

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

**Volume II  
Synthesis of Results and Findings**

# **Policy Recommendations from the Poor**



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**For the:**

**Poverty Task Force**

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## Volumes in the series:

### Volume I

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### Volume II

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### Volume III

ActionAid, Catholic Relief Services, Oxfam GB, Plan in Vietnam, SCUK, World Bank (2002), *Community Views on the Poverty Reduction Strategy, Vietnam Local Consultations on the Draft Comprehensive Poverty Reduction and Growth Strategy (Volume III: Reports from the six consultation sites)*, for the Poverty Task Force, Hanoi.

# Preface

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

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

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

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

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

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

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

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

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

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

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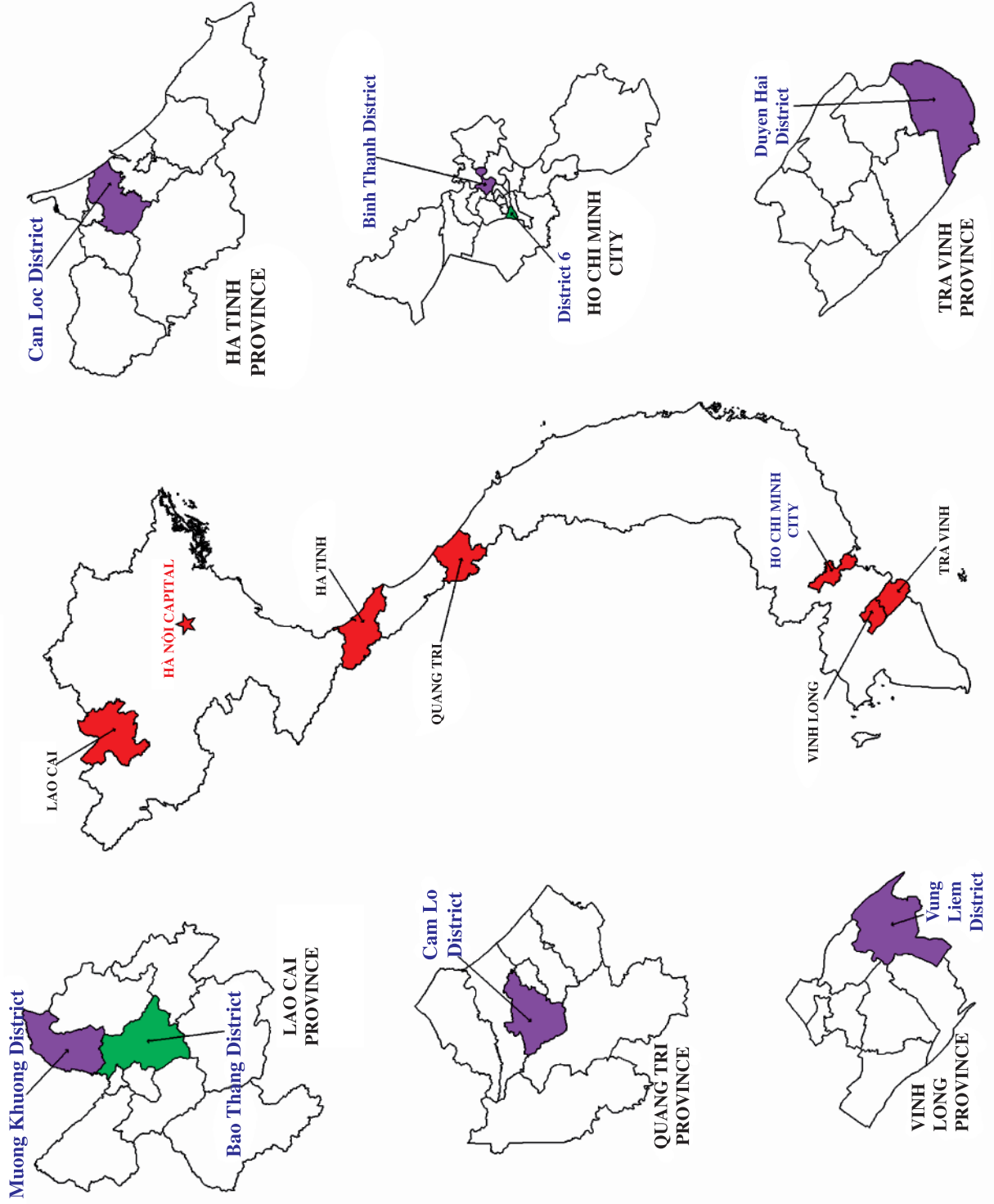
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# Acronyms

CPRGS	The Comprehensive Poverty Reduction and Growth Strategy
CRS	Catholic Relief Services
HEPR	Hunger Eradication and Poverty Reduction
I-PRSP	Interim Poverty Reduction Strategy Paper
MPI	Ministry of Planning and Investment
MOLISA	Ministry of Labor, Invalids and Social Affairs
NGO	Non-government organizations
PPA	Participatory Poverty Assessment
PRSP	Poverty Reduction Strategy Paper
SCUK	Save the Children UK
SME	Small and medium enterprises
VBP	Vietnam Bank for the Poor
VND	Vietnamese Dong

# MAP OF CONSULTATION SITES

*This is an illustrative map without legally territory significance*



# 1. Introduction

In March 2001 the Government of Vietnam produced an interim Poverty Reduction Strategy Paper (I-PRSP) and announced its intention to develop a Comprehensive Poverty Reduction and Growth Strategy (CPRGS) by the end of April 2002. In the I-PRSP, the Government outlined its commitment to involving a broad range of stakeholders – including poor communities, local government authorities and the enterprise sector – in drafting the CPRGS. The Ministry of Planning and Investment (MPI), that was assigned by the Government to lead the CPRGS drafting process, asked the World Bank and a group of international NGOs to support them in carrying out a series of local consultations on the I-PRSP document. These community consultations were conducted in six locations, representing a range of rural and urban poverty contexts across the country:

<b>Tra Vinh Province</b> (Duyen Hai District)	Oxfam GB
<b>Vinh Long Province</b> (Vung Liem District)	CRS
<b>Ho Chi Minh City</b> (Binh Thanh District and District 8)	Save the Children UK
<b>Quang Tri Province</b> (Cam Lo District)	Plan in Vietnam
<b>Ha Tinh Province</b> (Can Loc District)	ActionAid
<b>Lao Cai Province</b> (Bao Thang and Muong Khuong Districts)	World Bank

This report provides a synthesis of the main results and findings from these community consultations on the I-PRSP – based on the six sites reports contained in Volume III.

The original purpose of the synthesis report was to make the findings quickly available to the CPRGS Drafting Committee and other concerned stakeholders while they were in the process of preparing the document. Our hope is that now (together with the site reports) this may provide a foundation of qualitative information and understanding that may be used as a basis for future monitoring of the CPRGS together with other forms of quantitative and qualitative data collection and monitoring activity.

The results and findings are grouped into the five themes that drove the research, namely: (in Section 2) poverty trends and forecasts; (Section 3) creating opportunities for poor people and supporting livelihoods; (Section 4) improving access to quality basic social services; (Section 5) reducing vulnerability; and (Section 6) institutional arrangements for delivering the CPRGS. Each section – or subsection in the case of the longer chapters – starts with a summary of the main policy messages and recommendations emerging from the consultations. Annex 1 summarizes the key policy recommendations and public actions which communities see as necessary if the stated national objectives for reducing poverty and promoting social equity are to be achieved. This serves in lieu of an Executive Summary.

An introduction to the approach and methodology used in the community consultations is given in Volume I of the series, and background information on the research sites and participants can be found in Volume III.

## 2. Poverty: Background and Trends

### 2.1 General Findings on Poverty

An overwhelming finding from the local consultations is that living conditions have continued to improve over the past few years. This was true in all sites, despite the fact that prices for the main agricultural products had fallen in many rural areas. People were optimistic that most policy measures and public actions set out in the I-PRSP would lead to further poverty reduction in the future, but there was significant skepticism that many of the measures would actually be implemented as intended – this theme is taken up again in Section 6.

Though there was optimism about the proposed Government direction, people in all sites (and most emphatically in Ho Chi Minh City) were concerned that the policies would generate more benefits for the better-off than for the very poorest groups and segments of society. This led to an emphasis on improved targeting and closer investigation of the needs of the poorest groups to ensure that the broad strategic direction is flexible enough to accommodate their particular needs. There are specific examples of this in all the sections that follow.

Gender concerns were most pressing in ethnic minority areas, in the need to improve poor women's access to information and training, and improved opportunities for women to play a greater role in local decision-making processes. However, in general, issues of gender inequity did not come through as priority concerns. People generally felt that women were likely to benefit as much as men if the proposed actions are implemented as described.

### 2.2 Ethnic Minorities

Three of the local consultation sites contain a sizeable or majority population of ethnic minorities. The participants in Lao Cai included representatives from Hmong, Dao, Kinh, Tay, Phu La, Han, Nung and Giay ethnic groups, with ethnic minorities making up approximately 79% of the respondents. In Tra Vinh the poverty rate amongst the Khmer ethnic minority people is much higher than that of the Kinh majority in Duyen Hai district and it was important to ensure the Khmer people were fully involved in the research. While the population of one of the urban wards consulted in Ho Chi Minh City contains a proportion of ethnic Chinese.

In these rural locations the participants were asked their opinions on whether it is necessary to formulate special plans and programs to promote socio-economic development amongst ethnic minorities. In Lao Cai almost 100% of participants at all levels say it is necessary to address the specific needs of ethnic minority groups. Two priorities rank most highly from the discussion groups. The first is in *building up human capital amongst ethnic minorities*. This includes creating favourable conditions for people to gain access to socio-economic information, improved provision of schooling, and training of ethnic minority cadres. One of the main recommendations to come from the Lao Cai consultation is that special provision should be made in the poverty

reduction strategy for education and vocational skills training for ethnic minorities and for people living in the remote upland areas. The second is *in building up social infrastructure* in the remote upland areas.

A similar message comes from District and Commune officials in Tra Vinh who suggest that specific plans should be developed for Khmer people, with the focus on improving ethnic minority educational levels and building capacity of Khmer local officials, guiding household economic development and technical applications which are suitable for them. Village groups in Tra Vinh (including both Kinh and Khmer participants) give a contrasting message, saying that it is not necessary to have specific plans for Khmer people because Kinh and Khmer people live harmoniously and there is almost no discrimination between them. Local people argue that increasing assistance to poor people also means helping ethnic minorities get out of poverty, however, greater emphasis should be placed on improving educational approaches to make them more suitable for ethnic minorities.

### **2.3 Urban Poverty**

In many residential quarters of Ho Chi Minh City there has been an improvement in the quality of infrastructure in recent years: alleyways, lighting, sewerage and drainage systems have been upgraded and some houses have been repaired or newly built. These are physical signs of growing prosperity. A variety of reasons are given for this including increasing employment, people investing in and expanding their businesses, while others have sold land at a profit. As said by the member of one women's discussion group: "*My children are now grown-up and have jobs, my husband earns an income from his motorbike taxi business*". This implies that for an urban household, once there are more than two sources of regular income, the uncertainty of livelihoods will subside. This confirms the findings of the PPA in 1999, where it was found that some poorest households were those with many children but only one breadwinner.

At the same time, many poor people in the Ho Chi Minh City consultation complain that things have become more difficult or have not changed significantly since 1999. Uncertainty of employment emerges as a major reason for this, as jobs for the poor are mainly in petty trading and services. Irregular income and high competition for such jobs is another concern. For poor people to earn an income there are many risks and vulnerabilities, such as being moved on or having their goods impounded by the police, and competition for space. Urban life is becoming increasingly expensive which places further demands on poor households for food, electricity, water, the cost of covering health shocks, and in particular education costs.

Local residents say that an increasing number of children are being used by adults as beggars, and people are turning to theft, drug dealing and sex work to make a living. Urban migrants explain that the decrease in the prices of agricultural products in recent years has pushed many of them to the cities. As such, residents participating in the consultations describe a growing wealth disparity. Unlike the rural participants in the consultations, urban residents also report an increase in the poor population in the city, which official figures fail to capture due to the mobility and residence status of migrants.

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

The Government of Vietnam outlined a number of measures to create opportunities for poor people to improve their livelihoods. In particular, the I-PRSP emphasized the following actions:

- Improving basic infrastructure especially in remote areas;
- Increasing productivity in agriculture to diversify the rural economy, considering this the primary strategy to create jobs and increase incomes to eradicate hunger and reduce poverty;
- Establishing measures to help the poor improve their participation in the market place;
- Introducing measures to support small and medium sized enterprises (SMEs) and household enterprises;
- Strengthening the ability of the poor, especially women, to access credit; and
- Investing in training activities, providing guidance and information to help the poor, especially women, learn how to do business and develop production.

This section of the report summarizes the responses of poor communities to these proposals. This is one of the larger sections of the report, so key messages from the research are included at the beginning of each subsection.

### 3.1 Improving Basic Infrastructure

#### **Box 1. Key messages on the role of infrastructure development in reducing poverty**

- A strong desire for greater involvement in planning and managing infrastructure works by commune and ward officials to increase employment and develop the local economy, reduce construction costs and improve the quality of construction, as well as building a sense of local ownership;
- A clear demand for more information and involvement in decision making by poor communities;
- The need to allocate resources for maintenance, so that the burden of maintenance costs does not fall entirely on poor communities;
- The importance of clarifying and strengthening the role of local supervision and maintenance boards, separating inspection and management functions;
- The eagerness on the part of communities to see employment opportunities both maximized and realized in practice (there was a range of suggestions associated with this point); and
- The need to improve access to basic utilities for poor urban households who currently often pay more than wealthier people for water and electricity services.

Participants from all consultation sites say that past investments in infrastructure have benefited poor communities and this should continue to be given high priority in the Government's poverty reduction strategy. This is so in both rural and urban areas. There is unanimous opinion amongst the participants that the objectives and proposals regarding the improvement of basic

infrastructure contained in the I-PRSP are suitable, and can be achieved if the Government includes local people and local authorities more in implementing works.

