally administered drug but the station gave injectable ones” (while injectable drug is more expensive).

Publication – communication are not good leading to unfairness in service utilization. According to medical officers, during 2002 the people in Phong Nien, Ban Cam, Pha Long communes, who lived nearest to medical stations, commune and village officers are the most frequent visitors to medical stations for health checkup and free medicines; While the poor and remote people (uninformed ones) rarely go to the medical stations.

Publication on healthcare programs for the poor has not been given adequate attention. Currently, no collaboration exists among the MOLISA, health sector and grassroots administration over the publication and introduction of available programs for beneficial communes’ people. Communication on healthcare fails to involve people, which is a constraint that needs to be overcome in the future.

4.3. Agricultural Extension

4.3.1. Grassroots agricultural extension network

Grassroots agricultural promoting network in Lao Cai has made considerable progress recently. As of today, a system from provincial extension Center (24 staff) to extension stations in all 10 districts (48 staff), to village station in all 45 village centers, and to

almost all of communes (171 extension officers in 180 communes), has been established. In addition, 141 extension clubs have been established and put into operation.

The following problems of grassroots extension have been found through survey:

- Commune-level extension demand by people are inter-locked and diversified, including agriculture, forestry, fishery, livestock and plant protection. Vertical and horizontal collaboration between extension service and professional sectors such as veterinaries and plant protection are limited, which were mostly done by epidemic preventive campaigns.
- Commune-level agricultural extension officers are weak both theoretically and practically; most of them received only short-term training (10 days to 3 months); many youth are inexperienced while they have to work independently, thus encountering many actual situations that affect people' life.
- Communal government does not really consider agricultural extension as their professional staff (communes' extension officers are subject to instruction of inter-communal and district extension units). Especially, commune extension officers do not participate in activities of the steering committee for poverty reduction in their village.
- **Remuneration of communal extension officer is too low** (VND 90,000/month) while the workload is huge. As put by the leader of Bao Thang extension station, "commune's extension officers underperform professional criteria; they, however, overperform comparing to the remuneration level". Due to low remuneration, many communes assign that task to other concurrent staff who could be incompetent for the job.
- Lao Cai province has not developed the village extension network⁹, while villages are really the place where farmers, especially the poor, could participate in extension (in fact, most of extension clubs in Lao Cai are at commune level. Therefore, the majority of participants are officers while few people, and the poor in particular, participate).

Recommendation: Commune's extension officer should be considered its professionals

Survey in Lao Cai shows that extension has been an important motivator for hunger elimination and poverty reduction (which help people to increase productivity, reduce risks etc). To intensify support for household economic model toward hunger elimination and poverty reduction, grassroots extension is demanded more than ever. There is a huge g extension between grassroots demand and investment level for extension network.

Recommendation for the future:

- Commune's extension officers should be considered as its professionals – whose full time shall be administered by the commune (Decree No. 13/CP on extension just stipulates state-owned extension organization as far as the district level).

⁹ Some villages used to participate in mountainous region development project (MRDP) – for example Sa Chai village, Ph Long commune – have their village extension officers. However, none of them continued that job after the project completed.

- Make plan to gradually standardize commune extension officers – similar to what is being done with other professional positions at communal level (cadastral, justice, accounting, administrative)
- Increase considerably compensation for communal extension officers (equal to that of other professional positions).
- Intensify and improve training for communal extension officers; re-training should frequently be organized.
- Assign extension officer as a permanent member of the commune’s steering committee on hunger elimination and poverty reduction (in parallel to some other such professional positions as land survey, justice).
- Institutionalize vertical and horizontal collaboration between extension and other professions to provide production supportive services synchronously to people.
- Develop strongly village extension officer network (flexible forms under the commune management and supports).

4.3.2. Extension Activities

Extension has been an active part in the province’s prioritized economic program on agro-forestry development recently. Noteworthy was the *training and model development* on new seeds (rice, corns, beans) for intensive investment to improve production, create commodities and goods – in line with certain subsidy policies such as granted and subsidized input pricing (seeds, fertilizer), compensation of credit interest rates, etc. It is reported from surveyed communes and villages that maize and rice productivity increased in the range of 30-50% over the last 45 years and helped improve the community food security, create extra feeds, generate cash flow and contribute significantly to hunger elimination and poverty reduction.

For extension in the future, conclusions drawn from discussion show some differences:

- District and communal officers all give priority for “implementation guidelines for the demonstrative model” activities, “grassroots extension officers (communal and village levels) training”, and “technical training with hands-on experience”.
- The poor, women and upland ethnic people groups seem to put priority on technical guidance in combination with seeds and financial supports.
- The richer group is relatively interested in new ideas and market development.
- Youth group is interested more on vocational training and employment.

These differences suggest that *extension in the future need to be more diversified and selective by each type of subject.*

Priorities of extension activities by each type of resident group

Youth	Women	Ethnic minority	Poor	Richer
+ Technical assistance for crop and livestock businesses + Vocation and employment	+ Supplies of new seed + Borrowings for livestock expansion + Technical assistance for crop, livestock and veterinaries.	+ Supplies of new seeds. + Borrowings + In need of technical assistance, with hands-on training, beautiful figures, large font letters and in their own	+ In need of specific technical assistance + In need of assistance with seeds, financial support accompanied. + In need of production	+ Needing timely information + Needing technical assistances for new types of plant, livestock + Needing to study the market, price.

		dialect.	administration assistance (household business)	
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4.3. Extension

4.3.1. Local Extension Network

In April 2000, People's Committee of Lao Cai province adopted several policies on strengthening extension activities (Decision 149/2001/QD-UB). The local extension network (LEN) has been established during the past time. A system has been established stretching from the provincial Extension Center (with 24 staff) to Extension Stations in all 10 districts and towns (with 48 staff), Inter-communal Extension in all 45 inter-communal centers, and almost all of the communes (with 171 commune extension officers in 180 communes). In addition 141 extension clubs have also been formed and put into operation. There have been better linkages between extension work at different levels and mass organizations such as Women's Union, Farmer's Association etc. in order to bring extension activities closer to local people.

The main current problems of local extension work as shown from survey are as follows:

- The needs of "extension" at commune level are cross-cutting and diverse, including agriculture, forestry, fishery, veterinary and plant protection. Nevertheless, the horizontal and vertical coordination with professional agencies such as vet and plant protection is often limited to combination with anti-epidemic activities.
- Commune extension workers (CEWs) are weak in both practice and theory and lack experiences. The majority of them only had short term training (10 days to 3 months) while their responsibility requires independent working and faces with various issues of great impact to people's lives.
- Commune authorities are not considering CEWs as their professional staff, in fact CEWs usually have to wait for instructions from inter-communal and district extension levels. Especially, CEWs do not involve in any way in the activities of Poverty Reduction Steering Committee at the commune.
- ***CEW remunerations are too low*** (VND 90,000/month) while working requirements are very high. A chief of Bao Thang Extension Station said "CEWs are not yet responsive to their work requirements, but they are working more than the amount received". As a result, many communes appoint part-time or incompetent CEWs.
- ***Village extension network is not yet developed*** in Lao Cai¹⁰. Villages and hamlets are where farmers, especially the poor, can participate in extension activities. In fact the majority of extension clubs in Lao Cai are at commune level, therefore most members are officers and cadre. There are few farmers being members of these clubs, let alone the poor.

Recommendations: CEWs should be considered as a professional position in the commune

¹⁰ Some villages covered by the mountainous region development project (MRDP) used to have CEWs but they ceased to operate after the project ended.