### **A need for more information and participation**

Community level participants say that information on infrastructure works (such as information on plans, budgets and expenditure and the content of the construction contracts) is limited and not readily available to local people. In Ha Tinh, Vinh Long, Ho Chi Minh City and Lao Cai people noted that the main type of information provided to local people is on the financial and labor contributions they have to make. Direct involvement of villagers is confined to planning and construction of small-scale village works only. For larger works, commune and ward officials may play a role in allocating land for the works and the representative from the Peoples' Council will participate in supervision. However, a generally low level of participation and information provision emerges from a majority of the consultation sites. The Ha Tinh, Lao Cai and Quang Tri reports recommend *that participatory planning approaches should be more widely introduced in order to ensure the involvement of all villagers in the planning process and to make proper decisions on projects (including larger scale projects).*

### **Involving the commune authorities in management and supervision**

The I-PRSP gives high priority to increasing the involvement of local authorities in supervising and managing infrastructure works and commune and ward officials strongly endorse this as a strategy. However, actual delegation of responsibilities is still limited in many places. In Lao Cai, opinions differed between commune and village level groups, on the one hand, and district level groups on the other, regarding commune capacity to do this. District opinion is generally that at present the communes do not have sufficient capacity to manage the construction of local infrastructure. The message coming from commune and village participants is that *they do have the basic management capacity for small works and that communes and villages should have a greater role in construction and supervision.* In Quang Tri, commune authorities appreciated the decentralization process adopted under Program 135 as it has enabled communities to become active participants in planning and implementing smaller-scale infrastructure projects.

Commune participants from Lao Cai, Tra Vinh, Vinh Long and Ha Tinh recognize that improved technical and managerial skills are required for ward, commune and village cadres to enable them to take a more active role in infrastructure construction, supervision, operation and maintenance. *It is recommended that the need for a policy on training, employment and incentives for commune leaders and technicians responsible for managing local infrastructure should be added to the strategy.*

### **Increasing opportunities for local, paid employment**

The I-PRSP gives high priority to increasing income generation for local people through employment on construction of public infrastructure. Villagers in all rural areas agree with this intention and are keen to have more paid labor opportunities. Several groups say that local people should be given priority for these jobs over itinerant laborers. However, as noted in Ha Tinh and Vinh Long, they consider this as a source of extra income rather than a stable source of

off-farm employment. Low rates of pay for such work are mentioned as a disincentive in some places. There are also some commonly encountered difficulties in ensuring that increased local labor opportunities are actually realized in the implementation of works. Participants from Lao Cai, Tra Vinh, Quang Tri, Ha Tinh and Vinh Long give a number of reasons for this.

First, mechanisms are needed to ensure contractors fulfill the Government's intention of providing more local employment. Problems raised in this respect included villagers not being adequately informed of labor opportunities (as the hiring of labor is solely the contractor's privilege) and cases in which the contractors have not fulfilled their payment commitment. A specific recommendation from both Lao Cai and Ha Tinh *is that guidelines are required on hiring local labor, on setting reasonable wages for construction, contractor obligations, and monitoring*. The rules for hiring local laborers should be made clear during tender preparation and included in construction contracts.

Second, people in Vinh Long and Lao Cai stated that local labor opportunities are often limited because construction works may require skilled laborers. They proposed that before construction works begin *contractors should meet with commune authorities to determine what works local people can be employed to do, what local materials can be used and to lay out a detailed plan for local labor employment under commune supervision*.

Third, it is necessary to distinguish clearly between the *use of public labor contributions and employment of paid labor in construction*. In some recorded cases from Lao Cai it has not been clear which should apply in a particular situation.

### **Ensuring the quality of local infrastructure construction**

In several of the research sites villagers, and commune and ward officials are of the opinion that if local people have a greater role in labour and supervision of works then the quality of construction can be better ensured. Here again, concerns are raised about contractor obligations to ensure high quality construction. Some respondents in Vinh Long urge that more attention be given to ensuring high quality construction and maintenance. The low quality of some infrastructure projects was seen to be the result of poor planning, making outside contractors responsible for construction, contractors allocating insufficient time to maintenance, and placing the burden of maintenance on local people with low skills. A recommendation made by one group in Lao Cai is that *construction projects should be implemented by local contractors, rather than by those from other localities who are not the actual users and thus are less responsible for the construction*.

### **Clarifying and strengthening the role of the local supervision and maintenance boards**

Commune supervision boards for infrastructure construction have been established in many of the study locations (for instance, under Program 135). However, it appears that the authority and specific responsibilities of these supervision boards are often not clear. One village discussion group in Lao Cai says they are not aware that any specific requirements or criteria for membership of the boards. They also note that *ideally people who are responsible for management should not also have an inspection function*. Elsewhere, from Ho Chi Minh City it is noted that in practice people's supervision of the implementation and quality of infrastructure is limited. Ward level officials

explain that this is due to the fact it is not in the Ward's authority or mandate to select the contractors. If the Ward authority was given more control in this regard, it would be easier to involve local people in supervision.

Regarding maintenance, the Ha Tinh consultation noted that while special boards are established in the commune (such as an electricity board, and water users' association) there is no board or group specifically responsible for maintenance. The management and maintenance of the infrastructure projects is a part time job of staff with low capacity, which results in high cost of services for the consumers. District staff in Ha Tinh agree that there is a lack of clear guidelines for proper maintenance of infrastructure. They recommend that for each project *clear responsibilities should be assigned to organizations so that they could issue appropriate regulations, instructions and raise awareness of the people.*

### **Local contributions to infrastructure operation and maintenance are a concern**

Local people in five of the six consultation sites say that they are worried about the high level of costs associated with access to, use of and maintenance of infrastructure. In rural areas, this is primarily due to the high level of local contributions demanded for maintenance fees. In Tra Vinh, village discussion groups mention that contributions towards the costs of infrastructure are a burden. The cost burden has turned village meetings on management of commune infrastructure into 'contribution announcements' and 'money collection' exercises.

In Vinh Long, this emerges as an area of difference in opinion between commune officials and villagers, especially regarding school maintenance fees. According to village respondents these fees have been increasing in recent years, despite the fact that people with HEPR certificates get a 50% discount. The consequences of this burden are serious, including school drop-outs and indebtedness, as parents may borrow to pay the fees. Commune authorities appear reluctant to admit the existence of this maintenance fee burden. In Quang Tri, it is reported that a clean water project built a few years ago goes unused due to high fees and a lack of community management. The water project was built with limited input of the villagers, and the users were not explained about higher fees so most households have stopped using the clean water supply works altogether, resorting to their wells instead.

*In rural areas, it is evident that high user and maintenance fees for local infrastructure are potentially a heavy burden for poor households that can exacerbate their poverty situation. This needs to be dealt with in future plans to increase basic infrastructure development in poor communes and appropriate solutions devised. From Quang Tri it is recommended that contribution plans should be flexible enough to include combinations of payment methods that do not strictly require cash to encourage participation of poorer households.* The participants in Ha Tinh suggest the Government should give consideration to allocating communes with financial assistance for irrigation maintenance and upgrading.

### **In urban areas – installation fees are the major issue**

In urban areas, the issue is not so much the level of local contributions to maintenance, but the high costs of access to infrastructure services (mains electricity and water) that are prohibitive for some groups. Many poor participants in Ho Chi Minh City, especially migrants and those living in urban areas undergoing re-development, raise serious concerns about having to purchase

these services from their neighbors at much higher than official prices. They explain that the costs of accessing water and electricity take up a large proportion of the family expenditures. This situation was reflected in the PPA from 1999 and little seems to have changed since that time. Migrant households face more problems in securing access to utilities because of the associated paperwork. *The main suggestion of the participants is invariably that the Government prioritizes the extension of basic utilities and services to poorer parts of the city and allows poor households to apply for mains installation at official prices so as to reduce these costs.*

### 3.2 Intensifying and Diversifying Agricultural Production

The significant reductions in rural poverty during the 1990s were achieved, in large part, through increases in agricultural production. Participants from the rural consultation sites confirm that the preferential policies of the Government have contributed positively to this trend. It is notable that during this period there has also generally some convergence between the demands of farmers and the technical contents of extension carried by the Government extension system. This was a fairly unique situation stimulated by the economic transition in the 1990s that resulted in a high rate of return to investments in technology transfer.

A majority of participants in the local consultations (at village, commune and district levels) agree with the Government's proposed strategy for intensifying agricultural production by boosting commodity production and through programs to help the poor shift from agricultural activities with low market value to those with high market value. However, *it is evident from the village level discussions that many rural people are uncertain about how to achieve this transition into cash crop and commodity production and intensive livestock production.*

#### **Box 2. Key messages on agricultural intensification and diversification**

- The pressing need to help poor households to cope better with unstable markets and prices for cash crops (this was seen as central to supporting rural livelihoods in the future and prompted a number of further recommendations);
- A demand for a broadened scope and content of extension services, which will require a shift in the incentive structure within the extension services;
- A call for more attention on introducing appropriate mechanisms to safeguard against the risks attached to commodity production from environmental crises and market instability;
- The need to strike an appropriate balance between building economies of scale in cash crop and commodity production and promoting local income diversification;
- The importance of ensuring sustainable use and management of natural resources in the uplands; and
- The imperative of responding to limited land resources by developing ways of raising productivity further.

#### **Coping with unstable markets and prices for cash crops**

In the three rural areas in which the PPAs were undertaken in 1999 – Ha Tinh, Tra Vinh and Lao Cai, there is greater concern today with market instabilities than three years ago. For instance, in Ha Tinh people identify a number of constraints on venturing into cash crop production,

including a lack of funds to purchase mechanized tools and equipment, a lack of suitable varieties to grow on less fertile soils, dependency on external sources for seed, and insufficient irrigation water. But the most important reason given is that of unstable markets and low prices. They cite the example of being advised to grow sugarcane and garlic, which they could not sell due to a lack of markets. This is also a major concern in Tra Vinh. Though shrimp-raising has been developed in Duyen Hai for nearly 10 years, people are concerned with the unstable market prices. Shrimp cultivation has made many households rich, but has also made some households bankrupt. The selling price of shrimps fluctuates sharply, and currently is lower than in recent years. In Lao Cai, people are also concerned about crop failure and low prices for some main crops promoted through the Government extension programs. In one village in Bao Thang the number of poor households has increased because farmers have experienced crop failure in sugarcane, longan and litchi cultivation, which are their main sources of income, while prices for these products have dropped (for example, the price for sugarcane dropped from VND 4,300/kg to VND 1,500/kg in 2001).

### **Broadening the scope and content of agricultural extension**

If the potential for agricultural extension to contribute to poverty reduction is to be maximized, it is important to recognize that the needs of farm households today are different from those of 10 or 15 years ago. Accordingly, *the scope and content of extension services needs to change and evolve to keep abreast of the wider developments taking place in the rural economy.* In particular, it is likely that continued reductions in rural poverty will increasingly depend on improving the on-farm and off-farm income generation and employment opportunities for rural people. *This implies a shift in focus away from the input orientation of current extension services, to place much greater emphasis on markets and other factors that influence livelihood sustainability.*

The extension service concentrates primarily on input supply and on the provision of technical information related to establishment of the main cash crops and high yielding food crop varieties. In addition to this, local people express a demand for much more advice and information on markets and marketing. However, there is a sense from the village consultations that because the main cash and commodity crops are promoted mainly through Government programs, often with subsidies for poor households, it should also be Government responsibility to find or guarantee markets. This leads to a situation whereby farm households are in a passive role with respect to markets.

A priority that emerges from the five rural consultation sites is that there is an urgent need for capacity building within the extension services to enable them to advise rural people better on processing and marketing, business development and micro-enterprise development. *Of particular importance is finding ways of improving poor people's access to extension through capacity building of local organizations. In addition, better information services are needed to improve the bargaining power of the poor vis-à-vis service and input providers and markets.* The need to broaden the scope of agricultural extension in this way is already identified in the I-PRSP. However, appropriate incentives need to be put in place to ensure the extension service makes this shift in orientation. There are strong monetary benefits for extension staff to continue to concentrate on material and input supply. *Consideration should also be given to introducing performance related incentives that would improve the overall quality of extension services and increase the attention given to post harvest factors.*

### **Providing safeguards against the risk of crop or market failure**

The change in agricultural structure from low-value to high-value products brings with it substantial risks for poor households. More attention should be given to *introducing appropriate insurance mechanisms to safeguard against the risks attached to commodity production from environmental crises and market instability*. While it will be unfeasible for the Government to provide widespread crop and livestock insurance, one important aspect is to ensure greater complementarity of different services. As noted by one women's group in Tra Vinh, shrimp production has high risks and, if it goes wrong, can have strong negative effects on the household livelihoods. Therefore the Government should provide public services from the beginning to each poor commune to help them plan for and mitigate such risks (including planning, aquaculture extension and veterinary services, effective quarantining of shrimp breed, feed, disease prevention, and marketing support).

### **Achieving a balance between building economies of scale and promoting diversification**

While local officials and farm households agree with the Government's strategy to promote agricultural diversification, it is evident that diversification needs to be understood and promoted on different levels simultaneously. The Lao Cai report states that a particularly important policy issue is striking an appropriate balance between building economies of scale (i.e. diversification on a regional scale to boost commodity production for national and export markets) and promoting local income diversification (i.e. to reduce farm household vulnerability). *The economic strategy of many poorest category households is clearly towards maximizing diversification according to local markets and employment opportunities – to spread risk and to maximize different income opportunities*. The strategy of the Government is more towards building concentration areas (for instance, of certain types of cash and commodity crop) that can be a more risky venture for poor households in the event of market failure.

### **Coping with limited land and water resources**

Another major area of concern amongst many poor farm households is that limited land and water resources pose constraints on their ability to boost agricultural production significantly. These constraints are related to both the amount and quality of these assets. People are aware that there is a fixed supply of land, particularly of irrigated land in the uplands, and a growing population. Related to this, farm households in several areas request better advice on how to improve soil resources and on crop selection. In Quang Tri, community leaders feel that *the first step should be to assess the socio-economic development of each region to determine its strengths, needs and vulnerabilities to minimize risks for poor communities*. In Ha Tinh, people request agriculture land classification surveys to select suitable crop based on land type. And in Lao Cai, it is noted that given the pressure on land resources, any increases in agricultural productivity must come from improvements in land use techniques and particularly through improvements in the quality of soil resources.