It was found from survey in Lao Cai that extension was an important driving force in poverty reduction (PR). There is at present a big gap between local demand and supply of extension system. Recommendations for the coming time are:

- Consider commune extension as an official position of the commune, working full time under the direct regulation of the commune (Decree 13/CP on extension only provides for organization of the state extension system down to the district level)
- Develop step by step plan of CEWs standardization - similar to that being done now for the 4 commune professional positions, i.e. cadastral, legal, accounting and administration officers.
- **Increase substantially remunerations of CEWs** to the same level of other professional positions.
- Enhance training for CEWs in a more systematic manner with regular retraining.
- **Appoint CEWs as a permanent member of the Commune Poverty Reduction Steering Committee** (together with some other professional positions such as cadastral and legal officers).
- Institutionalize the horizontal and vertical coordination between extension and other professional agencies in order to provide comprehensive production supporting services to the people.
- **Develop strongly the network of village extension workers** in flexible forms, with the management and support from communes.

4.3.2. Extension activities

During the past time, extension has **actively participated in focal economic program of the Province** in the area of agro-forestry development. A notable activity is the **training and developing models** of using new varieties (of paddy, maize, Soya bean) in intensive investment for high productivity and commodity crops, combined with certain subsidies such as grant and price subsidy for inputs (seedlings, fertilizers), credit interest rate compensation etc. Information from surveyed communes and villages confirms the increase of paddy and maize output by 30 - 50% during the past 4 - 5 years, thereby enhancing of food security and facilitating the expansion of animal raising for income creation and contributing significantly to PR.

From discussion results, there are different priorities of extension activities for the coming time:

- The group of district and commune extension workers give priority to the activities of "guiding implementation of demonstrative models", "training local extension workers (at commune and village levels)", and "technical training by specific and simple guidance";
- The groups of poor people, women and mountainous ethnic minorities prioritize technical guidance in combination with seedlings and capital support;
- The group of better-off people is interested in new varieties and market developments;
- The group of youth has an additional interest in vocational training and employment opportunities.

The differences between "pure technical" thinking of extension workers and practical demands of local groups suggest **extension activities in the coming time need to be diversified and coordinated better with other sectors (production inputs, credit,**

employment) so as to be responsive to the characteristics and demands of each population group.

Extension priorities of population groups

Youth	Women	Ethnic Minorities	The poor	The better-off
<ul style="list-style-type: none"> Learn cultivation and animal raising techniques Vocational training and employment 	<ul style="list-style-type: none"> Provision of new varieties Credit for animal raising Learn cultivation, animal raising and veterinary techniques 	<ul style="list-style-type: none"> Provision of new varieties Credit Technical guidance should be specific and simple, using pictures, big letters and indigenous languages 	<ul style="list-style-type: none"> Specific technical guidance Combination with support of seedlings and capital Assistance for production arrangements 	<ul style="list-style-type: none"> Timely information Technical guidance for new plants and animals Market and price study

It should be noted that there are 2 extension activities not mentioned or only **given low priority** by all the groups, including:

- "Support for establishment and operation of extension clubs": local officers and people informed that several extension clubs (ECs) were formed (e.g. EC of Sa Chai Village - Pha Long under MRDP) but operated modestly after the assistance terminated. The practice of labor exchange within the village is popular in mountainous region. When being interviewed about the source of production knowledge, most people answered "learning through labor exchanges". Therefore, it will be difficult for ECs to replace verbal extension and labor exchange if they can not provide the input-output services that are really beneficial to the people.
- "Support for marketing products": its seems that people in the low land, being too "tired" with prices of sugarcane and fruit trees, do not place any hope in extension, while people in the mountainous areas are still carrying a basket of maize to the weekly market and do not have any considerable needs for support. The cooperation of "4 houses" (pursuant to Decree 80/TTg) in order to find way out for agricultural products is yet to be established in the surveyed regions. Only tea plant has purchase arrangements with enterprises but is facing with quite a few potential risks (of general market prospects, ability to repay to the bank etc.)

The role of private sector services

In mountainous and low lands, private sector (companies, agents, small traders) and public sector services related to the input-output process of production have different impacts on household economic production:

Impacts of public and private services in different regions

District	Bao Thang			Muong Khuong		
Village	Coc Sam 1	Nam Tang	Tan Ho	Xin Chai	Thai Giang San	Lao Chai

Ethnic group	Vietnamese, Nung	Vietnamese, Thai, Dao, H'mong, Day	Hmong	Hmong	Thu Lao, Hmong, Tu Di, Phu La	Phu La
Place	midland with easy access				most remote mountainous areas	
Public services:	< 10%				~ 100%	
Inputs provision	10% - 20%				~ 0%	
Product marketing						
Private services:	= 90%				~ 0%	
Inputs provision	80 - 90%				~ 100%	
Product marketing						

The above table shows that production input services of the state increases gradually from low (<10%) to mountainous areas (~100%). In mountainous areas, private sector services on agricultural production inputs are marginal due to difficult traffic and small size of market. Nevertheless, mountainous border communes are more or less impacted by cross-border trading with China such as sales of products (maize, soybean), purchase of seedlings and animals (paddy, maize, pig) and associated techniques. Most product marketing services in both low and mountainous lands are undertaken by the private sector. The points-of-sale are market sessions in mountainous region and purchase at home by agents and traders in low land areas. State enterprises only play a role in focal material areas (tea plant), accounting for a small share in the vast agricultural production of the province.

Despite the clear difference in service access of local people in low and mountainous areas, the supporting policies have not reflected this fact during the past time.

Recommendations:

Distinguish the state supports in low and mountainous areas

In the coming time it is necessary to distinguish the method and extent of state support between low and mountainous areas in Lao Cai province:

- In the low areas, given the popularity and people's habit of using private sector services, input subsidies by the state should be reduced (including subsidies in "structural shifting" or "commodity production" programs). The issue is to encourage and monitor private sector services' development in a way favorable to the people.
- In mountainous areas, material (seedlings, fertilizers) supply services of the state associated with extension should be enhanced. For example, in Ta Gia Khau commune, one of the primary proposals of officers and people is to have an agricultural material shop located in the commune so that local people do not have to go as far as 15 km to Pha Long. State subsidies should be limited to seedlings

of basic food crop (paddy, maize) and reduced gradually. The schedule of phasing out subsidies should be announced publicly. Especially, ***cross-border trading of seedlings and animals should be controlled strictly*** in order to ensure quality and help people avoid risks.

4.3.3. Extension and the poor

Extension services are not accessible by the majority of poor people

In general, all different groups in the community had good comments on extension activities. However, the poor and ethnic groups made few comments due to the fact that they had little access opportunity. It was revealed from the survey that there is a gap between existing extension services and the poor (in mountainous areas) which is not easy to overcome.

The gap between extension and the poor (in mountainous areas)		
↔	Extension	The poor (in mountainous areas)
	1 . Extension waits for request from the poor	1. Many of the poor do not know what they can benefit from extension
	2 . There are few extension workers, many of them do not know ethnic minority language, village extension officers are not yet available	2. The poor need direct guidance from extension officers
	3 . Local extension workers (LEWs) are weak in capacity, practice and methodology	3. The poor need to deal with specific issues in production
	4 . LEWs lack transportation means	4. People are scattered in a large area with undeveloped traffic
	5 . Budget for extension service and allowances for CEWs are too low	5. The poor can not make contribution and want to have input support
	6 . Single and monotonous technical demonstration models for each plant and animal	6. Need household economy model which is highly responsive to the poor and diverse environment
	7 . One way and indirect training methodology (only through village leader)	7. Need direct and specific guidance
	8 . Leaflet and letter-intensive materials are not suitable to women and less educated	8. Need simple materials with "attractive pictures and big letters" for less educated people, or by way

people
9. Top-down planning, not based on demands of localities
10. Undeveloped private sector services in remote and isolated areas

of verbal culture in mountainous areas
9. Have specific features and conditions which need to be studied and responded in a suitable way
10. The poor lack opportunity of market access to gain knowledge and develop production

"Model" investment is not always suitable to the poor

There is a lack at present of consolidated household economy models suitable to the poor. Single interventions (such as using new varieties of maize) may have hunger eradication effect, but in order to get out of poverty and improve life the poor desperately need systematic interventions concerning land use planning, redistribution of labor, diversification (e.g. cultivation in combination with animal raising, agro-forestry), sustainable cultivation etc.

Moreover, recommended single technical models usually put forward an identical technical standard (*"in class, EWs tell the same lesson from beginning to the end"*), that in many cases is not suitable to the conditions and circumstances of the poor. Productivity of paddy and maize may rise, provided that all limiting factors, e.g. irrigation, fertilizer and plant protection are fully met, which can be hardly done by the poor. Even in many areas the same model is applied in an ecologically and practically diverse environment, creating more risks to the poor. An example is the introduction of hybrid maize and paddy varieties in areas without active irrigation (in Ta Gia Khau).

Psychologically, the poor often want to have grants of input materials when participating in extension models while the available budget for these models is limited. Moreover the general thinking of extension workers is to select "better-off" households to make model investment so that it has greater chance of success. This conflict further makes extension and the poor separated from each other.

Women work, men study

Gender is not an urgent problem for extension work in mountainous areas (simply because both men and women have little access to extension). Yet the phenomenal of "women work, men study" is still happening due to the family work division practice. In many cases extension activities are integrated into village meetings that women rarely involve.

Methodology of extension for the poor has not been developed in "guiding the poor how to work" project

There is an annual extension project of "guiding the poor how to work" (within the provincial PR program) with the budget around VND 600 million/year. The focal coverage of this project is communes in program 135. The problem here is that there is no difference in methodology compared with normal extension work. The main activity is training and single model investment following traditional "give and take" approach,

investment in "consolidated household economy model" is little and "participation" of the poor is not clear.¹¹

Recommendations: Make extension more pro-poor

To make extension more beneficial to the poor and ethnic minorities in mountainous regions of Lao Cai, there should be a **combination of two approaches**, i.e. (i) facilitate more participation of the poor in general extension activities of the community; and at the same time (ii) better "customer orientation" to each of the poor taking into account of their particular conditions and circumstance.

- Increase substantially budget investment in **commune and village extension network** (in terms of work allowances, training/retraining together with standardization of their position, improvement of working conditions etc.)
- Change the design and implementation arrangements of "guiding the poor how to work" project towards **concentration on consolidated household economy model** for the poor.
- **Phase out towards elimination of grants** in extension models, and use refundable investment instead.
- Phase out towards elimination of subsidies for agricultural production.
- Include assessment of effectiveness and efficiency of models and solutions in the management of provincial "economic program". Attention should be paid not only to immediate productivity but also to economic efficiency, sustainability and long-term stability. **The balance between new varieties and local varieties should be considered carefully** towards diversification and reducing risks. Attention should be given to participatory technical development with a view to **making good use of indigenous knowledge** for sustainable cultivation and risk reduction for the poor.
- Link technical recommendations with simple community extension forms such as **"verbal extension" and "labor exchange extension"**
- Develop a mechanism of **extension monitoring and evaluation by the people**
- **Institutionalize the coordination between profession agencies and banks and mass organizations in local extension** (identify clearly the responsibilities, powers, make planning, budget estimation, monitoring - evaluation etc.)
- **Distinguish clearly between advisory, technical support function and commercial function** (selling seedlings and fertilizers etc.) of extension in order to avoid abuse and damages to people.

5. Social Support

In addition to regular support for war invalids, families of revolutionary martyrs... and basic service (education, health) support, disadvantaged people in the 6 surveyed villages receive many other periodical supports on a seasonal or ad-hoc basis.

Type of support	Executing agency	7 DUHWR VSSRW	Extent of support
1. Support for households	People's Committee (PC) at all levels	- Households with seasonal food	Food lending of 10kg rice/person

¹¹ Project implementation reports of the province and Bao Thang, Muong Khuong district do not state the actual ratio of participation by the poor.

8. Sell radio at confessional price	CEMM	Poor households in all villages	7 K5UHIC9 1 ' 47,000 – 49,000/piece (discount of 50%)
9. Cash and kind support for families suffered from natural calamities, fire,	- Provincial and district PCs - Fatherland's Front - H&URW? - Other mass organizations	Affected households (proposed by local authority)	VND 1.3-5 P 100RKRXMKR0? depending on the extent of damages
10. Mutual assistance in household income generation, PR ...	- Women's Union - Farmer's Association - Other mass organizations	Members (women, farmers) in difficult situation	assistance in labor, pulling force, seeds, money, credit... (varies between areas)

During discussions and interviews, residents were of the view that the support in paddy, maize seeds as well as fertilizers, confessional credit and other physical assistance (e.g. roofing materials, water tanks) contributed to PR in the locality. In the 6 surveyed villages, assistance was given every year for some poor households suffering from seasonal and Lunar New Year holiday food shortages - this kind of assistance is practical and of cultural meaning. Assistance provided in unexpected circumstances such as accident, fire was highly appreciated by local people.

“... After my house was burnt, I received initial support of VND 500,000 and 200 kg of rice together with blanket, mat, mosquito net. In addition, people in the village made donation of wood, bamboo, money, rice to set up a temporary house for me. I learnt that the commune authority was sending application to the district to obtain financial support for my family by the end of this year. I am so grateful for the money and labor assistance given by local people which has helped my family overcome this difficulty ...”

(Mr. Giang Xin Min, 39 year-old, Thai Giang San village)

Limitation of poor household survey based on criteria of Ministry of Labor, Invalids and Social Affairs (MOLISA)

Poor household survey throughout the province conducted in October each year based on MOLISA criteria provides comprehensive data for policy formulation and implementation planning of PR programs and projects in the province. It also helps district and commune authorities to know detailed situation of each local poor household in order to come up with necessary assistance.

However, the survey this time reveals several inevitable constraints of the annual poor household survey, leading to incorrectness of survey results here and there. The reasons are:

- Psychologically, most people declare less than their actual income, while capacity and experience of survey officers are not sufficient (being mobilized from many agencies, some commune and village officers even can not read and write fluently. As a result, they do not understand fully the survey instructions although training was given): "there is a case where the survey officer thought that a household was not poor by

looking at the household's assets, but they declared low income. The officer then had to calculate even trivial things like wood and broom to make that household not poor". To the contrary, "there are cases where survey officers recorded whatever declared by the people and did not make any inquiries. The results of course were not precise". For example, the survey results in Pha Long commune were not reasonable: Pha Long village (which is in the center and most better-off) had up to 26 poor households in the year 2002 while Xin Chai village (which is remote and among the most difficult villages of the commune) had no poor households. The commune authority said: "We are not quite satisfied, but that is the data collected by survey officer".

- Roofing materials provided by the state are sometimes included in household income (Muong Khuong district) although the income table only provides for regular income. The inclusion of roofing material costs (around VND 2 million) in income will make the majority of poor households receiving them automatically "get out of poverty", and many of these households will "fall back to poverty" in the next year.
- Some "town areas" are using poverty threshold of 150,000VND/month. In fact, in the town areas there are still some mountainous villages with many ethnic minorities (which are more suitable to the threshold of 80,000 VND). A paradox therefore happened that the towns have highest ratio of poor households. For instance, Bao Thang district has an average poor household ratio of less than 20%, but the places where highest poverty incidence are recorded (nearly 30%) are Phong Hai and Tang Long towns!
- Village meetings at the end of each survey to select poor households do not always create consensus of the community. In a low land village, many households were reported to have envious comparison and "not giving poor status to others" in the selection meeting. According to many people in the village "some really poor and land-shortage households are not included in the list". In another village, it is unclear who participated in the selection meeting because most people don't know which households were selected (even people in the list of poor households don't know that they were included).

Officers of Program 135 in Pha Long commune suggest *"the identification of poor households need to be done publicly with the right targets. If commune officers are not careful and objective in their work, lazy people will benefit from social support while hard-working ones receive nothing. In some cases it was difficult to collect security and defense fund, typhoon and flood protection fund, fund for the poor because the unsupported people felt disadvantaged and were reluctant to contribute...."*. If the state continues to do poverty survey based on income criteria, there should be adjustments to make it produce more precise results.