## **Supporting sustainable land use and natural resources management in the uplands**

In the remote upland areas, many households will continue to rely in the future on hill crop cultivation to a certain extent to fulfill their basic food supply. The reliance on hill crops is greater for the poorest category households in the uplands that tend to have less irrigated paddy land. It is recommended from Lao Cai that *greater attention should be given in the CPRGS to research and development on improved upland farming systems. Subsidized agricultural inputs (seed and fertilizer) on a short-term basis are not a long-term solution to poverty for the poorest category households in the uplands.* One essential component of continued research and development on upland farming systems should be on ensuring the suitability of introduced high yielding varieties and technologies, and their sustainability in terms of affordability for poorest category households, combined with crop improvement of local varieties that are well suited to the environment and needs of upland farmers. In relation to this, the I-PRSP makes only limited reference to the need to ensure sustainable use and management of natural resources in the uplands.

### **3.3 Improving Participation of Poor Households in Markets**

The research teams discussed with the communities how poor households might be able to interact with growing commodity and labor markets on terms that are favorable and help to build stronger livelihoods.

#### **Box 3. Key messages on improving access to markets and employment**

- The need to disseminate – systematically and widely – information about market opportunities and prices;
- Real skepticism about the role that the new cooperatives can play in marketing;
- The importance of enforcing labor laws and regulations and allowing Trade Unions to play a role in protecting the rights of workers; and,
- A strong desire to see policies put in place which generate stable employment opportunities in local areas so that the need for migration is reduced.

### **Addressing marketing constraints**

As indicated in the previous section, marketing of agricultural produce is currently a big concern for many poor farm households and local officials. There is also a strong sense from the consultations that many local people feel powerless to do anything about recently experienced market instabilities. From Tra Vinh it is noted by educated officials and local people that this is often an issue of world prices which is beyond local people's control. Some district and province officials in Tra Vinh say that public information on Vietnam's production situation should be restricted so that foreign partners will not rely on it to set lower prices than for Vietnamese products.

In Ha Tinh, one particular difficulty faced by poor households is that in some cases they are forced to sell their produce at a time when market prices are unfavorable in order to pay outstanding loans, fees and contribution, and to cover emergencies. Other problems are due to a lack of local markets or distance to markets, and the non-availability of systematic information about market opportunities. The Ha Tinh consultation report recommends the following measures should be prioritized by the Government: *(i) establishing and managing effective local markets to handle large quantities of products as raw material for processing industries; (ii) making technological provisions for product preservation and processing in order to increase their valued added price and storability; (iii) providing timely credit to help the poor in marketing; (iv) introducing effective price support policies; and (v) providing timely forecast information on market prices.*

### **Marketing organizations and the new cooperatives**

Regarding the potential for establishing joint marketing associations, and specifically in response to questions relating to the new cooperative law, the local consultations reveal a mixed message. On the one hand, local participants in all areas clearly understand and agree with the basic rationale for setting up such joint marketing associations. At the same time, there is uncertainty in many areas about how effective this will be in resolving the difficulties people currently face in the marketplace.

Past experience with cooperatives still weighs heavily on people's minds and there is considerable suspicion that they will not work well in practice. In several consultation sites it was found that information provision and local people's understanding of the new cooperative law is limited at community level. In Vinh Long, concern is expressed about the whole concept of cooperative production, mainly because of farmers' negative experiences with cooperatives in the past, but also because of the lack of needed capital and management skills, market risk, and the fact that farmers are producing different products at different times. In Lao Cai the participants in some village discussion groups are concerned that the shortcomings of the past cooperative organizations are resolved. In Tra Vinh almost all local people responded negatively to notions that the new cooperative economy would enhance their market access, but proposed a number of measures which might help to develop an active, pro-poor cooperative economy including: *(i) better information on how to organize and operate the new style cooperatives; (ii) more intensive training for officials for cooperative economic management; (iii) incentive systems for cooperative management to attract capable and well-educated people; (iv) initial preferential measures applicable to cooperative members (e.g. credits, tax exemptions, assistance in infrastructure investment); and (v) formulate cooperative models suitable with local institutional conditions, which bring about direct benefits to people to improve their confidence.*

The Ho Chi Minh City consultation notes that the policies to help the poor participate more in the marketplace, such as the cooperative economy, are clearly crucial. Ward officials and enterprise groups are particularly supportive of these options because they say this will positively enhance the will and capacity of the poor to get out of poverty, as well as to help them to be independent and self-reliant. However, though expressing their support for this approach, many participants – especially women, show their confusion as to the benefits it could really bring. The perception of the urban poor is clearly different to that of rural farmers regards the past experience of a cooperative economy. And there is a need to introduce real examples and training in how to organize themselves under this new business approach.

## Labor markets and employment opportunities for the poor

Regarding employment opportunities for poor people, the participants in all rural sites recognize the need for a transition to off-farm and non-agriculture related employment. Of particular importance here is to find stable sources of employment and income. In Quang Tri the poor in Cam Thanh commune say they are interested in seeking such opportunities, particularly for mountainous regions. However, there has not been an increase in off-farm employment in recent years. The main reason given for this is because villagers lack training and therefore required skills for employment. In Vinh Long a clear priority is to find a stable source or sources of income locally, whether that source is agricultural or non-agricultural. Stability of income was prioritized over size of income. Locally available work is particularly important for women. While respondents in Vinh Long feel that certain types of non-agricultural employment are likely to help the poor, they are concerned that some of these jobs are non-local, low-wage and/or unstable. As such, these jobs are unlikely to help people tackle insecurity and poverty. Opportunities to obtain good non-agricultural jobs are now limited because of the lack of local enterprises, the lack of capital needed to make the switch from agricultural employment, low skills and education, difficult employment procedures, and lack of the necessary equipment.

Participants from the rural areas where the PPAs were undertaken in 1999 say that off-farm work has increased over the last three years, but that this does not necessarily denote an increase in stable sources of alternative income. In Ha Tinh off-farm income opportunities have increased mainly through trading, small scale processing of agriculture produce, and seasonal work as laborers in the southern provinces and from work overseas. All those sources brought additional income but people fear this is not a stable source. Their preferred option for poverty reduction is to have a stable job and income. They cite poor health conditions, a lack of jobs and a lack of information about job opportunities as the most limiting factors. Similarly, in Lao Cai participants say that the level of both agricultural and non-agricultural employment has increased in recent years since the PPA was conducted. However, this finding needs to be interpreted with caution, as this is partly a result of the failure in markets for local cash crops, and people are seeking occasional wage labor opportunities.

A similar concern emerges from urban areas with respect to the need to find ways of promoting and prioritizing access to employment opportunities for the poor. In Ho Chi Minh City, the Government policy to focus on job creation was warmly welcomed. However, many participants doubt that the poor would benefit without *additional measures to favor the poor's access to the expanded job market (more training opportunities, lower entry requirements – in terms of skills and fees, more support from local government) and to encourage SME growth in poor wards (better infrastructure, better access to credit and to business advice, more consistent taxation).*

As noted in Section 1, employment insecurity is a particular concern and source of vulnerability for the urban poor, and it is particularly important to ensure that employers adhere to standards under the Labor Code.

### 3.4 Developing SMEs and Household Enterprises

Reflecting trends seen at the national level where the recorded numbers of SMEs registered has risen dramatically in recent years, people reported a growth in the number of household enterprises

and SMEs in the locations where the PPAs were undertaken in 1999. Many people in Tra Vinh have established businesses over the last two years to satisfy local demands, contributing to local economic growth as a whole. These businesses at community level are generally run by household units with few outside employees. A similar situation exists in Ha Tinh where people reported that setting up a small-scale business is not difficult. What they find most problematic is their lack of knowledge about the Enterprise Law and a lack of managerial and marketing skills. Entrepreneurship is still a new concept for many farmers in Ha Tinh and they request for more information and support from the Government on this. In Lao Cai people explained that there is an increasing range of small-scale enterprises managed by more prosperous households that provide limited occasional labor opportunities for poorer people. However, in this area only a few households have the necessary capital resources to start their own enterprise at present.

#### **Box 4. Key messages on enterprise development**

- The need for better information provision on the regulatory framework – particularly the Enterprise Law – so that entrepreneurs can insist on more diligent implementation and claim their entitlements;
- A request for more consistent and transparent application of taxation policies;
- The demand for a more flexible list and definition of registration fields;
- An emphasis on providing more equitable support for small scale and newly established enterprises; and
- A need to improved access and terms of credit and to link this to business advisory services.

#### **Providing a supportive policy and regulatory environment**

In Quang Tri local entrepreneurs say that establishing an enterprise has become easier since the Enterprise Law was introduced in 1999. In Ha Tinh it is also noted that the registration of enterprises is easier nowadays and people have more equal access to credit. And in Tra Vinh better-off households who have established non-agricultural enterprises say that since the new Law was issued the registration procedure (at district level) has been simplified and is less time-consuming than in the past. In Vinh Long, the participants are nearly unanimous in agreeing that the proposed actions to ease the establishment of SMEs will be helpful in reducing poverty. *And they mentioned specifically development of a legal framework and supportive policies, input and output services for farmers, and favorable conditions for households to invest in agricultural and business activities which are likely to address - partially - current difficulties in SME establishment.* In Lao Cai a contrasting picture emerges, whereby local (commune and village) people's understanding of the Enterprise Law and of the Government policies for SME development in general, is limited. This reflects the much less well-developed enterprise sector in the uplands.

Enterprise owners in Ho Chi Minh City state that the existing tax policies and practices are unreasonable and unclear. For instance, the same products may be taxed twice, and levies keep increasing annually. Enterprise owners complain that they rarely get an adequate explanation about tax regulations and the way in which taxes are collected. There is a widespread perception that the regulations and the practices are not compatible. For instance, one participant from Ho Chi Minh City says that he understands that a newly established enterprise will be eligible for tax exemption in the first three months, but when he made an inquiry about this the tax officer

replied that the “*exemption or not is up to me*”. *There is an urgent need to provide taxpayers with information about their obligations.*

The need for clearer and more consistent information also emerges from the Tra Vinh consultation where some enterprises found it difficult to comment on the business support capacity of local authorities because they do not know about their supposed functions. Household enterprises in particular are in need of information, but do not know where to get it (e.g. information on technical standards applicable to processed feed for raising shrimps). And in Quang Tri entrepreneurs encourage the Government to work towards *providing better market information and more favorable policies to access capital and credit so that enterprises are better prepared for expansion.*

Some household enterprises in Tra Vinh recommend that it is necessary to have a flexible list of business registration fields, which is more appropriate for rural market characteristics (because when first registering they limit their production within small local market). *A more flexible business registration would help them expand their variety of business commodities without re-registration.* For example, some households who registered for trading ‘general goods’ think that this allows them to trade various goods, but are fined when expanding to other goods.

SME owners in Quang Tri would like the Government to strengthen the competitive capacity of (particularly new) enterprises and co-operatives by increasing access to credit, providing technical, marketing and business management training. SMEs and household enterprises hope that Government will invest in and develop larger enterprises already in the region to create economic opportunity and leverage for smaller enterprises to enter. Respondents in Tra Vinh also complain about the inequality between people with business registration and ones without the registration (regarding taxation, contributions, foodstuff hygiene and safety inspection, electricity prices, etc).

### **Facilitating investment in SME development**

The need for more appropriate sources and terms of credit for investment in SME establishment and development is mentioned in several locations. In Vinh Long, some village participants voice concern over the practicality of establishing more SMEs. They see credit as key, yet it is both insufficient and not available on favorable terms. In Ha Tinh entrepreneurs expressed the need for larger loans with longer duration to support business development. In Tra Vinh it is also suggested by businesses *that banks simplify and facilitate their credit lending procedures for larger loans. Businesses claim that they face many difficulties in obtaining loans as they do not receive guidelines on borrowing procedures, they spend much time traveling between relevant offices and passing through many levels for approval.* And in Quang Tri it entrepreneurs stated that credit limits of 20 million VND have limited the expansion of smaller, household enterprises and businesses. In addition, savings schemes and programs or insurance funds that can be utilized by the poor in case their businesses fail should be established.

During the local consultation Ho Chi Minh City, the call for ‘*providing loans for the poor to do business*’ was frequently heard from all groups, and this need is confirmed by enterprise owners. As found in the PPA in Ho Chi Minh City, poor people will commonly turn to private money lenders for this. There is a huge demand amongst poor people for loans to do business. However, when asked about what they would do with the loans, there was not often a convincing or

direct answer. Clearly, the poor are in need of advisory services on how to use loans productively, but this is normally absent.

### 3.5 Improving Access to Credit

A majority of participants from all consultation sites agree with the proposed strategy and provisions set out by the Government to create favorable conditions for the poor, and especially for women, to have improved access to credit services. For instance, in Vinh Long the participants are nearly unanimous in their agreement that the proposed actions are likely to reduce poverty by addressing some of the most important limitations in current access to credit. And in Quang Tri both local authorities and villagers fully support the Government objectives to improve access to suitable loans that would include medium-term and long-term loans, easier lending requirements for the poor, and a longer lending cycle. A similar message comes from the other locations.

#### Box 5. Key messages on financial services

- The importance of paying specific attention in the strategy to introducing savings and credit facilities that are suited to the particular needs and capacities of the poorest households addressing;
- The continuing need to simplify application procedures and loan terms that continue to prohibit access for the poor and less well educated;
- The widespread demand for a broader suite of credit and savings facilities and options that are suited to the diverse production interests and conditions of poor households.;
- Expansion of prestige guarantees for the poor and the nearly poor (those with incomes just above the HEPR cut-off line) rather than requiring collateral;
- The need to provide women with more direct access to bank credit, especially ensuring that the wife's name should be included on Land Use Certificates;
- A call for relaxing the restrictions on loan use under the HEPR / VBP credit schemes so that borrowers are free to invest in what is most effective to them;
- A strong demand for facilities for profitable cash savings; and
- A need to address issues of financial and institutional sustainability within the financial sector: provision of longer-term credit may increase the willingness of the poor to pay higher and thus more sustainable interest rates.