Recommendations: Introduce some group working techniques of "participatory poverty assessment" approach in annual poverty survey

This PPA involved many local officers who directly conducted the annual poverty survey based on MOLISA criteria. From the real work of survey and discussion with these officers, it is found that some simple group working techniques of "participatory poverty assessment" approach can be applied to annual poverty survey for better results:

- Before conducting poverty survey in the commune there should be a group discussion with representatives from People's Council, People's Committee,

mass organizations and members of Commune PR Steering Committee. The purpose of this meeting is to:

- identify (preliminary) relative poverty conditions of villages - in order to help survey officers (particularly those come from district) have an overall picture of the commune poverty situation.
- study changes in income resources of poor people in the commune
- determine issues to be taken into account when conducting field survey in each village
- Replace the start-up meeting with village head (to learn his opinion about newly poor households) in the current process by a group discussion with some principal informants in the village to conduct an exercise of "household economy classification", thereby it is possible to identify more clearly households remaining in poverty, households getting out of poverty, households falling into poverty and households falling back into poverty etc. In this way the targets for survey questionnaire can be identified more objectively, and omission and dependence on village head's opinion can be avoided.
- Conduct household income survey in groups in order to save time and avoid concealment of income by individual households (some non-poor can be invited to make discussion more impartial).

Policies supporting "marginally poor" households are needed

A problem emerged from discussion with local officers and people is that the income boundary of 80,000 VND/person-month is very difficult to determine. The households considered as having get out of poverty (just exceed the 80,000 VND threshold a little bit) are quite concerned because they no longer receive support but their lives are still facing a lot of challenges. The just-get-out households can fall back into poverty at any time given risky agricultural conditions in mountainous areas. In the opinion of Pha Long commune officers *"households in the income range of 85 - 90,000 dong are unsustainable and need further support so as to create security for them in a certain period of time..."*

The Social Policy Bank of Lao Cai recently extended loans to marginally poor households at interest rate (0.4-0.45%) in the middle between confessional rate for the poor (0.21%) and commercial rate (0.7%). Marginally poor households are considered and selected by villages and hamlets, their estimated income is around 80-120,000 VND/person-month. The problem is to develop more uniform policies for this "cushion" area in order to promote sustainable poverty reduction. The "cushion area" policy also helps reducing the attitude of "wishing poor" and "don't want to get out of poverty". This issue need to be studied more carefully.

The challenge of better "target orientation"

Better "target orientation" - how to deliver support to the right people who really need it - is always a big challenge. Currently several supports are being provided on a large scale and lose the meaning of "target orientation".

- Some supports are given for all families (ethnic minorities) living in a 135 commune regardless of whether they are poor or not poor, but non-poor households are more capable of using these supports. For example, some poor households in mountainous

hamlets do not benefit from paddy and maize seeds price subsidy provided by the state because they can not collect enough money to submit to hamlet's head within the given period. When registration period expires, they have to go a long way to Si Ma Cai to buy the seeds at high price.

- ***The thinking of "equal distribution" of support in kinds still prevails*** due to envious opinions in the community. Especially, support of seeds and fertilizers is often requested to distribute equally by villagers. An example, this year there were two tranches of maize seeds grant for poor households in Nam Tang village. After the first tranche, there were complains from villagers : "why the other household receive grant but not mine, because my family is also in difficulty." This made the village head decide to make equal distribution of the second tranche to avoid complains.

A possible approach is to decentralize the "target orientation" to communes, villages and hamlets from the planning, selection, delivery to monitoring and evaluation processes. The call for establishment of "community funds" may be conducted within this framework. In the surveyed communes, there are at present "fund for the poor", "affection fund" ... but these are of small size and provide mainly "relief" support (e.g. support for the poor suffering from food shortage during Lunar New Year holiday). Moreover, the strong decentralization of "target orientation" to local levels requires enhanced participation of people - especially the poor and women. There has been considerable progress in this area but many constraints remain to be tackled in the coming time.

Provision and feed-back of supporting information

Information provision to people about supported items remain limited due to constraints of time, language, and distance, etc.

I used to go to meetings because I lived near the village head's house. Now that the new village head lives farther, I am called to meetings less. On the way to market the other day, I was lucky to meet the village head and learnt that I would be given 2 bags of maize seeds. Later on I received only 1 bag, being told that the support was distributed equally to avoid complains. Anyway I didn't make any queries...(25-year-old men in Nam Tang village).

When suffering accidents or risks, people usually receive timely support from their villagers and initial assistance from the commune. Official supports from the province often come very late (usually after 5 - 7 months, up to 1 year in some cases and most are given at the year end). As informed by Muong Khuong district officers, upon receipt of commune requests, the district will take procedures to check again and complete dossiers for submission to the province to apply for budget. It often takes a long time until decision of the province is made and the support therefore comes late. The decentralization of this decision making to district level will accelerate the process and bring support quicker to the needed people.

Information feedback after selection and support process is also weak. Because of the lack of information on support directions and policies, village heads and commune officers sometimes are not able to respond satisfactorily to inquiries of people, leading to envious attitudes in the community.

During group discussion in Coc Sam 1 and Tan Ho villages, participants often questioned about support differences, for example: in 2001 there were 97 roofing pieces and 320,000 Dong for roofing labor, why in 2002 there were only 80 roofing pieces without money support. Or why a household got 10 tile roofing pieces but another only had 9. Unclear answer of commune officers and village heads like "go and ask the state, I don't know what is not mine" created confusion, queries and envy among villagers.

In-kind support should pay attention to quality and usage efficiency

In working sessions with leaders of commune, village and people, the issue of in-kind support's quality was often raised. For example, if low quality new varieties are granted or sold at subsidized price to farmers, a losing harvest will threaten to make the poor poorer than otherwise using old local varieties of lower productivity. Without usage instructions, the lending or grant of fertilizers will not be effective. In most discussion groups, participants had high appreciation of in-kind support, but they also emphasized the need for associated technical support to ensure usage efficiency.

The need for legal support

Exchanges with poor households have shown that constraints on legal knowledge make them disadvantaged in many cases. This area of social support is still receiving little interest.

Here is a quite distressed case of Mr. Lu Sao Phu in Nam Tang: as a new immigrant without land, he had been saving money and borrowed in order to purchase land. He deposited 1.5 million Dong to buy a piece of land costing 5 million. As he entered into hand delivery agreement without going through commune PC, when the land owner sold it to another person and did not return the deposit, Mr. Phu fall into a helpless situation!

Poor immigrants are usually out of assistance scope

It is found from survey that people moving in from other areas and do not/not yet have residence registration are usually not invited to village meetings or considered for support selection. The study in Coc Sam 1 and Nam Tang shows that these people are usually poor, landless and earn their living on a daily basis by laboring for other people. They are less interested in local activities and their integration if there is no support.

I moved here from January 2002 following my nephew. I have a lot of children, I am poor and my old residence in Xuan Hoa-Bao Yen is far from market and school. I wanted to make a change, so I came here to have assistance from relatives to raise 5 children (4-18 years old, the 3 grown-up children have got married and stayed in the native village). My children are almost illiterate because our native village is very far from school.

I asked for help from my nephew to submit an application to the commune police. They told me to do it again. I did not know who to ask for help. Since it was too difficult, I don't have residence registration so far. My family is in extremely hard situation. My wife has just returned from hospital, costing 560,000 Dong (borrowed from relatives). Without land, I have to work for other people and is

able to rent land for only several months. I heard that I can not ask for land allocation, but it is possible to apply for residence registration. However, I don't know who to ask for assistance in fulfilling procedures ...(Lu Xa Phu, 58-year-old, Nam Tang).

6. Administrative Reform and Poverty Reduction

Lao Cai People's Committee has approved the province's administrative reform plan for 2001-2005, which focuses on addressing outstanding problems, accelerating decentralization, and strengthening management capacity of the district, communal and grassroots levels.

"One-door service" at village level

The survey shows that, for administrative reform to link more closely to poverty reduction, more attention should be paid to the lowest level – village, especially in upland area. At present, village is not considered a level of State administration, yet it is the level that interfaces directly with local people in all activity. Most of district and communal officials agreed that "the village level is like the bottle neck". ***The village head is extending "one-door service" to upland people***, and is the person that represents and assist people with almost all external procedures. Interview with upland people again reconfirmed that they seldom went to the communal office. The people rely on the village head for the exchanging information with the government. Carrying out such a heavy task though, the village head has not been trained and remunerated properly. During the field visit to six villages, we met three village heads who were very motivated in their job. Yet all of them confided to us that they did not want to continue, as "they are too tired and could not do family affairs".

For upland people: when asked about matters that should be brought to communal or district People's Committee for solution (issuance of birth certificate, death certificate, land use right certificate, land transfer, wood-selling permit, certification of dossier for school enrollment, etc.), most upland household owners kept silent (they just smiled). In reality, they seldom had to visit the communal People's Committee, let alone district People's Committee.

Due to isolated residence, autarky economy, limited proficiency in Vietnamese, and bad habits and rules, upland people knew little about State laws and rights and obligations of a citizen. As such, they relied on the village head for all matters related to the government. For them, the village head is the single person that provides them with administrative information and makes many important decisions on public service.

For lowland people: Thanks to high intellectual standards, market access and social exposure, the demand for public service is much greater than in upland area. Most of people went to the People's Committee in the commune and district to handle related matters. Public administration reform will create favorable conditions and have good impact in lowland area. In the commune of Phong Nien, for example, where many Vietnamese resided, the People's Committee in the commune has assigned 3 people to work at the people reception office (including a vice chairman, a legal official, and an administrative official) to receive and address petitions and consult legal issues. Most cases are related to land conflict and divorce.

Recommendation:

Administrative reform starts from the position of village head

The current public administration plan is short of actions to be taken at the village level. And the provincial government has the jurisdiction to make decision on village-related policies for the cause of poverty reduction in upland area.

- Formulate and systemize procedures and documentation for upland area, taking into account the “one-door service” offered by the village head (who bridges local people and the commune and related agencies);
- Train communal and village officials on procedures and documentation for better delivery of public service;
- ***Issue a document (in big face, with many straightforward pictures) on administrative procedures, the rights and obligations of people, especially of the poor, for distribution to village heads.*** The village head shall then disseminate such information to local people in village meeting.
- Add the title of deputy head of village, especially in upland area, where there many ethnic groups in a village
- Consider raising allowance for the village head (and for the deputy head). The current allowance of VND 90,000 per month for the village head is too low; a primary teacher in upland area gets a monthly salary of VND 1.2 - 1,7 million.
- Pilot the administrative reform plan in upland area, focusing on the village level to better address poverty reduction.

Stronger decentralization at communal level

Decentralization accompanied with capacity building is the core part of the administrative reform plan in Lao Cai. This plan, however, just deals with decentralization at communal level, with decentralization at village level left out. In reality, decentralization at communal level is being implemented, yet the result is modest (under Program No. 135, only 30% of communes have been assigned to be investment owners). This is an area that should be accelerated in the coming time for the cause of poverty reduction.

Activities of Communal Steering Committee For Poverty Reduction

Members of the communal Steering Committee for Poverty Reduction include key government officials and representatives of mass organizations in the commune. Although the committee’s members have been trained on all activities related to poverty reduction, the committee is less effective, only busy when annual poverty household survey is conducted. The reason is:

- The committee is not provided with any budget and decision-making power;
- In reality, the committee does not “steer” any poverty reduction activities, as each activity such as infrastructure investment, credit, education, health, etc., has its own line of direction;
- The committee plans to assign officials and Party’s cadres to directly assist poor households; in reality, however, a Party’s cadre is unable to assist more than ten poor households. Further, interview revealed that poor households do not want to be directed by others (possibly, group activities would be more helpful to the poor).
- Specialists such as extension or cadastral officials, who could assist poor households with how to do business or land, however, are not members of the committee.

The survey also shows that organizational improvement (adding specialists) and functional improvement (linked to decentralization and budget) of the communal Steering Committee on Poverty Reduction is a pressing issue in order to address the “formalism” in the direction of poverty reduction at local level.

All the four surveyed communes under this PPA fall under the scope of “upland poverty reduction” project financed by the WB (the accompanying technical assistance is financed by DFID). This project is adopting the model of “communal development commission” in order to raise the sense of initiative of poor communes in planning and implementing arrangements of participatory poverty reduction projects in the area. As of July 2003, decision on the establishment of such commission was just issued and no specific activities have been undertaken.

Provision of more officials for communes under Program No. 135

Over the past time, Lao Cai has sent some 200 officials to communes under Program No. 135, who are called “officials #135”, to assist communal leaders in the direction of poverty reduction programs in the area. In principle, such officials, after completing a term of 2-3 years with satisfactory performance, shall return to their previous agencies. Such officials shall be paid the current remuneration, plus an allowance of VND 300,000-500,000 per month. In addition, some officials are “transferred” to local level to hold leadership positions (head of Party’s cell, chairman or vice chairman of communal People’s Committee).

At present, the common impression in surveyed communes is that these officials are performing satisfactorily. In the context where communes have not had officials specialized in poverty reduction, such officials #135 should be trained more carefully and comprehensively on poverty reduction in order to take the role of “***officials specialized in poverty reduction***”. Such officials should also be nominated as a standing member of the communal Steering Committee for Poverty Reduction (he may hold the position of Deputy Chairman of the committee). In reality, this official would play a better role should he took a position in the communal Party’s cell. If possible, however, there should be plan to replace such officials by local ones at later stage.

The perception of district and communal officials about administrative reform

Surveys of civil servants at district level all found that the administrative reform program is a good opportunity to improve the quality of officials and the efficiency of State agencies. Young officials with high education attainment are more encouraged as they are trusted and put in leadership positions in the agency. In the district of Bao Thang, a place where administrative reform is being piloted in Lao Cai, the chairman of the district’s People’s Committee said that he sensed the improvements after the 6-month implementation.

Interview with Mr. Mai Quoc To, Chairman of People’s Committee of district of Bao Thang:

As the piloted district in Lao Cai, how has the administrative reform in the district been carried out and what are the initial results?

At the district level:

- Administrative reform is mostly welcome by officials and well carried out with respect to the following important activities:
 - Reducing the number of contact points at district level, from 16 divisions to 10 contact points.
 - Reducing the number of district’s civil servants from 120 to 88, of which 70 are professional officials and 18 are supporting staff.
 - Head of division must obtain an undergraduate degree; otherwise, he would be demoted to expert or allowed to retire early.

- Adopting fixed budget for operating expenses in early January 2003, with a limit of VND 19 million/official/year for the district office of People's Committee, People's Council, and VND 16.5 -17 million/official/year for sectoral agencies.
- *What are the initial results?*
Accountability increased significantly, officials were more enthusiastic, and direction was easier thanks to less contact points. Functional division was clearer and thus better cooperation among divisions. Thanks to fixed budget for operational expenses, money was spent more appropriately. Surplus budget shall be distributed to civil servants on a quarterly basis, conditional on their own performance. As such, average income of officials rose by above VND 200,000 per month.
- *What is the reaction of officials who have been replaced?*
To start the administrative reform, district leaders focused on restructuring organizational structure and officials, which was a sensitive issue to many ones. Things are fine now, however. Most of division chiefs and deputy division chiefs that are replaced due to incapability were happy to undertake new duty or to retire. The district had offered preferential treatment for division chiefs and deputy division chiefs who, not reaching retirement age though, did not meet requirements to stay on. They were entitled to early retirement and, if they met the prescribed period of service, an allowance of VND 16-20 million. As such, these officials all agreed and there have not been any cases of complaint or petition.
- *How is officials' competency improved after such restructuring?*
In terms of education attainment, all officials subject to this requirement have already met it. In terms of competency, they only reach 70% of what is required. As such, the improvement of official competency and replacement of officials should be continued.
Thanks to administrative reform, education movement to improve competency of officials has been very vibrant. The district is sending many officials to long-term training program in order to rapidly improve the competency of the administrative system.