#### Trends in the PPA locations: more credit in rural areas

In two of the PPA sites it is reported there has been a positive change in terms of access to credit since 1999. In Lao Cai the rate of borrowing by villagers and by poor people has been increasing. In some villages that had no households or only a small proportion of households borrowing in 1999, more loans are now being taken. A number of reasons are given for this, including the simplification of procedures and the policy of the province to direct preferential loans to households in the poorest communes. There is also a greater diversity of lending agencies and programs now operating in the communes and villages in Lao Cai. A similar message comes from Ha Tinh, where more people reportedly now have access to loans than in 1999, procedures have been simplified, there are special credit schemes for poor women, and farmers report an improvement in the way that bank staff are approaching their customers.

A contrasting picture emerges from Ho Chi Minh City where many participants say that access to credit has not become easier (this was a major concern in 1999). People say that the processing of the loan applications still takes a long time and the loans are too small. They also feel that they are often not given an adequate explanation for why it takes so long for the applications to be processed while others have preferential treatment. One women's group from Ho Chi Minh City says that sometimes people submit the applications and wait but do not get the loan, while other people who come after receive loans first.

### **Lending for the poorest category households still constrained**

*While the provision of formal financial services has been improving in the rural areas, access for the poorest category households is still very limited.* In Lao Cai the participants in nearly all villages say that it is still not possible for 'hungry households' (according to the Government classification) to get access to loans. One main problem is that these households do not have collateral of any kind. One men's group in Lao Cai says that households with low income of under 70,000 VND are not allowed to borrow money from the banks – it is said that there is another way to help these people, but at present they only have limited social relief to survive. In Ho Chi Minh City migrants without household registration remain ineligible for loans. And in Vinh Long a large difference of opinion is recorded between the district on the one hand, and commune and village participants on the other hand as to the ease or difficulty of accessing credit. According to some villagers, it is mainly the better-off who have the opportunity to access credit from banks. They feel the Government should have a stronger policy to prioritize the poor in accessing bank loans. At district level, however, authorities stated that all people, including the poor, are able to access loan sources.

### **Some special needs for women**

When asked specifically about women's access to credit, participants in Vinh Long say that in general women have the same credit related needs as men, but additional support is recommended in the form of appropriate training, establishment of women's groups to co-operate in borrowing and planning loan use. The response from commune and village participants in Lao Cai is that in many cases it is already easier for women to take loans. Several reasons are given for this. There is a greater diversity of credit sources available to women, that is, through the intermediary activities of the Women's Union in addition to the banking agencies and programs. Some participants also mention that women are also regarded as more responsible by some lending agencies / programs and therefore have greater borrowing opportunities. Even so, one women's group in Lao Cai mentions that borrowing procedures are difficult for women from ethnic minorities with limited language skills. In Ha Tinh women express the desire for direct access to bank credit, and they *recommend including the wife's name in the Land Use Certificate in order to use as collateral*

### **Loan terms, conditions and procedures**

While in some areas such as Lao Cai and Ha Tinh people say that access to credit has improved in recent years and that procedures have been simplified, the village participants here still speak about the need for an improvement in loan terms. In other areas, such as Ho Chi Minh City and

Vinh Long, local people are still highly concerned about the complicated application procedures that prohibit access for the poor. *In all locations, there is an expressed interest for a broader suite of credit and savings facilities and options.*

### **Easing collateral requirements for the poor**

In Tra Vinh, mortgage requirements in the form of land evaluation are still a barrier to accessing credit. Local people complain about the method of evaluating land value, which fixes a very low value for determining loans (for example, a field for raising shrimps may get a loan of 1.5 million VND, meanwhile the market value is about 4–5 million VND). *Most participants express hopes that the banks will relax these mortgage conditions for increasing the value of loans and they prioritize this action over the provision of interest rate subsidies.* In both Vinh Long and Tra Vinh it is specifically recommended that the Government *expand the use of ‘prestige guarantees’ (e.g. by the Women’s Union) for the poor and the nearly-poor (i.e. those with incomes just above the HEPR cut-off line) rather than requiring collateral.*

### **Broadening the scope of HEPR loan utilization**

In Lao Cai, several groups mention that loans available under the HEPR do not match people’s requirements because they are in practice, if not in principle, directed towards certain types of investment (primarily livestock). As noted by one men’s group in Lao Cai, a majority of households apply for loans to purchase buffaloes but end up investing the money in other activities. *Therefore, it is suggested that loan terms should not be defined according to investment purposes so that borrowers are free to invest in what appears most effective to them.* A similar message comes from Tra Vinh where participants say that the poor should be allowed to get a loan size and terms suitable to their specific needs, not only limited within a specific project (e.g. cattle raising).

In Ho Chi Minh City, the poor explain that loans provided under HEPR are often too small (500,000 – 2 million VND) to invest in business development. In practice, poor people may fail to supply an effective business plan when applying for the loan. Some officials explain that there are large outstanding debts by the poor to HEPR (in one ward this amounts to 100 million VND) which constrains the ability of local authorities to distribute loans more widely. Local officials in Ho Chi Minh City are reluctant to open up HEPR credit for a wider range of purposes because they think this would add to their current burden and costs of administering and collecting debts from HEPR households.

### **Loan duration and interest rate**

The I-PRSP attaches importance to providing medium-term and long-term loans consistent with the production cycle. This fully conforms to the opinions and needs expressed by local people. However, financing larger and longer duration loans will increase the financial burden on lending institutions, as well as adding to transaction and overall administrative costs. The PPAs carried out in 1999 raised the issue of the institutional and financial sustainability of widespread credit subsidies for the poor, and it is evident this is an issue that will need to be addressed if the Government’s intention of widening the portfolio of financial services to the poor is to be realized effectively.

Interestingly, in the Vinh Long consultation, some villagers say that as long as loan duration is longer term, they would be willing and able to pay a higher interest rate. And the analysis from Duyen Hai District in Tra Vinh reflects a similar point regarding local people's priorities for credit for shrimp production. *Provision of longer-term credit may increase the willingness of the poor to pay higher (and thus more sustainable) interest rates.*

### **A need for advisory services on investment planning**

Participants in many locations identify the need for more advice and information on investment opportunities and planning. In Vinh Long, several credit related needs not directly addressed by the Government's proposed actions include a lack of skills to use loans effectively and the difficulty of being able to self-organize into groups to access larger loan amounts. *The Tra Vinh report recommends that it is necessary to link lending programs with consolidating local people's technical knowledge and skills.* And in Ho Chi Minh City it is noted that some people are not successful in using loans because they do not know how to run the business effectively. When receiving the loans the poor are not given guidance and technical advice on how to use the loan and avoid risks. On the side of the credit program, there is insufficient staff with the capacity and skills to address these needs or to provide follow-up support.

### **Improving and safeguarding savings opportunities**

Participants in Ho Chi Minh City endorse the strategy for diversifying credit sources and programs, *but they say this should include a savings scheme.* For instance, men's and young people's groups assert that *savings are crucial for the poor*, and they suggest that these programs should be run and managed by self-help groups. In Tra Vinh, an issue arising in the Duyen Hai credit market is that a large number of local people are joining mutual savings and loans groups, which are unregulated by the local authorities. Some such groups have collapsed. Therefore, *it is important to provide guidance and assistance in safe saving instruments* instead of risky contributions to such groups. Fraudulent behavior in these groups should be strictly punished to protect the interests of the poor.

## **3.6 Training and Information**

### **Box 6. Key messages on improving access to formal and non-formal vocational training**

- Increase the capacity of the vocational training system, addressing the significant regional differences in the availability and institutional capacity to provide vocational and skills training and paying special attention to the needs of upland and ethnic minority areas;
- Improve training methods, focusing on useful topics such as management and development of SMEs and transfer of new production technologies to rural areas, and expanded agriculture extension services;
- Link vocational training and labor markets better; and
- Facilitate access to formal training opportunities including: amending the entrance requirements for vocational education; supporting the poor to have tuition-free training; supporting learners with loans to pay for the costs and allowing them to repay slowly when they have employment; and, setting up training schemes targeting women's needs.

## **Meeting the demand for vocational and skills training**

There is a huge expressed demand amongst poor people in all six consultation sites for more and better vocational and skills training opportunities. This confirms the findings of the PPAs. In the Lao Cai and Tra Vinh reports, it is noted that this large demand appears to be indicative of a growing awareness amongst local people that education and skills are essential for making one's way in the modern world. One villager from Lao Cai comments that only a few people in the upland areas finish primary school, and it seems impossible to set up many new businesses due to the shortage of trained workers. In Ho Chi Minh City, 'having no skills' and 'poor education' are commonly cited by the poor as the biggest barrier in accessing employment and developing businesses. Ward officials and SME owners in Ho Chi Minh City concur that having skills is fundamental for the poor to get out of poverty and enjoy a stable life.

In rural areas, the demand is not just for agriculture related topics and skills, but also in a wide range of other technical, vocational and managerial skills and trades. The range of skills mentioned by the participants from Ha Tinh and Lao Cai includes: infrastructure design and construction, agricultural production and processing, tailoring, carpentry, handicrafts, blacksmithing, business management, forest product processing, civil electricity, literacy, motor vehicle repair, livestock food processing, veterinary medicine, and computing. Accordingly, a majority of participants at all levels are supportive of this section of the I-PRSP dealing with improving training opportunities for the poor.

## **Addressing limited institutional capacity**

One major obstacle is simply the paucity of formal and non-formal vocational training opportunities in many areas – especially in the remote uplands. The demand amongst poor people far exceeds the available institutional capacity and resources to provide such training. In Tra Vinh, people comment that there is no facility for vocational training in the locality, except through some local businesses such as in dress-making, hair-dressing and engine repair workshops. Those who wish to learn new skills have to go to the provincial town or cities. And the Lao Cai report notes that the further education and vocational training opportunities for villagers in Lao Cai, and even for a majority of commune and village cadres in the uplands, are currently non-existent apart from what can be gained from radio and television for those households who have them, or through some development projects.

## **Recognizing particular needs in upland and ethnic minority areas**

The Lao Cai report contrasts the situation in the uplands with urban and more prosperous areas of the country where there are rapidly expanding opportunities for people to gain access to new types of knowledge, information and skills if they have the financial resources and qualifications. The rapidity with which new private training organizations are being established and with which Information Technology is spreading in these areas is indicative of these trends. The report concludes that this is perhaps one of the most visible signs of differentiation taking place between different parts of the country today. And it recommends that *the significant regional differences in the availability and institutional capacity to provide vocational and skills training should be reflected in the priorities of the Strategy. Special attention should be given to concentrating resources to build up vocational training capacity in upland provinces, such as Lao Cai, where there is both weak existing institutional capacity and a large proportion of ethnic minorities and poor households.*

### **Ensuring quality, relevance and suitability of training**

However, as recognized in the Quang Tri report, simply establishing training institutions and activities is not enough. They must be tailored to the specific needs and capacities of the poor. This report makes a number of useful recommendations in this respect. *The approach, timing and content should facilitate the poor to benefit from training activities. Refresher courses should be repeated frequently to ensure that students fully understand and remember the work. Training objectives should be practical and feasible for communities, so the students should select training content. Trainees should also be carefully selected to meet the requirements of the course. Each training course should focus on a specific topic and the formation of farmer clubs could be developed to encourage participation and knowledge sharing.* Similarly, in Vinh Long, the participants listed many problems with existing training approaches, such as the low quality of trainers, irrelevant topics, and uninteresting training methods. The proposed actions include improving training methods, focusing on useful topics such as management and development of SMEs and transfer of new production technologies to rural areas, and expanded agriculture extension services.

### **Linking vocational and skills training to job promotion**

In Ho Chi Minh City, some participants think that vocational training centers may not be cost-effective because they do not ensure employment after training. In general, the poor prefer learning a job directly at the enterprise workshop through apprenticeship, as the skills learnt are more practical. Learning a trade from a vocational training center will take them one or more years. In addition, household vulnerability may be increased if the learner has borrowed to pay for the training. According to some officials vocational training centers have only limited capacity in collaborating with enterprises in order to refer their trainees for jobs. Similar concerns are raised by participants in Lao Cai who stress that job training should be provided for school leavers, and from Tra Vinh and Vinh Long who *say that vocational training should go together with creating employment opportunities.*

### **Improving access to vocational training for the poor**

Entrance requirements are a major obstacle to the poor. One women's group in Lao Cai pointed out that you need to complete secondary school to secure a place in the vocational training school, but there are few pupils who complete this. The Lao Cai report recommends that in these areas *special attention should be given to promoting the non-formal vocational skills training sector.* In Vinh Long and Tra Vinh people's ability to take advantage of training courses is limited by factors such as insufficient time and inability to afford a day's lost pay or to pay training expenses. The Vinh Long report recognizes this last issue is particularly problematic for women, giving an example of one training course on gardening that was attended only by men because of women's domestic commitments. Participants here say that special arrangements are needed to ensure women heads of household can attend trainings. Women in Tra Vinh echoed this problem. *They proposed a form of vocational training more suited to their circumstances (such as evening classes, and joint invitations with the women's name).* Participants in Ho Chi Minh City made a number of suggestions for how to improve access to formal training opportunities including: *support the poor to have tuition-free training, support learners with loans to pay for the costs and allow them to repay slowly when they have employment, and setting up training schemes targeting women's needs.*

## 4. Improving Access to Quality Basic Social Services

### Box 7. Key messages on education and healthcare

Strong commitment to investing in human development over the past decades means that Vietnam out-performs many other countries of similar per capita expenditures in a range of health and education indicators. The I-PRSP recognizes the importance of continued investment in basic social services in order to promote equitable development in the future. The consultations with poor communities and service providers provide useful feedback on the key constraints that will determine the effectiveness of the strategy in coming years.

Questions relating to access to social services provided a range of detailed suggestions as to how the desired outcomes might be achieved and these are set out in this chapter. Importantly, they also provided some of the strongest, most resonant general messages of the whole consultation exercise, namely:

- The total costs of education (tuition fees plus all other costs and contributions) threaten to undermine progress in achieving the education universalisation targets and have particular implications for the equity of access to education;
- Curative healthcare is unaffordable for poor households, causes real hardship and places livelihoods under severe stress; and
- Current mechanisms for exempting or reducing the costs of both education and healthcare for poor households have not had widespread success in addressing these problems and need rethinking.