At communal level:

- Communes have just started dealing with personnel issues but faced with difficulties, as they are in short of qualified local people.
- People holding the following four positions must have graduated from an intermediate-level specialized college (finance, cadastral, judicial officers and head of administrative division). Thus far, the district has found 42 qualified officials out of the total 60, who are working at communal level. The district is sending many officials to attend training courses and selecting new officials to ensure that by 2004, the administration at communal level would meet requirements set out by the provincial administrative reform program.

At communal level, the perception of communal officials, especially those in upland communes, about administrative reform is limited relative to that at district level. No commune has already had a specific administrative reform program. Communes mostly rely on "direction from the provincial and district government". The issue of competency of communal and village officials was always mentioned (standardizing the four professional positions and drawing up training plan in accordance with general regulation¹²). It was found from interview with communal officials that recent improvement of remuneration had made them more encouraged and motivated with their job. However, the following problem was mentioned *"the gap between remuneration of the head and that of the deputy head (of mass organizations) is so wide that the deputy head is not motivated with his job"*. So it means that increased remuneration may not result in accelerated administrative reform. ***At the communal level, there needs to be an administrative reform program with specific actions, which is accompanied by an effective monitoring and evaluation system to better serve the cause of poverty reduction.***

¹² Lao Cai's target is that by 2005 "90% of key officials of communal government in region III shall have graduated from primary education upward; 100% of key officials of communal government in regions I and II shall have graduated from lower secondary education upward".

Recommendation: enhancing the effective monitoring and evaluation of administrative reform at local level

In the interview, officials at various levels often mentioned outputs of administrative reform (enhancing competency of officials, streamlining procedures, reducing contact points, etc.). Yet they hardly talked about how to monitor and evaluate the impact of administrative reform on local people. What had often been mentioned was “write report” (every six months). Obviously, monitoring and evaluation is a weak phase in the process of administrative reform, which is being carried out for the cause of poverty reduction. Two immediate measures that should be taken include:

- Guiding the preparation of administrative reform plan, with specific actions and clear division of responsibility, at communal level (linking administrative reform with poverty reduction and with grassroots democracy implementation).
- Formulating an effective monitoring and evaluation system for administrative reform program (including evaluation methodology and impression and comment of local people, etc.).

7. Resources – Environment and Poverty Reduction

Overview of resources and environment in Lao Cai

Lao Cai is a typical mountainous province with a large natural area of 804 thousand hectare, 84% of which are mountains with slope of over 25 degree. Due to partitioned terrain, agricultural land is scarce (84,271 hectare, representing 10.5% of the total area). The rest is forestry land and protection forest. Agricultural land has mostly been allocated to households. Of the agricultural land area, that for cultivating wet rice represents 29%. In upland communes, most of agricultural land is upland field.

Forest resources in Lao Cai have been depleted due to excessive exploitation and the long-standing shifting cultivation. Forest fire and clearance of forest for upland field on a large scale have basically been eliminated. The coverage of forest is above 30%. The area of forest expanding in the last few years though, most of them is protection forest and regenerated forest, which are of low quality. It’s alarming that forest coverage in upland communes is very low.

Water resources in Lao Cai are abundant thanks to high level of precipitation. Due to high altitude, forest destruction and sloping terrain, however, water for agricultural production and daily life is in short supply. In spite of many programs and projects for clean water and small irrigation works, many communes are still in short of water.

That said, the shortage of quality cultivation land, forest degeneration, and loss of water resource in upland area is posing long-term difficulties for the cause of poverty reduction in most of upland area in Lao Cai.

People’s perception of resources and environment

People in lowland area recognize better their limited resources, including the legal aspect and long-term efficient usage of such resources. Most people are concerned about the reality of “limited land but lot of people”. Most households know how to use up the land available to them to develop a diversified cultivation system: wet rice + other crops + garden + perennial trees and possibly, fish pond. Manure is collected for later use as fertilizer. As such, the environmental sustainability of lowland cultivation system has improved and been relatively stable.

However, the perception of most households living near forest about public resources carries many weak points. Households living near forest often collect firewood in off-limit forest without regard to laws. This is one of the reasons that slow down the regeneration of natural forest.

Visit to kitchen of many households of Dao ethnic group in village of Nam Tang showed that almost 100% of firewood had been collected from protection forest. The firewood is of large diameter, about 5-15 cm. The firewood needed for an average household (6 people + two pigs = firewood for distilling 200 liter of spirit annually + firewood for warming) was estimated by some local people to be 250 bundles a year (equivalent to 10-12 tons or 20 cubic meters. This amount of firewood is equivalent to the annual output of 1.5- 2.0 hectare of grown forest with fast development). In Nam Tang and many of its communes, there was no firewood forest. As such, firewood was collected from the state-owned protection forest.

In the interview, forest protection officers in the Ban Cam commune cluster said that they only focused their effort on fighting forest pirates and the transportation of valuable wood across the border. They had never thought of prohibiting people from collecting small-size firewood for home use.

The perception of upland people about resources and environment is limited. Most people of Mong and Phu La ethnic minorities in upland area still stick to the old perception about local resources, both from the ownership and use right aspects. People hardly cared about what had been stipulated in the “red certificate”, which had been issued by the communal government to them 3-4 years ago.

People and cadastral officials about conflicts of agricultural and forestry land in upland area of commune of Pha Long		
Mr. Giang Xeo Khang, aged 29, poor household, village of Xin chai, commune of Pha long, on July 24, 2003.	Cadastral official in commune of Pha long, Mr. Giang xin Ho, on July 23, 2003.	Cadastral report in district of Muong Khuong, May 10, 2002
<ul style="list-style-type: none"> • <i>How much agricultural and forestry land has you been allocated?</i> I have the red certificate, but I don't know how much land I have been allocated. I could not read, I forgot how to read. I could sow 12 kilogram of maize seed and harvest 35 bags of corn (about 4,800 m2 and 1,400 kilogram). I could sow only 3 kilogram of wet rice seed and harvest 10 bags. We were allocated with forestry land but I don't remember how much. We have grown Sa moc pine on part of the area about 10 years ago (about 4-5 kilogram of maize seed could be grown in the area, or about 1,500m2). • <i>Do you know that growing maize on the forestry land allocated by the district is a violation?</i> I heard the village head said that clearing forest to grow maize was prohibited. Yet the maize upland field had been there before. Even with 	<ul style="list-style-type: none"> • <i>Please show us the land use map of the commune?</i> We don't have such map. • <i>Who keep that map?</i> Perhaps, the district government. • <i>What happens if there is maize field inside the area planned for protection forest?</i> Such cases are common, as maize fields of people are scattered. • <i>Did you explain to people about the prohibition of growing maize in protection forest?</i> Yes, but it's difficult. People continue growing maize, as we don't have other land area to make compensation for them. • <i>Did people identify the boundary between agricultural land, forestry land, and protection forest at the source of Chay river?</i> Very difficult to know. We only know where the forest is. In area where forest has been cleared, it's the same, all being old upland field. Only district cadastral officials know. For many areas, I myself even don't know if it is reserved for 	<ul style="list-style-type: none"> • Agricultural land: 6,307 hectare has been allocated with 10,708 red certificates issued. However, 683 hectare of which has recently been used for reforestation under project No. 661. Due to land shortage, people continue cultivating on the upland field there as usual. • Forestry land: 12,448 hectare has been allocated with 6,009 red certificate issued so that people could grow production forest and less important protection forest. Due to land shortage, so far 85% of this area is upland field, with only 5% grown with forest trees, mostly in lowland area. • Many areas have been planned by the State for reforestation, yet people in reality had upland field there long time ago. As such, when the State allocated land for growing forest, people continued cultivating on such upland field. • Upland fields of people are scattered everywhere due to the complicated terrain in

<p>the State plan now, I still have to grow maize on it. Many other households have large land area. At times, they grew maize. At other times, they just left trees to grow in order to collect firewood. Then, if they liked, they grew maize again. How could you prohibit that!</p> <ul style="list-style-type: none"> • <i>Did families discuss about where to grow maize and where is protection forest ?</i> <p>No official discussed about this plan. The old land belongs to people and we shall grow on that land. The state forest, however, should be protected.</p>	<p>forestry land or not, let alone the local people.</p>	<p>upland area. Planners, meanwhile, would like to consolidate agricultural land into one single, large area. This idea is not appropriate with upland area.</p>
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That maize field is eating up protection forest is a major threat to environment in upland area. There is a conflict between the reservation of land for forestry purposes by the State and the existing, traditional use of land for maize field by upland people. “People said the maize field had been there long ago, the plan of the district has just been issued. If they want to take the maize field, they should allocate other area for people”. As people had not been consulted, many agricultural land areas of local people were planned to be area reserved for forestation. The result is land schemes for many communes in the district of Muong Khuong are not feasible.