These fundamental messages reflect the findings from all the consultation sites and seem to be true across a range of different poverty situations: rural; urban; lowland Kinh populations; upland, ethnic minority populations; and, delta Kinh and ethnic minority populations.

### 4.1 Ensuring Access to Quality, Basic Education for All

#### Reducing the costs of education for poor households

Addressing the costs of education emerged as one of the priority concerns amongst local people. The same statements about the need to reduce the financial burden of educating young children were repeated in every site. Taking two examples from very different contexts – Ho Chi Minh City and Lao Cai – demonstrates that this problem is not simply a localized issue. In both sites, ALL community level discussion groups raised the burden of school costs as a pressing problem, in Ho Chi Minh City describing this as “the major cause for school drop-outs”. All village groups in Lao Cai stated that contributions and other side costs attached to schooling that can be “prohibitive for poor households”.

The school fees (tuition fees) themselves are not the main problem – it is the many contributions and supplementary costs that make the financial burden unmanageable. The Ho Chi Minh City report states that, “*the official school fee is just token, but other costs and contributions are considerable, such as uniform, textbooks, facilities, computer, extra class, even unreasonable e.g. contribution to flood*”.

victims. *Required contributions can hurt and humiliate poor people. One woman recounted that she was shouted by the headmaster when she submitted the request for an exemption from one contribution for her child*". In Lao Cai, a women's group gives an account of some of the additional costs associated with education: "*for kindergarden – tuition fees, payment for toys, and cost of a meal if this is not included in the tuition fee; (b) primary school – contribution for school building, text books, uniforms, photographs for pupil's cards; (c) junior secondary school – contribution for school building, guards, bicycle park, school yard, and tuition fees.*" In Ha Tinh, Quang Tri, Vinh Long and Tra Vinh, villagers echoed these findings. In all these sites the problem lies less with the tuition fees and more with the school construction fee, the bicycle storage fee and the many, many other fees which are listed.

### **Will the exemption policy help?**

The policy to exempt poor households from some of the school-related charges is providing only marginal relief from the private financial burden of educating children. First, not all the poor children are covered and the process of identifying who should receive waivers is unclear (Ho Chi Minh City, Ha Tinh, Vinh Long and Quang Tri consultations all described difficulties in this regard). Secondly, those who are covered still have to pay many of the charges even if they are exempted from the tuition fees. Thirdly, the process of identifying some children as "poor" is described as stigmatizing and humiliating for children and parents (Lao Cai and Ho Chi Minh City). The suggestion from one of the sites is that "*exemptions should be applied equally to all, at least at primary level, otherwise it may cause discriminatory attitudes among the students and teachers within one school, thus reducing the self-esteem of poor children. Primary schooling (and ideally Lower Secondary Schooling) should be free for everyone, but if there has to be some cost-recovery then the token school fees could be maintained*". If the Government is to continue with an approach of offering exemptions to targeted groups, then the following changes will need to happen to make a difference to poor people:

- *The criteria for exempting households from school costs must be clear, public, and well-explained to the whole community so that people can claim their entitlements and challenge officials if they feel they are not being treated fairly;*
- *Exemptions should make a material difference to the amount that people pay for educating their children and education should be truly free for poor people;*
- *Schoolteachers and other officials should treat children with equal respect, regardless of their socioeconomic background and whether or not they receive exemptions; and*
- *Children who are exempt from education costs should be able to access the same facilities and classes as those who are paying.* There was concern, particularly in Quang Tri, that the introduction of privately-funded full day schooling or additional classes would discriminate against poorer children. There will be a need for additional resources to allow children from poor families to receive equal education if school hours are to be extended.

### **Improving access to higher education**

There was strong support in Tra Vinh – particularly from families whose children are at university – for the *policy proposed in the CPRGS to lend money to students to pay for expenses during their university years.* These families recommended the clear need for these kinds of scholarships, especially "*for students from poor communes*" as it costs more than 1 million VND per month for each student to study at university, which is high for a majority of rural households.

### **Little enthusiasm for distance education**

Where discussed, there was little enthusiasm for the proposal to use more distance learning in the education system. There was a *strong preference for going to a real school*. In Vinh Long, people said: *“learning directly from teachers is a much better option because students can communicate directly with teachers”* and *“without teachers, you cannot have any achievement”*.

### **More support is needed for disabled children**

Disabled and handicapped children who are put into public schools face additional difficulties because of the shortage of well-trained and experienced teachers. This issue was raised in Vinh Long, Quang Tri and Ha Tinh. District groups in Ha Tinh estimated that there are as many as 2500 children with special needs who were not well catered for under existing systems. Suggestions on actions which could be taken to help this group were vague, but there was a general sense that *better trained teachers (with a specific emphasis on how to incorporate the needs of disabled children in mainstream education and the community) and automatic exemptions from school costs would help*.

### **Education for ethnic minorities needs more priority**

There was particular concern with improving access to secondary schooling in Lao Cai and several groups recommend that *provision should be made to enable a larger number of pupils from remote areas to attend secondary school*. Staff in Muong Khuong District cite this as an additional action required in the poverty reduction strategy. Both the women and men’s groups in Ban Cam Commune wished to see a secondary school built in the commune so that more pupils can attend. As expressed by one men’s group in Ban Cam: *“our children are good enough for secondary school education, but when they are not accepted, they easily feel depressed. We’d like the Government to give right instructions to the local authorities about proper implementation of the policy”*.

In Vinh Long, there was a suggestion that ethnic minority girls were more likely to drop out of school before the boys (this was not considered an issue in Kinh communities). Several groups in Lao Cai also say that the poverty reduction strategy should mention the need for adult literacy and schooling, particularly for women. The women’s group in Ban Lot Village says: *“women over 30 should be active to go to school to obtain a general education”*. The need to include *supplementary classes for adults out of schooling age* is another specific addition to the strategy proposed by the staff in Muong Khuong District.

### **Improving the quality of basic education**

A range of proposals were made across the six sites to improve the quality of basic education. Better infrastructure, more basic facilities and supplies, better-trained teachers and a more appropriate (relevant to local people) curriculum were all seen as important. In addition, textbooks and pre-school received particular attention.

### **Expanding the lending of textbooks**

The provision of textbooks for lending in ethnic minority areas is an important plank of the Government’s policy to improve the quality of learning. Participants in Lao Cai were familiar with this policy. However, it appears there are difficulties with implementing this in some

places. Both commune discussion groups and several of the village groups say this policy does not work well in practice, that there are not enough textbooks to go around, or that the intended poor pupils do not receive them, or the teachers keep them in reserve. As noted by the commune group in Ban Cam: *“every year, the Education Department supplies schools with textbooks, yet only a few people can borrow them. The policies are appropriate, but they are not beneficial to the right poor people”*. They give high ranking to solving this particular issue, and one commune suggests a possible way to do this would be to give the commune the responsibility for selecting eligible pupils.

Some participants mention the stigma that may be attached to children from poor households that inhibits them from participating. It was suggested by one participant that a list of children from poor households who are eligible for free textbooks should be drawn up and posted so it is clear to everyone – but another participant said this may make the children feel embarrassed. In Vinh Long and Tra Vinh, the scheme to provide textbooks was described as being helpful and in Vinh Long there was a call for the scheme to be made available to all poor children, not just ethnic minorities. There was dissatisfaction in Ho Chi Minh City with the continual changes made to textbooks, which meant that parents are always having to buy new books.

### **Improving pre-school education**

Communities in Ha Tinh, Quang Tri, Lao Cai and Tra Vinh all emphasized the need for better quality pre-school education to serve as a foundation for better performance in primary school. In Quang Tri, there was a suggestion that: *“the Government should standardize pre-school education, which is precondition to developing the quality of primary education. Pre-school education should be included in primary education and should receive proper attention. Training for pre-school teachers should be standardized and salaries paid by the Government”*. In Ha Tinh, people asked for *“more teachers with better quality for kindergartens and with higher salaries in order to build a good foundation for the children to go to primary school”* And in Tra Vinh women emphasized the importance of pre-school in freeing up their time to earn an income and participate in community affairs: *“Women recommend the support of the authorities to the commune to establish kindergartens for children under 5 years old (currently there is only one kindergarten for children of 5 year old) so that women can work and participate more in social activities and mass organizations to provide mutual support to each other in the community”*.

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

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

On the one hand, the I-PRSP contains broad commitments to improving the overall provision of preventative and curative healthcare services and improving access for the poor. On the other hand, it also contains detailed targets relating to particular aspects of improving the health status of the population. Yet *the strong message coming from these local consultations is that there is also a large ‘middle ground’ of issues that are not adequately addressed in the strategy at present*. In particular, the local participants identify issues relating to:

- Weaknesses in the administration of commune healthcare centers and services;
- Constraints in the application of healthcare cost exemptions for the poor;
- The high level of non-formal payments that need to be made to obtain treatment;
- The high level of prohibitive side costs involved in obtaining treatment; and
- A lack information and understanding amongst poor people regarding their entitlements.

### **Improvements over recent years**

Participants in many areas recognize the improvements that have been made in the healthcare system. For instance, a majority of participants in Quang Tri agree that the health situation of the poor has improved in recent years, and healthcare – especially for women and children – has been given more attention than before. In Lao Cai, village participants say there are two aspects of the healthcare system that work best for local people. First is the implementation of the national healthcare programs – such as vaccinations for children and family planning. The good performance of the basic healthcare programs appears to be because there is assured funding. Second are the improvements that have been made in building up the health infrastructure and network (recently including more village healthcare workers). Commune and district staff in Lao Cai confirm these viewpoints on the main strengths of the system. Similarly, in Tra Vinh, women say that during recent years, family planning campaigns are implemented well and are effective, mainly thanks to strong support from the commune leadership and mass organizations.

### **Healthcare financing, administration and delivery at the local level**

The consultations reveal that there are a number of issues in the financing and administration of the local healthcare system that may prohibit effective and equitable treatment for the poor and which should be addressed in the Government strategy. These relate particularly to the provision of curative healthcare services.

### **Informal costs for “free” healthcare**

In Lao Cai, participants in several villages say that management of the commune health centers is not fully effective and that they have limited confidence in the commune service. The main difficulty lies in when people have to access the center for services that are outside the subsidized national programs, and hence, when fees are required. Informal payments are frequently demanded. And there are instances of health staff selling services and medicines informally at a higher rate. One men’s group in Lao Cai explained how some commune healthcare workers tell the patients that the clinic has run out of medicines, but these medicines are available for sale at their home. They say it is necessary to avoid careless medical diagnosis at the health center but they can provide careful diagnosis at home where patients are charged higher fees. This type of situation is more difficult for poorer households to contend with. Another major concern raised by village participants in Lao Cai relates to the marketing of medicines over which they call for stricter enforcement of controls. Both villagers and commune and district officials in Lao Cai give high priority to improving the professional qualifications of health staff at the local level, as well improving their working conditions, salaries and incentives, to help resolve these difficulties.

In Ha Tinh, it is also reported that in some cases poor people were not well taken care of by doctors or nurses and to obtain treatment on time they have to make informal payments. Here again poor hospital facilities, limited budgets and lack of sufficient staffing in the commune health centers exacerbate this situation. In Tra Vinh, people also complain about the poor sense of responsibility of some commune health workers. The trend towards using private doctors and purchasing medicines at private pharmacies is on the increase despite the extra costs as there is a belief the service is better. The Vinh Long consultation identifies a number of related issues not directly addressed by the Government's proposed actions. Key health related problems of the poor include the difficulty paying fees and other expenses, along with a practice of 'payment before treatment'. This is particularly difficult for those just above the poverty line (the nearly poor) who are ineligible for HEPR certificates and thus fee reductions. The village participants suggested reducing health costs by expanding healthcare exemptions to these 'nearly poor' households. The Vinh Long report also identifies the inadequate human resources as a key constraint in the system.

The participants offer many useful ideas on how to improve the management and delivery of local healthcare services in a way that would benefit the poor, *but it is unlikely that these will address the fundamental problem of curative healthcare being unaffordable to the poor unless systemic issues of healthcare financing are addressed.* The main areas of recommendation (as summarized from the 6 consultation reports) are as follows:

- ***Increasing staffing levels and improving the working conditions of commune and village health staff***, including: providing higher remuneration and allowances; placing more doctors at commune level; making sure that there is good coverage of trained village health workers; strengthened policies to encourage doctors to work in remote areas; encouraging professional development of all health staff, especially at commune and village levels.
- ***Strengthening mechanisms to ensure that administrative procedures and ethical standards are adhered to*** in the commune health centers and local hospitals, combined with payment support for administrative expenses of the commune health centers so the poor do not have to cover these expenses.
- ***Stricter enforcement of controls over marketing of medicines***, such as: ensuring regular, sufficient medical supplies to commune health centers; prohibiting the sale of medicines at markets; banning state medical workers from selling medicines at home; establishing state-owned pharmacies at local markets managed by district authorities (upland areas); and preventing the sale of medicines at lower prices at markets than in the health center.
- ***Continued improvements to local health infrastructure***, including: upgrading clinics for better accommodation for medical workers and patients; completing the inner road system in each village and commune to improve access.
- ***Stricter implementation of the policy payment after treatment***, including: stricter controls on up front and informal payments; ensuring that women should not have to pay before being admitted to the maternity wards.
- ***Increasing the coverage of healthcare insurance***, including: expanding the system to cover treatment at commune health centers; expanding subsidized medical insurance for the nearly poor and urban migrants.

- **Strengthening primary and preventative healthcare advice and information**, including: advice on village sanitation; provision of chemicals for water treatment and clean domestic water supplies; establishing health clubs to disseminate information about proper sanitation and the environment; training on first aid treatment for village health care officers.
- **Targeted interventions to reduce private costs of healthcare.**

### **Experience with the HEPR Healthcare Exemption Cards for the Poor**

The system recently introduced under MOLISA / HEPR of more systematic healthcare exemption coverage for the poor (primarily covering examination and treatment costs at district and province hospitals) has been introduced in all six consultation sites through the Healthcare Exemption Cards<sup>1</sup>. Poor people in all areas know about this new system and are interested in gaining benefits from it. For instance, in Ho Chi Minh City people are now more aware of the importance of medical insurance than in 1999 when the PPA was undertaken. A similar impression comes from Lao Cai where there were keen discussions regarding the pros and cons of the Healthcare Exemption Cards during the consultation. These local consultations reveal that while there is general interest in this new system, challenges remain if it is to solve problems of access to affordable curative care.

#### **Limited coverage and difficulties in ensuring equity**

Because of funding limitations, only a small proportion of poor households have received cards in Quang Tri, Ho Chi Minh City, Lao Cai and Ha Tinh. For instance, in Ho Chi Minh City only those who have the Healthcare Exemption Cards are exempt from payment. To obtain such a card, you must be a member of the HEPR program - a very small proportion of residents. For migrants lacking household registration, there is little chance of receiving a card. In Lao Cai, district officials talk of having to balance the limited budget for the system with the large number of poor households. This makes it difficult to ensure equity in issuing the cards, which can result in complaints from local people. In Quang Tri, the current system of subsidies cannot reach the very poor who rely on the commune health centers for the majority of their medical needs. Remission of fees is only effective for inpatient services at the district and provincial hospitals. Poor people in Lao Cai and Tra Vinh cite the long distances to district and province hospitals and the high side costs to obtaining such treatment as a disincentive. These costs are not covered by exemptions.

#### **Difficulties in ensuring preferential treatment**

Participants in several areas say that having the Healthcare Exemption Cards results in lower quality healthcare. It was noted by one men's group in Lao Cai that a Healthcare Exemption Card is of no use because medical staff consider it redundant. Some participants in Ho Chi Minh City who have the cards complain that doctors and nurses are not really enthusiastic when they examine or look after them in comparison with those who pay directly. *The Ho Chi Minh City report recommends that discrimination towards patients with Medical Insurance Cards or Healthcare Exemption Cards needs to be tackled.* Hospitals should observe the regulations on the rights of those who have the cards, and cases of infringement dealt with accordingly.

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<sup>1</sup> The term 'Healthcare Exemption Cards' is used here to clearly distinguish this system from the regular health insurance system (Health Insurance Cards) even though the terminology used varies in different provinces.

A similar message comes from Quang Tri, where some participants say that when using the cards patients feel they are discriminated against and receive poorer quality service. These hurdles discourage the poor from seeking treatment until their illnesses become serious. Some participants in Ho Chi Minh City say that the cards may act as a disincentive because poor people feel stigmatized and that some people who have cards do not use them because they are afraid of being looked down upon due to being a member of the HEPR program. The Ho Chi Minh City report recommends that more time is needed to assess the accuracy of these issues regarding the attitude of health staff, discrimination and quality of service. And the Lao Cai report *recommends that stricter monitoring should be undertaken on utilization of the cards to identify such constraints in more detail.*

### **The need for more information on entitlements**

In some cases people are not informed sufficiently about what the cards entitle them too. This is a major issue in Lao Cai, where some people have taken the cards but do not know how to use them and so fail to show them when they are in need. This situation is compounded by the fact that informal payments are often needed to ensure attention at district and province hospitals. A respondent in Lao Cai explained there are 13 poor households who already have a Health Exemption Card but who still have to pay fees for a health-check. While in Ho Chi Minh City, participants say that the Health Exemption Cards can be only used for patients with minor ailments. If patients are seriously ill and require special treatment, they have to pay fees. *It is recommended that more attention needs to be given to public information provision on 'how to use the cards' and on 'what the cards entitle people to'.*

These constraints clearly limit the effectiveness of the Healthcare Exemption Card system. The Quang Tri report states that issuing the cards is in itself not enough, *since constraints in the supply side of the healthcare system and administration must also be addressed to make the card a viable solution.* One solution supported by many people in Ho Chi Minh City is to encourage everyone to have a Health Insurance Card. Representatives of the health sector in Binh Thanh District explain that they have attempted to change the free-of-charge Healthcare Exemption Cards into medical insurance for members of HEPR. The poor who are not members of the program say that they accept that they will have to pay medical cost according to a certain ratio and they expect the Government to cover the rest. The Ha Tinh report also recommends that a more widespread system of health insurance should be developed.

### **Access to information in the hospital environment and advice on seeking treatment**

Several women's groups in Lao Cai say that language is a particular constraint on people from ethnic minorities, and women in particular, to gain access to health services at district or province level. The women's group in one village explained that many local residents cannot read or write and they cannot speak Kinh language so do not go to a big hospital. They buy medicine at the local market. The PPA study in 1999 also found that language constraints and a lack of confidence and information about *'where to go', 'what to do' and 'who to ask'* inhibits some ethnic minority people from going to the district hospital. *It is recommended that special attention should be given to improving information provision in the hospital environment to make it easier for poor people.*

## 5. Reducing Vulnerability

### Box 8. Key messages on measures to reduce vulnerability

The I-PRSP proposes three main areas of public action to reduce vulnerability: (i) establishing a priority system to help disadvantaged groups to benefit from national targeted programs; (ii) establishing a preferential regime for the poor to reduce contributions and fees related to basic social services; and, (iii) the expansion of social safety nets through different funds. These initiatives were welcomed by the participants in all the consultation sites, but there was concern – based on past experience of Government initiatives to provide support to the vulnerable, that these measures might not be implemented in a way which provides adequate protection. Underlying the detailed responses collected during the research, two core principles emerged as being of central importance to achieving the stated objective of reducing vulnerability:

- Whatever measures were taken to help poor households to manage risk, they should be *clear and transparent*, so that poor households would be in a position to know what their entitlements are and how to go about claiming them; and
- Local initiatives to help the poor deal with shocks should be based upon better understanding of *the differences between the needs of the poor and the needs of the better-off*, because current arrangements are neglecting some of the most pressing needs.

### Addressing health shocks

Despite the distribution of Healthcare Exemption Cards in some areas in recent years, the financial costs of illness in the family are *still overwhelming for poor people and constitute a major crisis for some*. This may be because mechanisms to allow poor households access to affordable healthcare are yet to have extensive enough coverage to protect the poor households interviewed, or because the mechanisms are inappropriate, underfinanced or simply not working well in reality. Only in Tra Vinh were participants in the consultations happy with the arrangements to provide curative healthcare services. Section 3 elaborated on some of these problems, which require urgent action if the Government's goal of reducing vulnerability is to be achieved.

### Contributions and fees for social services

Poor households in all sites welcomed the suggestion that contributions and fees for social services should be reduced for poor households. Whatever efforts the local authorities are currently making to implement such exemptions, the reality is that poor households in several of the sites (but especially Ha Tinh and Quang Tri) are subject to a range of charges. These charges are causing hardship and in three sites were described as a source of vulnerability. Current arrangements to allow exemptions for poor households are unclear and need to be made transparent if poor people are to be able to understand them and claim their entitlements.

In Ho Chi Minh City, for example, some participants say that having two school-aged children means being vulnerable – in terms of coping with the costs and undermining the resilience of future generations as children drop out of school to earn income to support their family. Obscure administrative arrangements for allowing exemptions and the narrow definition of those granted

exemptions are undermining the Government's intentions of protecting vulnerable households. Similarly, in Ha Tinh and Quang Tri, prioritized reductions in the level of fees and contributions required are put forward as a way of reducing their vulnerability.

## **Disasters**

Much of the emphasis on addressing vulnerability in the I-PRSP focuses on the need to prevent natural disasters and to help poor households and communities deal with the aftermath of floods and typhoons. In general, this received less attention from local people than other risks. In Quang Tri, for example, although the research commune had been flooded in 1999, the people did not mention being vulnerable to natural disasters; their daily struggles were seen as their highest priority. And in Tra Vinh, despite being hit by a serious typhoon in 1997, natural disaster prevention was also not considered a priority by local people. These disasters occur less frequently than household crises – such as ill health or a failed harvest – which can have a devastating impact.

The need to address disaster prevention and emergency relief in a strategy was more clearly acknowledged in Ha Tinh and Vinh Long, where floods were described as a cause of poverty. In Ha Tinh, people confirmed that provision of mosquito nets, blankets, clothes, rice, vegetable and rice seed, medicine and healthcare and schoolbooks during an emergency are useful relief measures. However, they prioritized support in the form of *seed/seedlings and the provision of housing materials* above other forms of support. The emphasis on agricultural inputs as a form of post-disaster support was echoed in Vinh Long.

Respondents in Ha Tinh explained that in the past, people had not been directly consulted to decide what they needed during emergencies. Procedures for determining the scope and content of post-disaster support (aggregation at the commune level based on advice from the village heads) had led on occasions to the provision of support which did not always meet the local needs. People felt that to be effective, *the main elements of post-disaster support should be derived from a consultative needs assessment*. This could ensure that resources are not wasted.

In both Ha Tinh and Vinh Long, people wanted *information and training on preventative measures against natural hazards* in order to mitigate losses and diminish vulnerability. They also emphasized the need for investment in infrastructure and for improved maintenance of existing infrastructure to prevent crop damage. In Vinh Long it was felt important that decisions regarding investments in infrastructure need to recognize the economic value of non-paddy farming – such as garden land – and ensure these land areas are also protected from floods.

## **Addressing shocks through a range of funds**

A range of organizations are involved in providing funds and support during times of trouble in the various sites. Support from these funds is appreciated, but participants across the sites noted that there are limitations that need to be addressed if they are to play a meaningful role in helping poor households and communities to manage risk. Most critically, there is a need to improve the information available on these funds and to extend coverage to include the most needy. Mutual support, even within poor communities, remains vital: in Ho Chi Minh City, participants adapted the Vietnamese saying *“the intact leaves cover the ragged leaves”* to say *“the*

*ragged leaves cover other tattered leaves*”, referring to the obligation for the poor to support the very poor.

In Lao Cai, the participants gave higher ranking to mobilizing funds and other types of material or logistic assistance from local people and from local organizations. For instance, the commune group in Ban Cam ranked the actions taken in the commune in the following order: *launching self-assistance (e.g. lending to households in difficulty without interest), calling on mass associations for funds and labour; reporting on the households with greatest difficulties to the Social Affairs Committee; and, setting up special funds for households in difficulty*. Several groups indicated there is a need to combine (i) mobilizing funds and other forms of support on an occasional basis when an emergency arises, with (ii) support for long-term vulnerable households through some form of systematic targeting. For instance, the women’s group in Coc Sam Village gives the following combination of recommendations: *providing allowances for households with difficulties; occasional tax reductions and exemptions (especially when crops fail); stimulating the mutual assistance spirit in the community; and, providing long-term lending facilities*.

In Ha Tinh, those families that fell into poverty had received assistance from Government and other organizations (such as the Red Cross) through tax exemption, support in the form of food, seed and seedlings, cash, labour, and materials for house repair and construction. People suggested that *closer consultation* with the affected people and communities would ensure that assistance was more closely aligned to needs. Respondents also proposed that a *more participatory monitoring and evaluation process* would allow Government and other providers to track the effectiveness of their support. Above all, *clear and timely information* regarding the intended support for each location was considered to be of vital importance. Discussion groups at district level in Ha Tinh recommended that a *fund for disaster prevention and mitigation* be established and poor people supported through this fund.

In Quang Tri, several funds exist within these communities that households contribute to and can turn to in times of need. Several people expressed confusion about the purpose of the local funds and their rights in accessing them. Many participants supported a proposal to allow poor women to establish their own small funds, which would be procedurally more understandable and more convenient to manage and monitor. The Government should consider the level of contributions, as many poor households would not participate if they were too high, and monitor the use of these funds to ensure fairness and transparency.

The consultations in Ho Chi Minh City found that the social safety nets play an important role for the poor. At the local level, safety nets include the Social Protection Fund run by the People’s Committee and a soon-to-be established “Fund for the Poor” (to be managed by the Fatherland Front using funds mobilized from local people and enterprises and which is intended to be more poverty- and emergency-focused). The Red Cross in recent years has launched a ‘meals for the old’ campaign for those who live alone. However, these funds have limited coverage and many poor people are not aware of their existence.

Only in Tra Vinh did people suggest that the only source of support had been the assistance of their neighbors and relatives. The proposals outlined in the I-PRSP, especially the proposal to establish different types of relief funds, were strongly supported.

## Addressing long term insecurity

Many of the discussions about vulnerability reflected the need to develop more secure livelihoods and build the assets of the poor so that vulnerability is reduced more sustainably. The research suggests that the I-PRSP is less comprehensive in this respect than it is on the provision of social assistance and emergency relief. The most important findings refer to:

- The need for the poor to *diversify income sources*, especially (in rural areas) to develop non-farm sources of income;
- An urgent need for *better agricultural research and extension*, which could minimize the risk of crop loss;
- The importance for poor people (in urban areas especially) of *being able to assert their rights under the Labour Code*;
- A need to develop ways of *coping with fluctuating agricultural commodity prices*; and
- A demand for mechanisms – such as savings schemes, pensions, crop and life insurance – which would allow poor people to *strengthen their resilience to economic and other shocks* (see below).

In Ha Tinh, for example, the need for new off-farm employment opportunities was described as an important route out of dependence on risky, agricultural production. Respondents also emphasized a role of technical support through the agriculture extension system, the need for supportive land allocation policies for poor households and improved access to relevant vocational training for their children as means for addressing vulnerability. Respondents in Vinh Long province described similar priorities, especially:

- Assistance in finding long-term employment with an emphasis on women and establishment of local SMEs;
- Assistance in improving agricultural production and the need to increase the profitability of agricultural production, particularly addressing the problem of crop pests and low product prices; and
- Increased training and improved educational levels.

In Tra Vinh, the main risk described by people in the two research communes is the loss of shrimp harvests, which forces them into poverty. With poor harvests, they are likely to fall into a debt trap and, if they fail to return a profit for several years, they are likely to end up having to sell their land and become landless. District cadres estimate that 20–30% of households gained some profits from shrimp-raising in the year of 2001, 30% lost everything and the rest broke even. In Kinh Dao village alone, every year six or seven households in the village fall into poverty due to the loss of the shrimp harvest.