Many household owners in communes of Ta Gia Khau and Pha Long, when asked about the reason for cultivating on land reserved for forest and for which red certificate has been issued, said that:

- (a) The maize field had been there long time ago. Even if the field was planned to be forest now, they still had to grow maize there to make a living. That means ***the maize field had already existed when the plan was introduced***. People were not informed of and given the chance to discuss about the scheme. As such, they kept on growing maize there.
- (b) In the field, both farmers and communal cadastral officials could not identify the boundary between agricultural land and forestry land. All were sloping mountain and no forest was seen. As such, many violated regulation due to shortage of information.
- (c) Upland people were still poor, and growing forest would take decades. In the meantime, people still had to grow maize to earn a living. Recently, maize was fetching high price and easier to sell and an important source of cash. Therefore, land for maize cultivation was putting a strong pressure on forestry land and protection forest.

At present, upland people don’t know and don’t want to know the boundary between agricultural land and forestry land. There is no detailed and official land use plan at the communal level. As such, the legality of land allocation and resolution of conflict is not certain. Facing this problem, the Resources and Environment Department of the province informed that the allocation of forestry land in upland area had to be temporarily ceased.

Budget is required to draw up detailed land scheme

As informed by provincial cadastral officials, the province had basically finalized the overall land use scheme for the entire province and for most of district townships. Meanwhile, only preliminary draft for land use scheme and land use map at communal level is available. The provincial People's Committee is planning to make detailed land use schemes for all communes, yet it requires huge financing. We think that this constraint should be addressed urgently to lay out the foundation for land management at provincial, district, and communal levels.

Resource accessibility

In lowland villages, there is low possibility of reclaiming more cultivated land. At Ban Cam village, for instance, 96% of the cultivated land and 69% of the unused land of bare hills have been allocated to the people (the remaining are rocky hills and streamlines and rivers). Forestry lands are all in the protection zone, so only 27 hectare (1.2%) of this type of land is given to the people with red certificate.

In upland areas, cultivated land resource is scarce and has almost been transferred to the people. For instance, Ta Gia Khau village has allocated almost all types of land to the people, including 100% of cultivated land, 34.6% of forestry land, and 34.9% of unused land. The same is for Pha Long village at Muong Khuong commune. The Government manages only 65% of forestry land, as this is the important watershed for Chay river.

Basically, people at surveyed lowland and upland villages have received the right to administer and use most of the local resources under the current policy and regulation. People are even exceeding limits set out in regulations on the use of land and resources.

In upland areas, the allocation of cultivated land is mostly done on an "as is" basis, which resulted in big differences of possessed land areas (people who came first and who were capable have more land than newcomers). In lowland areas, most of the cultivated land belongs to the cooperative and is equally divided to all households, including the poor. Only forestry land is allocated unequally, as this type of land is not much available in lowland. For the same reason, such forestry land is given only to households that live near the forest and have protected and invested in the land. Lowland households generally have no complaint on the former allocation of cultivated land.

The challenge now is with newcomers who have little cultivated land. The permanent settlement program has allocated much of its resources to reclaim wet rice field and brought about important outcome. However, land resource for wet rice cultivation has become rare and expensive.

Some allocation of agricultural land did not ensure equality due to historical reasons. At Nam Tang village, for instance, there are 6 households without cultivated land. The average of land for each household is 1,640 m² while the highest area possessed by a household is 6,078 m² (3.7 times higher). The same is for total land area of households, 484 m² for the household with smallest area and 28,349 m² for household with the largest area (58 times higher).

Many interviewed households said they **immigrated** after land was allocated (in 1995-1996), so they took the loss. Some has little or no land due to their recent **household separation**. Some has more land as they bought lands from leaving ones or developed the land for rice and other crops on

their own before the land was allocated. Generally, the people's attitude is fine with the current land possession.

Community possession – a solution for forest protection ?

In surveyed villages, there are no cases of land allocated to the commune, while many State and project documents emphasize the importance of “community-based resource administration” strategy. Red certificate has not been issued to *holy forest*, which are administered by village community, as the district does not know to whom the certificate should be issued. Land officers of the province and village all said *the Land law only stated that land could be allocated to individual, households, and institutions. No statement on land or forest allocation to commune*¹³. Thus, without timely policy adjustment, the ‘community-based resource administration’ strategy will not be feasible.

At Ta Gia Khau, all 10 villages have ‘holy forest’, which are effectively protected by the people with the traditional rules. The same is for Pha Long. These are old forests with many ancient trees in an area of 1 – 5 ha and not far away from the villages. H'mong and Phu La people in upland villages hold annual ceremony to pray for good harvest and village safety. These may be the last precious pieces of forest we now have in Lao Cai which require our recognition and protection.

To protect large protection forest, land could not be allocated to individual household but to the community. In Muong Khuong, many households *began to realize the benefit of selling wood and wish to plant Sa Moc tree*. In the past, when the people were still in poverty, they did not think of growing forest. Now they have food and begin to realize that, although growing forest would take 10-15 years, the income from selling wood is not small and work is not as hard as cultivation. Many interviews in Pha Long and Ta Gia Khau showed that people are eager to grow Sa moc trees. The problems are: (a) if few households grow trees, they may possibly be ruined by ox and buffalo. This problem has been addressed by leaders of the Lao Cai External Relations Department as follows: in order to grow Sa Moc tree, the whole village must do so in order to protect the young trees. Former lesson showed that if Sa Moc trees are grown in a small area, they would be just like *‘toothpicks for buffaloes’*, and (b) a very large area is needed to create favorable conditions for cultivating, transporting and producing wood products.

Agricultural cultivating methods in sloping land are not sustainable but no effective measures have been applied

Most of the people do not perceive the tragic outcome of land erosion that their ancestors did suffer, which resulted in leaving and settling for so many times. Though MRDP and other local projects have trained people about cultivating in sloping land, none of the anti-erosion measures is clear. The situation seems to be worsening as the H'mong and Phu La people continue their tradition of ploughing deep in all sloping land to plant 1-2 corn seasons annually. This even makes the erosion worse.

Only a few old people and the village patriarch of Mong ethnic group remember the problem of “rock growing out of soil” due to long-time cultivation in Bac Ha – a situation that made them migrate to the village of Lao Chai, commune of Ta Gia Khau, and the village of Tan Ho, commune of Phong Nien. When asked about the origin of people in the villages of Lao Chai and Tan Ho, the old men said that they migrated from Bac Ha or Si Ma Cai to Muong Khuong when they were

¹³ ‘Commune’ is not recognized by the 1995 Civil Law with a legal status, thus the Land law could not transfer land to commune. This is an impediment that needs consideration from law and policy makers

young. The only reason that made them migrate was that “rock grew out of the soil due to long time cultivation”. As such, the maize tree did not produce the maize ear and they had to migrate.

The survey in the communes of Ta Gia Khau and Pha Long revealed a surprise, that is, the consumption of NPK fertilizer by Mong and Phu La ethnic people for maize cultivation was about 300-400 kilogram/household/year (costing VND 600 thousand). The output in turn was about 1,200 – 1,500 kilogram of maize (worth about VND 1.6 – 2.1 million. As such, the cost of fertilizer accounted for about 32% of the revenue from output. The fertilizer shop in the Pha Long commune cluster informed us that the sales of NPK fertilizer at the shop rose sharply – 350 tons in 2002 versus 137 tons in 2001. Many household owners said that without fertilizer, the output would be too low.

This situation is alarming due to the following three reasons: (a) soil degeneration has been so severe as sloping land was ploughed annually; thus the level of fertilizer used should be increased more and more; (b) an outdated agricultural model though, it has now been over-relying on external investment; and (c) the length of this cultivation method – how long will it take until “rock grow out of the soil” as experienced by the Mong ethnic people in Bac Ha.

It’s noteworthy that, as no anti-erosion model was adopted, most fertilizer drifted away. As such, to maintain the level of output, more fertilizer will be consumed. This practice both is not cost effective and pollutes the lower section of river due to excessive level of fertilizer. We recommend that extension programs should give priority to dissemination of information and to adopting sustainable cultivation models on sloping land.

Animal excrement was wasted and caused severe pollution and epidemic to animal in all upland villages

Although ethnic people have known how to use animal excrement, the rate of excrement collection is low. And as the excrement was not treated properly, it caused severe pollution and its quality reduced. Most pigs were raised by letting them go around or chaining them to a tree close to the house. Cattle hardly had its own “house”. Rather, cattle were chained to the house supporting pillar or a tree near the house. As the animal stayed out in the open all the year around and excrement was not collected, combined with a sloping terrain, virus followed water and spread out the entire village. As such, the rate of death due to epidemic was very high. Almost none of the households asked in communes of Ta Gia Khau and Pha Long got rid of the pig and chicken epidemics during the last two years. Statistics in commune of Pha Long showed that the number of cattle (buffalo, cow, and horse) that died in 2000 was 31 (about 4% of the total). The situation that poor households borrowed money to buy buffalo, suffered from the death of the buffalo due to epidemic, and were unable to repay the loan has been recognized in the three surveyed communes in Muong Khuong.

Cattle excrement outside of the cage has not been collected, processed, and stored properly. Thus, it is a source of waste and causes pollution to the rural community. Almost all holes containing animal excrement do not have a cover, and nutrition drifted away during rainy season and caused a huge waste. The recommendation is that fertilizer should not be granted. Instead, such money should be used to encourage households to collect and process animal excrement right at their own village.

At present, commune of Pha Long has 607 buffalo, 350 cows and horse, and 1,888 pigs. According to the norm of animal excrement in Vietnam, the total excrement produced by these animals would be 3,449 tons per annum. The rate of collection in the commune of Pha Long is just about 50% (calculated by nutrition value). As such, about 1,700 tons of animal excrement is lost annually. By local price, the lost excrement is valued at VND 510 million. It should be noted that the amount of NPK fertilizer granted to people (beneficiary of Program No. 135) under the poverty reduction program during the last three years is 1,346 tons, which is valued at VND 1.84 billion. Thus, the value of animal excrement wasted in the commune of Pha Long alone during the past three years is equivalent to that of the fertilizer granted to poor households during the same period under the poverty reduction program.

The issue of land consolidation and exchange

That agricultural land scatters is common (in village of Nam Tang, there are 19 households that have more than 20 small lots of land). Diverse opinions were given to the question of whether lots of land should be exchanged to facilitate cultivation and ease of access. Just a few dynamic households were willing to exchange land, even though they might lose a bit. The advantage is that, if they did so, they would have a larger lot of land, which is easier to plough and access and is more efficient. The majority of farmers was just content with their lots and did not want to change and incur expenses associated with the procedures. This situation made the policy of land consolidation and exchange difficult to implement, even though cadastral officials were willing to facilitate the process.

Policy Recommendations

- Land use schemes in upland communes should be revised, as there is a conflict between the maize field of local people and the area reserved by the State. Policies should be formulated to address the conflict between national environment interest and that of local people, who is cultivating on upland field. In the course of revising land use scheme, real consultation with local people must be carried out.
- Preferential policy and special assistance should be given to households that voluntarily grow forest on forestry land already allocated in upland area. This should aim at bringing household forestry to become an important and long-term source of income for upland people, thus limiting the transformation of such land into agricultural land.

Households should be supported to develop sustainable cultivation model on sloping land, by using social support fund to provide direct assistance to households after the model has been implemented. Money grant like in previous years should be limited. The following activities should be carried out immediately: creating terraced field for annual crops, especially for maize and soybean; developing SALT1 to SALT3 model; building cage for cattle and toilet for human beings in order to make use of all sources of excrement.

Funds from the forestation project No. 661 should be used to provide direct support to people who grow forest on forestry land, for which the red certificate has been issued. Most important is that ***local people should be able to grow nursling at low cost right in the local area***. The provision of nurslings to people by transporting them from far away, with high cost and low rate of survival, should be stopped. Forestation should be community-based, that is, people should themselves discuss and decide implementing measures.

Disseminate information about and apply "**forest-saving fireplace**" on a widespread basis in order to save a huge volume of firewood, including in upland area. Social support fund could be used to directly encourage households to apply it first (part of the funds under the clean water and roofing supply program could be used to support the use of "forest-saving fireplace"). Vietnam is technically qualified and experienced with such activity, drawing on experience from the "firewood-saving fireplace" project implemented in many provinces in the country.

- Supplement law provisions so that land and resources could be allocated to community. Additional guidelines should be formulated to assist the allocation of land to community. New

policies should be introduced to facilitate the community-based development and management of natural resources.

- Policies should be issued to support and bring into play positive factors of holy forest in villages. The agricultural and cultural sectors should cooperate to calculate the area and evaluate the quality of holy forest so protection and conservation measures could be taken. Positive points in holy forest protection rules of the community should be made use of to raise the awareness of protecting other types of community resources. Holy forest should be transformed into "miniature national garden", and environmental education models should be introduced to all people to protect biological diversity and preserve cultural identity.
- Grant under poverty reduction projects to upland area should be refrained. Instead, promotion policies and measures should be introduced allow people to create, maintain and develop poverty reduction models by themselves.

Annex 1

List of members who supported the PPA survey in Lao Cai (July 10-31, 2003)

1. Ms. Than Thi Thien Huong	Team leader, senior program officer, DFID
2. Mr. Hoang Xuan Thanh	Head of consulting team, Ageless
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5. Mr. Pham Vu Thien	Consultant
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7. Mr. Hoang Xuan Ti	Consultant
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11. Mr. Nguyen Trong Hieu	Personnel, Labor, Invalids and Social Affairs Division, district of Bao Thang
12. Mr. Truong Truong Nam	Personnel, Labor, Invalids and Social Affairs Division, district of Muong Khuong
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14. Mr. Pham Van Viet	Vice Chairman of People's Committee, commune of Phong Nien
15. Mr. Tran Vu Tru	Chairman of Farmers' Association, commune of Phong Nien
16. Ms. Pham Thi Hien	Cadastral Official, commune of Phong Nien
17. Mr. Nguyen Thanh Quan	Official of Farmers' Association, commune of Phong Nien
18. Mr. Tran Dinh Thao	Chairman of People's Committee, commune of Ban Cam
19. Mr. Ly Duc Sau	Chairman of Farmers' Association, commune of Ban Cam
20. Mr. Nguyen Van Hanh	Official of People's Committee, commune of Ban Cam
21. Ms. Pham Minh Thuy	Extension Officer, Ban Cam communal cluster
22. Mr. Len Chan Phu	Vice Chairman of People's Council, commune of Pha Long
23. Mr. Nguyen Van Phuc	Seconded Official for Program No. 135, commune of Pha Long
24. Mr. Sung Seo Sao	Chairman of People's Council, commune of Ta Gia Khau
25. Mr. Nguyen Xuan Dau	Seconded Official for Program No. 135, commune of Ta Gia Khau
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