A number of issues were raised in Ho Chi Minh City only that relate to the interaction between poor people and the developing labour market. People felt it important that *social insurance should be provided for people working in private enterprises* and that the *establishment of trade unions should be encouraged in these enterprises to ensure rights at work are being upheld*. People felt this was particularly important to prevent them from falling into poverty when getting sick or having an accident in the workplace.

## Developing a broader range of instruments for risk management

Across the six sites, people reflected on the lack of instruments which would allow them to prepare for future shocks. There were specific requests that the Government consider introducing or expanding access to the following facilities and/or services:

- *Insurance services:* In Lao Cai, groups mentioned the need for taking out insurance against the loss of productive assets (crops and livestock) and health insurance. A specific problem in this respect mentioned by the district group in Muong Khuong is that the rate of poor households is high, therefore it is difficult to expand insurance activities and other forms of preventative funds to a large scale. In Ha Tinh people recommended that insurance for crops and livestock be established as these were their only assets.
- *Facilities for saving:* Respondents asked for facilities to make cash savings in several of the sites (Ha Tinh, Vinh Long and Quang Tri), both informally through rotating savings and credit groups, and more formal financial service providers. There was some concern that the informal groups might collapse (such as had happened with the “hui” in Tra Vinh).
- *Flexible loans:* The tying of loans to particular activities (particularly large livestock) and inflexibilities associated with loan size, repayment arrangements and collateral conditions all limit the usefulness of existing credit facilities in allowing people to cope with shocks.

## Targeting support

A number of suggestions arose from the consultations regarding the way in which households were targeted. In Quang Tri, respondents felt that decisions about resource allocation and policy measures needed to *respond flexibly to the different needs of different groups of poor households*. In Quang Tri, the appropriate selection of beneficiaries, including poor households and regions, for Government programs such as building schools, health stations, irrigation systems and social welfare funds for emergencies and natural disasters was encouraged. However, before establishing this system, respondents felt the Government should recognize that the nature of poverty varies within different regions, and that each region has its own socio-economic system and culture. An analysis and distinction must be made between the rich and poor within communities in order to find solutions appropriate to the poor groups. If these assessments are conducted beforehand, programs and services will be much more attractive, practical and utilized by the poor.

In Tra Vinh, people suggested that *rapidly providing “poor household certificates” to newly-poor households* would help meet the needs of the vulnerable. People in Tra Vinh felt these certificates carried significant benefits, including receiving exemption from and/or reduction in medical and school fees, and access to loans of up to VND 3 million without collateral to help overcome difficult periods and to re-invest in production.

Special assistance to poor women should be provided by prioritizing them to receive assistance from the mass organizations and local authorities, such as contribution and fee reductions, preferential credit, assistance in obtaining employment, training and study trips, health checks, entertainment, housing, etc. Men should be educated about gender equality. Women should be encouraged to join the Women’s Union.

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

Concerns about the implementation of what were generally recognized as good poverty alleviation policies in the I-PRSP ran throughout the consultations in all the sites. Poor people, including children, consistently request more information, more participation, and more equality as well as more accountability and transparency of decision-makers and service-providing institutions. Participants in the research identify a number of ways in which this might be achieved and existing constraints to effective implementation could be addressed.

### The gap between policy and implementation

Participants in all sites explained the institutional complexities of ensuring that the stated measures are carried out. There is strong support for the overall thrust of the strategy, but participants emphasized a number of challenges:

- The need for good cross-agency coordination to implement a strategy which is cross-sectoral in nature;
- The importance of ensuring that the officials charged with carrying out the strategy are committed, motivated, well-trained and informed; and
- The necessity of translating the final CPRGS into detailed plans, actionable at the local level, with institutional roles and responsibilities made clear to all.

### Improving cross-agency coordination

Participants at all levels recognize that there is a *wide range of organizations that need to be involved in poverty reduction activities* at the local level. There is no single agency that can cover all aspects of the strategy. At the same time, the participants recognize that there is a need for stronger and closer linkages between different government agencies, mass associations etc. in order to ensure that the poverty reduction efforts are implemented effectively. This concern was voiced clearly in nearly all the sites and was described as being crucial not only for implementation of the strategy, but also for effective monitoring which could feed back into improvements in implementation. In Ho Chi Minh City, for example, while the majority of participants thought that the policies outlined in the I-PRSP are satisfactory and positive, there was a general concern about how these policies were going to be implemented in a synchronized way in order to address the multiple factors leading to poverty. It was felt that the I-PRSP does not currently propose much in the way of mechanisms.

The district participants in Lao Cai referred specifically to the need for *strengthened coordination mechanisms between agencies* and the clearer assignment of tasks. Several of the district participants in Bao Thang and Muong Khuong also referred to the need for more monitoring and evaluation of the efficiency of HEPR activities, including the efficiency of invested credit capital, the benefits to poor people, and monitoring the preparation and implementation of the local plans for HEPR.

A number of agencies were described as having a key role to play in the implementation of the I-PRSP. In Ha Tinh, people identified local party organizations, the commune and district administration (People's Committees) and different mass organizations (Women's Union, Farmer's Union, Youth Union, war veterans, elderly people, and education promotion associations). In Vinh Long, most people agree that the Commune People's Committee and social associations such as Women's Union and Farmer's Union play a critical role in the implementation of the Government's activities in the region. By contrast, in Tra Vinh, mass organizations were seen as having a less central role to play in delivering the objectives of the strategy (with the notable exception of the women's discussion groups who gave the Women's Union a high score). Religious groups were not generally prioritized except in Tra Vinh, where the Khmer people interviewed highly valued the role and influence of Khmer pagodas over their lives. In Tra Vinh, there was a call for the authorities to exchange information with Khmer pagodas to support hunger eradication and poverty reduction activities.

### **Capacity of local officials**

Individuals and local officials alike noted the constraints which faced local officials in trying to implement the measures outlined in the I-PRSP. The need to invest in the capacity of local officials was specifically mentioned in several of the sites. This will involve, participants suggested, *selection of capable, good quality and responsible staff and investment in their professional development*. In Quang Tri, for example, according to the leaders of the People's Committee, the professional development of officers is the most important way of ensuring that the Government can deliver the CPRGS components effectively. These representatives should have regular dialogue with the poor as the best means to understanding the desires and demands of people. The commune officers need to play a larger role in implementing the Government's poverty strategy, with the People's Committee and mass organizations playing the most important role. At the village level in Quang Tri, people said they rely most on the Village Board, including representatives from the Farmer's Union and the Women's Union and agricultural cooperatives as the key implementers of Government programs on poverty reduction. Since these associations represent the poor in implementing poverty reduction and hunger alleviation policies, representatives of mass organizations need to be carefully selected according to their abilities and integrity. This was echoed strongly in Vinh Long, with a call for: *"dedicated and objective leaders who dare to say the truth and fight for people"*.

Participants also suggested that local officials would be able to operate more effectively if *roles and responsibilities are made clear and public within a more transparent public planning framework*. In Ha Tinh, there was a specific suggestion that a detailed implementation plan be prepared as part of the CPRGS which could then serve as a basis for local activities. Participants proposed that once detailed interventions had been identified, implementation of the strategy might be most effectively achieved by establishment of boards at local levels with clear mandates. In Tra Vinh, there was a call to promulgate operational regulations for commune organizations in hunger eradication and poverty reduction activities (clarifying responsibilities, powers and identifying focal points of coordination). Commune authorities should participate full-time in hunger eradication and poverty reduction activities in the locality and have representatives of the people on the board as well.

Many of the proposals for the six sites referred to the need for *strengthened monitoring, supervision and accountability systems* at the local level. Many of the suggestions overlap with those set out in the following section on participation, but there was also a call for greater upward accountability from the commune to the district level (in Vinh Long people emphasized that reports from one level to the next should reflect actual implementation of duties and higher levels should monitor lower levels) and horizontal accountability to the People's Councils (members of the People's Council should consult directly with voters, not through people's representatives, so that people will know exactly how the authorities are fulfilling their duties).

In many of the sites it was recognized that local officials were operating with extremely restricted resources. There was a call for full time staff to be assigned at the commune level to ensure that the commitments the Government was making are translated into reality. In most of the sites, there was a call for *higher levels of Government to allocate sufficient budget* to meet the operational cost of implementing the strategy, based on transparent work plans.

### **Participation in decision-making processes**

There was *universal support across the research sites for the Government proposals to give poor communities a louder voice in determining how local resources are used* in the interests of poverty reduction. Discussions generally covered the following topics:

- Information: especially the need for greater transparency of plans, budgets and entitlements under targeted Government programs;
- Participation: especially the desire to influence decisions about resource allocation and public actions at a local level; and
- Accountability: especially improving downward accountability of local officials to the communities.

### **Providing information: a key building block**

A majority of participants at all levels and in all sites recognized the need for greater information provision to people on plans, budgets and expenditures, as well as on Government laws and legal advice. They identified a range of mechanisms that can be used for this including (in Lao Cai): village meetings, consultation days at the People's Committees, the mass association representatives and meetings, public posting for instance at the Commune People's Committee office or in the market place, village loud speaker systems, commune book shelves, as well as broadcast television and radio. Similar measures were proposed in Vinh Long, including: the use of loudspeakers, Village Information Centers, and cafes; writing and disseminating meeting minutes so information is not forgotten; biannual dissemination of the commune balance sheet in writing; and, organizing meetings with Government, Party, and self-ruled groups, among other organizations.

There is a discernable difference of opinion between the district and commune participants on the one hand, and village participants on the other regarding access to *information on commune plans and budgets*. While many of the district and commune groups say that such information is

made available, a majority of the village participants say they are not fully informed. For example, the men's groups from Coc Sam Village (Lao Cai) said that the financial plan of the commune is generally unknown in the village, people are not well informed regarding the implementation of State-managed construction projects in the area, and they do not know the amount of the rural traffic fund, to which they have contributed, or how much has been spent. As noted by the women's group from another village, many local residents are not literate, so cannot read information which is posted in public places. People's contributions and village affairs are the only things discussed at the village meetings. For big projects local people are not consulted regarding which projects should be implemented first. Local people also do not have information on how many workers are needed.

This *limited access to information on plans and budgets and the difference in opinion between officials and communities about the level of available information* was commonly voiced in other sites. In Tra Vinh, commune authorities argue that they disclosed the commune budget and the activities of the authority via meetings with local people and People's Council and annual review meetings. Local people, on the contrary, complained that they were not informed at all. In Vinh Long, most respondents knew nothing about the commune budget and plans and suggested there were a number of reasons for this: information is often provided on a "need-to-know" basis; people cannot remember information that is presented in meetings or over loudspeakers; lack of interest in the topic; lack of time to attend meetings; and, not being invited to join the meeting.

In Ho Chi Minh City, meetings at the household unit level are supposed to take place on a regular basis, but people described the tendency for these to be one-way communication rather than local people discussing and questioning the plans. For areas under urban redevelopment or reallocation, the need for information and open discussion from the residents is even greater. One suggestion is that the PA system - abandoned in Ho Chi Minh City some time - could be revived to announce plans and activities (as opposed to relaying radio programs as in the past).

It appears that while efforts are made by the communes to keep people informed, especially through the village heads, there are significant constraints on information flow at this interface between the commune/ward and local people. In Lao Cai, low levels of literacy and national language skills prohibit the use of written forms of communication. The regularity, efficiency and extent to which information is disseminated is therefore highly dependent on the time and commitment of the commune cadres and the village heads to organize and hold meetings. As noted by the men's group in Coc Sam Village, the Village Head must serve as a bridge between authorities at higher levels and the grassroots. However, due to the scattered settlement patterns there are constraints in these upland villages to getting everyone together for meetings on a regular basis. Even in Ho Chi Minh City, information flow is problematic. The local officials informed the researchers that they have publicized all local expenses at the Ward People's Committee office. However, there has been little interest from the community in the data: men, women and migrant groups all stated: "*we don't want to come to the People's Committee office unless we have to. We are too occupied with earning money for the day*". In fact, many participants say they do want to know of the expenses directly related to themselves or expenditure funded from their contributions, such as improving basic infrastructure.

In Ha Tinh, people had been informed about commune development plans and budgets by village heads through loudspeakers or in village meetings. The district groups stated that about

50% of the communes have already posted the plans and budgets in the commune headquarters. They also suggested that there should be more information on the actual (rather than planned) use of funds and requested publication of detailed statements of expenditure for each project (such as school construction, irrigation system development).

### **Ensuring that participation leads to influence**

There was *resounding support for the proposal in the I-PRSP that the Grassroots Democracy Decree be implemented rigorously*. The current problems with information flow, as detailed above, indicate the need for imaginative ways of disseminating important information more broadly. The research findings also suggest that there is a need to *improve the responsiveness* of local officials to the expressed views of the local people. There was a strong demand among these communities to participate in a meaningful manner in decision-making processes – going beyond paying contributions or listening passively to notices handed out at meetings.

In Tra Vinh, participants stated that it is necessary to consult directly with people on projects. Projects should not be approved only by the People's Council based on the master plan. In Ha Tinh, people suggested that commune officials should work in close collaboration with people, listen to people, and not put everything on the village heads, and be just to all villagers. Participants in Ha Tinh suggested a number of ways in which the community could be involved in implementation of the CPRGS:

- Help implement the policies and programs properly;
- Participate actively in different organizations and get involved in different activities through direct democracy;
- Develop interest groups and hold responsible institutions accountable for delivering on commitments; and
- Fight against corruption.

In Vinh Long, the research revealed that most people know very little about commune plans or budgets, and that there is little village-level input into decisions about what aid is provided or how it is provided. The pervading sense at the local level of powerlessness to create change and limited understanding of what participation is, and how it can contribute to poverty reduction, will make implementation of the Government's stated aims for participation difficult to achieve. Participants in the research also noted it is often household heads – the men – to whom invitations are issued, that only leaders take part in making the budgets and plans and that people seem either to have few ideas to contribute, or do not dare to speak out, particularly women. District officials disagreed with these viewpoints, stating it is not true that people don't raise any comments and that, in fact, many comments have been made.

In Quang Tri, people only have access to financial and development plans when they attend village meetings or at the Commune People's Committee meetings. Respondents explained, however, that informing people of the village plans is carried out as a formality and is not explained in depth. Some people said that development plans and financial information are posted, but villagers are not asked for their opinions. It was felt that this type of grassroots consultation [referring to these consultations on the I-PRSP] is essential both for policy formulation and for program implementation. As noted by one participant: *"I think this consultation was good for*

*everyone involved because the poor want the government to hear their opinions and these discussions were a good way to do that. Only in this way will programs be feasible for the poor, meeting their needs.”*

Communities in Ho Chi Minh City expressed similar opinions: one consistent suggestion is that officials should ask people directly about their lives. People felt that high-level leaders should visit, observe and consult with poor households on a regular basis (and here again the participants took the group discussions on the I-PRSP as a good example). The people expressed eagerness to meet leaders to voice their concerns and suggestions; and some even said that local officials should not be forewarned of such visits, were they to take place.

### **Improving accountability**

Establishing a *process for developing plans and budgets in a participatory and transparent manner* is an essential first step for improving grassroots-level accountability. Improving information flows and allowing local officials the flexibility to respond to feedback they receive from local communities is central to this. Participants in the research, however, also highlighted the need to be able to hold local officials accountable for delivering on their obligations. In Quang Tri, for example, people want community organizations to be their representatives but they do not know how to help these organizations operate effectively. They felt they had to rely on the honesty and equity of their representatives through elections, but they are often unable to judge the candidate's ability and they are unsure of how to choose the best person to represent them. Citizens feel that their elected officials should work closely with the people and be transparent in matters that are important to the people.

In Vinh Long, participants suggested that progress in implementing Government plans could be *monitored by local “self-ruled” groups*. If this went hand-in-hand with other measures then accountability for translating the CPRGS into local-level outcomes could be improved. There was also concern that reports from lower to higher levels of the administration should be truthful, that People's Council members should consult directly with voters, rather than through people's representatives, and that National Assembly members should make regular reports to their constituents.

Aid organizations should establish stronger relationships with local authorities and organizations, their operations should be publicized, and their work should more directly reflect the needs of local people.

### **Addressing corruption**

Villagers and officials alike were concerned that *corruption should be addressed* in order to make most effective use of resources for poverty reduction. In Ha Tinh, people called for effective measures to eliminate corruption at different levels and for the introduction of a proper reward and punishment system for staff based on their performance. Participants in Vinh Long insisted that authorities should comply with regulations. In Tra Vinh, people suggested that it would be important to review salary and remuneration packages for officials at the village and commune level in order to improve integrity and motivate staff properly.

## **Meeting legal needs of the poor**

Participants in several sites reflected on ways in which the legal needs of the poor might be better met. Information on rights, on procedures involved in claiming these rights and on the roles and responsibilities of various Government agencies were seen as central to improving access to justice for the poor.

District and commune participants in Lao Cai identified a need for *strengthening the provision of legal advice and information on Government laws and policies* in the future. Several groups mentioned the importance of providing relevant documents to communes and villages, but language and literacy constraints would limit the effectiveness of this. Similarly in Quang Tri, people said that access to information from the mass media is limited due to lack of dialogue between villagers and Officers of Justice. According to the Commune People's Committee, the professional capability of commune Officers of Justice is inadequate to ensure that they play the necessary role in explaining legal rights. Books and newspapers are rare in villages, only the commune has newspapers or other publications. Participants felt that the establishment of a village office or library with easily accessible information on laws and policies could help to alleviate some current constraints. They also emphasized the need for further professional development of local Officers of Justice. Participants in Lao Cai emphasized the importance of using the media, especially in their ethnic minority languages, and combining such information with mobile film-show units, and enhancing the provision of legal information in a culturally relevant manner. In Vinh Long, people called for local officials to "disseminate information via newspapers, media, books, and other documents which actually reach the people".

Other participants suggested that what is more important than providing legal documents is that poor people should be given the information about *what they should do, and where and when they can go if they want legal assistance*. The importance of assigning clear responsibilities, of encouraging the judiciary cadres to work with local people, and assisting free of charge with legal consultancy was highlighted.

## **Annex 1. Summary of recommended actions and priorities**

This annex contains the main policy measures that the communities recommended during the course of the local consultation. This is not an exhaustive list and there is much more detail in the main text. The recommendations arise from Sections 3, 4, 5, and 6 of the research framework, which is attached as Annex 1 to Volume 1 in this series of reports.

## Summary of recommended actions and priorities from the six sites

<b>Creating Opportunities and supporting livelihoods for poor households</b>
<b>Improving Basic Infrastructure</b>
<p>Strengthen mechanisms to ensure that adequate information on infrastructure plans, budgets and expenditure and the content of construction contracts is widely provided and discussed at the local level.</p> <p>Involve wards, communes and villages in selection and planning of works, and construction supervision so they can help ensure the quality of works and local benefits, and delegate greater responsibility for operation and maintenance of local infrastructure to this level.</p> <p>Provide more intensive training to enable commune and ward leaders and technicians to take on this role, and introduce a policy on training and incentives.</p> <p>Establish ground rules to ensure that paid labor opportunities for local people are maximized and realized in practice. In order to increase the income generation potential of construction projects local people should be given priority for these jobs over outside laborers. Clarify specific rules and requirements for hiring local laborers during tender preparation and include these in construction contracts. Subject contractors to appropriate checks.</p> <p>Reduce the burden of contributions by the poor to local infrastructure maintenance In rural areas, high maintenance fees for local infrastructure are a heavy burden for poor households that exacerbate their poverty situation.</p> <p>Allocate necessary financial assistance for infrastructure operation and maintenance for poor communes.</p> <p>In urban areas, ensure that poor households can apply for and get access to mains installation (water and electricity) at official prices.</p>
<b>Intensifying and Diversifying Agricultural Production</b>
<p>Ensure that enough flexibility exists in the rural development interventions at the local level to balance building economies of scale (i.e. diversification of agricultural production on a regional scale to boost cash crop and commodity production for national and export markets) and promoting local income diversification (i.e. to reduce poor farm household vulnerability).</p> <p>Broaden the scope and build capacity within the extension services to enable them to better advise rural people on processing and marketing, business development and micro-enterprise development.</p> <p>Introduce performance-related incentives to improve the quality of extension services and increase the attention given to post harvest factors.</p> <p>Improve poor people's access to extension through capacity building of local organizations, and information services to enhance the bargaining power of the poor vis-à-vis service and input providers and markets.</p>

<p>Introduce appropriate insurance mechanisms to safeguard against the risks attached to commodity production from environmental crises and market instability.</p> <p>Prioritize research and development to ensure sustainable use and management of natural resources in the uplands.</p> <p>Subsidized agricultural inputs on a short-term basis are not a long-term solution to poverty for the poorest category households in the uplands. Greater attention should be given to research and development on improved upland farming systems, and to ensuring the suitability and sustainability of agricultural technologies promoted by the extension service.</p>
<p><b>Improving Participation of Poor Households in Markets</b></p>
<p>Employment generation opportunities need to be locally available for the poor, and particularly women, to be able to benefit.</p> <p>In order to promote active co-operative marketing associations better information provision on the New Cooperative Law is required, combined with more intensive training for local officials, incentive systems for co-operative management to attract capable and well-educated people, and preferential concessions applicable to co-operative members.</p>
<p><b>Developing SMEs and Household Enterprises</b></p>
<p>Provide better and wider information on the Enterprise Law as well as on technical standards, investment opportunities, business management, market information, and taxation policies for SMEs and household enterprises.</p> <p>Publicize and apply taxation policies for SMEs and household enterprises consistently and transparently</p> <p>Introduce more flexible criteria and definition of SME registration fields to help household enterprises expand and adapt more easily.</p> <p>Expand the range of financial services to facilitate SME establishment and development including longer rotation loans.</p> <p>Create stronger linkages between advisory services on SME and business development and capital investment. For poor households in particular there is a need for better advice and information on investment opportunities and planning credit utilization.</p>
<p><b>Improving Access to Credit</b></p>
<p>Introduce savings and credit facilities that are suited to the particular needs and capacities of the <u>poorest category households</u>. This will involve the development of a broader range of financial services, with a much stronger emphasis on savings than to date. Greater compatibility with seasonal needs for credit and local agricultural production cycles is also important.</p> <p>Simplify loan application procedures and amend loan terms that continue to prohibit access for the poor and less well educated.</p> <p>Expand the use of prestige guarantees for the poor and the nearly poor rather than requiring collateral.</p>

Include women's names on Land Use Certificate so women have collateral for taking loans.

Relax the restrictions on loan use under the HEPR / VBP credit schemes so that borrowers are free to invest in what is most effective to them.

Providing medium-term and long-term loans that are more consistent with the production cycle will increase the financial burden on lending institutions, as well as adding to transaction and administrative costs. This raises issues of financial and institutional sustainability that will need to be addressed under the strategy. Provision of longer-term credit may increase the willingness of the poor to pay higher and thus more sustainable interest rates.

### **Training and Information**

There is a large expressed demand amongst poor people for more and better vocational and skills training opportunities. However, vocational and skills training must be tailored to the specific needs and capacities of the poor in terms of timing, content, methods and affordability.

The significant regional differences in the availability and institutional capacity to provide vocational and skills training should be reflected in the Strategy. Special attention should be given to concentrating resources to build up vocational training capacity in upland and ethnic minority areas.

Stronger linkages should be created between vocational training and creation of job opportunities. Vocational training centers should link to local enterprises to refer trainees to employment, and employment training should be provided for school leavers.

Entrance requirements for vocational training are a major obstacle to the poor. The strategy should give special attention to promoting the non-formal vocational skills training sector that is less depended on entrance qualifications, support for tuition-free training or fee reductions, and setting up training schemes suited to women's needs and time-schedules.

<p><b>Delivering quality basic services to poor households</b></p>
<p><b>Education</b></p>
<p>Clarify, publicize and explain criteria for exempting households from school costs to the whole community so that people can claim their entitlements and challenge officials if they feel they are not being treated fairly.</p> <p>Revise the level of exemptions so that all costs of education are covered. Exemptions should make a material difference to the amount that people pay for educating their children: education should be truly free for poor people.</p> <p>Ensure schoolteachers and other officials should treat children with equal respect, regardless of their socioeconomic background and whether or not they receive exemptions.</p> <p>Ensure children who are exempt from education costs have access to the same facilities and classes as those who are paying. There will be a need for additional resources to allow children from poor families to receive equal education if school hours are to be extended.</p> <p>Expand access to pre-school education and specify standards for service provision.</p> <p>Expand the scheme to lend textbooks to ethnic minority students free of charge. Consider giving the commune a greater role in deciding eligibility. Ensure that eligibility for the scheme is well-understood.</p>
<p><b>Healthcare services for the poor</b></p>
<p>Publicize details on the entitlements of health insurance and exemptions for the poor, particularly for women and ethnic minorities. Clarify what carriers of health exemption cards should expect in terms of quality and scope of treatment.</p> <p>Expand the coverage of healthcare insurance by allowing the system to cover treatment at commune health centers and extending subsidized medical insurance for the nearly poor and urban migrants.</p> <p>Ensure that finance is available in the healthcare system to deliver curative healthcare services covered by insurance or exemptions.</p> <p>Increase staffing levels and improve the working conditions of commune and village health staff.</p> <p>Strengthen accountability mechanisms to ensure that administrative procedures and ethical standards are adhered to in the commune health centers and local hospitals.</p> <p>Provide support for the administrative expenses of the commune health centers so the poor do not have to cover these expenses.</p> <p>Strictly enforce regulations and controls over the marketing of medicines.</p> <p>Allow payment <i>after</i> treatment including stricter controls on upfront informal payments.</p> <p>Strengthening primary and preventative healthcare advice and information.</p>

## Reducing vulnerabilities and addressing risk for poor households

Ensure that measures are taken to help poor households to manage risk are *clear and transparent*, so that poor households would be in a position to know what their entitlements are and how to go about claiming them.

Initiatives to help the poor deal with shocks should be based upon better understanding of *the differences between the needs of the poor and the needs of the better-off*, because current arrangements were neglecting some of the most pressing needs.

Prioritise a range of activities which will allow poor households to build up their assets and develop their capacity to manage risk over the longer term including:

- Actions to help the poor to *diversify income sources*, especially (in rural areas) to develop non-farm sources of income;
- Strengthening *agricultural research and extension*, which could minimize the risk of crop loss;
- Supporting poor people (in urban areas especially) to *assert their rights under the Labour Code*;
- Develop measures to help poor households *cope with fluctuating agricultural commodity prices*, particularly introducing ways of disseminating information about markets and prices to a wide audience; and
- Introduce a range of instruments – such as savings schemes, pensions, crop and life insurance – which will allow poor people to *strengthen their resilience to economic and other shocks*.

Encourage the establishment of trade unions in new enterprises to ensure rights at work are being upheld.

Build greater flexibility into the targeting system for the HEPR program so that households who are “newly poor” following shocks can access benefits.

## **Institutional arrangements for delivering the CPRGS effectively**

Establish strong mechanisms for cross-agency coordination and consistency for the CPRGS at all levels of Government.

Identify clear, transparent, public action plans from the strategic framework set by the CPRGS and assign the roles and responsibilities of various agencies and officials in implementing the plan. Ensure communities are fully informed.

Implement the Grassroots Democracy decree effectively nationwide.

Establish mechanisms for giving poor communities a louder voice in determining how local resources are used, which will involve:

- Much more information: especially the need for greater transparency of plans, budgets and entitlements under targeted Government programs;
- Improving participation: enabling communities to influence decisions about resource allocation and public actions at a local level;
- Ensuring accountability: especially improving downward accountability of local officials to the communities, but also horizontal accountability to the People's Councils.

Improve the quality, quantity and integrity of monitoring.

Introduce a strong campaign against corruption at local levels and ensure that communities know how they can play their role in attacking corruption.

Disseminate information about legal rights and entitlements to poor communities, clarifying where and when people must go and what they should do if they need assistance.

Encourage National Assembly members to develop more interactive communications with their constituents.