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McGrath, Tim and Nguyen, Cuong and Pamela, White

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# **Assessment of the National Targeted Programmes for Poverty Reduction in Vietnam**

Tim McGrath  
Cuong Nguyen  
White Pamela

## **Abstract**

Vietnam has been implementing a large number of poverty reduction programs. This study aims to assess the targeting and implementation of the National Targeted Programmes for Poverty Reduction in Vietnam. It find that the effectiveness of the programme has been constrained by limited capacities both in terms of limited institutional capacities, inadequate financial, management and reporting systems and the capacity of officials at various levels. As a result there has been a lack of participatory and effective programme design. There was insufficiently decentralized and participatory implementation and management, including monitoring and financial management needed to effectively target poor households and allocate financial resources to provincial levels in a transparent manner. There hasn't been a clear process to regularly monitor progress as well as objectively assess the impact of the targeted programmes on household well-being.

Keywords: Poverty reduction program, impact evaluation, household survey, Vietnam.

JEL Classification: I38; H43; O11.

## 1. Introduction

The first national target programme for Hunger Eradication Poverty Reduction (NTP-HEPR) was launched by the Government (GoV) in 1998 and included several policies and targeted projects on health care, education and a social safety net for the poor (Government of Vietnam 1998a, 1998b). In 2001, the programme was merged with the Employment Creation Programme to become the national target programme for HEPR-JC with 12 targeted sub-programmes and social support policies. The programme has had a significant impact on poverty reduction in Vietnam. Applying an internationally defined total poverty line the incidence of poverty in Viet Nam steadily declined from around 58% in 1993 to 37% in 1998 to 29% in 2002 and to 24.1% in 2004. The proportion of population below the food poverty line also declined from 25% in 1993 to 11% by 2002 and to 7.8% in 2004<sup>1</sup>.

However, the effectiveness of the programme has been constrained by limited capacities both in terms of limited institutional capacities, inadequate financial, management and reporting systems and the capacity of officials at various levels. As a result there has been a lack of participatory and effective programme design. There was insufficiently decentralized and participatory implementation and management, including monitoring and financial management needed to effectively target poor households and allocate financial resources to provincial levels in a transparent manner. There hasn't been a clear process to regularly monitor progress as well as objectively assess the impact of the targeted programmes on household well-being. Officials lacked the capacity and willingness to facilitate peoples' participation and build their capacities to monitor and supervise the implementation of the programme.

The preparation of guidelines for the next stage of the NTP-HEPR will start in early 2006. This provides an excellent opportunity to ensure that guidelines are developed that resolve those issues that limited the impact of the previous phase.

Analysis has now been carried out of two of the NTPs to establish whether they fulfil the concrete requirements for Finnish targeted budget support. The following report assesses key aspects of phase one of National Targeted Programme for Poverty Reduction (NTP-HEPR or NTP-MOLISA) and outlines recommendations.<sup>2</sup>

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<sup>1</sup> VHLSS, 2004

<sup>2</sup> Evaluation of national poverty reduction program can be found in Nguyen (2003, 2005), and Nguyen et al. (2005).

The remaining report has eight sections as follows:

1. Description of planned components of NTP-HEPR 2006-2010
2. The targeting of assistance to the poor
3. Effectiveness and efficiency of programme components
4. Administration arrangements and communes as project owners
5. Legal and administrative guidance on the implementation of Grassroots Democracy and transparent financial practices at the commune level
6. The geographic / ethnic coverage and gender orientation of NTP-HEPR
7. The quality of the monitoring arrangements
8. Conclusions

## **2. Description of planned components of NTP-HEPR**

The principles for the implementation of NTP-HEPR during the next 6 years are:

- Poverty reduction is a main priority in socio-economic development. Policies are focused on poor people, poor communes, and creating the capacities and commitment to improve poverty reduction.
- Use the MDGs as a guide for poverty reduction, social equality and sustainable development.
- Party and State guidelines and view-points must be institutionalized into mechanisms, policies and annual plans. All resources of society must be mobilized in order to realize the objectives and targets of the poverty reduction program for 2006-2010, with the primary focus on the most difficult areas and chronic poor.

*The overall objectives of NTP-HEPR are:*

- **Reduce** poor household rate from 26% in 2005 to 15% in 2010 (within 5 years, reduce poor household rate by 38% according to the new poverty line)
- Improve living standards for poor households **to bridge** the income **gap**, rural-urban gap, lower area-mountainous area gap and gap between poor and rich household.

NTP-HEPR shall be implemented nationwide with the following general targets:

- Increasing incomes of the poor
- Improving access to basic social services for the poor
- Increase awareness and capacity on PR.

The NTP will focus on five policy areas and include eight sub-programmes.

Policy areas include:

1. Preferential credit for poor households.
2. Access to cultivation land for poor ethnic households.
3. Health care for the poor.
4. Education for the poor.
5. Housing and clean water for the poor

Sub-programmes include:

1. Agricultural-forestry-fishery extension
2. Community Development Fund
3. Vocational training for the poor
4. Capacity building for poverty reduction officers at all levels
5. Support for the replication of poverty reduction models
6. Institutional development in poor communes
7. Dissemination of information about poverty reduction
8. Monitoring and Evaluation

### **Comparisons between NTP-HEPR 2001-2005 and NTP 2006-2010**

#### 1. Capacity development

a. During NTP-HEPR 2001-2005 less than one percent of the total budget was allocated to capacity development for all levels.

b. The NTP-HEPR 2006-2010 project document outlines targets with budget that will improve the capacity of poverty reduction officials at all levels. By 2007, 100% of commune poverty reduction officials will be trained in poverty assessment, project management and participatory methods. By 2010, 95% of village leaders will have received training in these methods and approaches.

#### 2. Coordination of national and donor projects

a. During NTP-HEPR 2001-2005, the lack of coordination of the different national and donor programmes and projects resulted in wasted resources, overlap and opportunities for leakage.

b. NTP-HEPR 2006-2010 outlines a comprehensive strategy to develop mechanisms and institutional arrangements to facilitate the coordination of the different programmes and projects. The new programme promotes a mechanism to strengthen the coordination between central and provincial levels with the Chairman of the PPC having a central role. Decentralisation to commune level is a main focus in the new programme. It also

recommends that projects should be rearranged to improve efficiency. For example, essential infrastructure construction should be transferred to SEDEMA and sedentarisation and resettlement to MoLISA.

### 3. Monitoring and Evaluation

a. During NTP-HEPR 2001-2005, there was no M&E conducted, which resulted in low performance of investments and leakage problems.

b. The NTP-HEPR 2006-2010 programme outlines a mechanism to carry out a M&E system at all levels with a dedicated budget. It also develops standards, indicators and measures so that the system can be consistently applied in all provinces.

### 4. Information Flow

a. During NTP-HEPR 2001-2005, officials and the community lacked access to data and information on the programme, which limited the access of the poor to social services.

b. The NTP-HEPR 2006-2010 programme develops a mechanism from central to village level to ensure the community understands what support the programme can provide and how to access this support. The information mechanism will also be used to transfer information about issues such as budget, technical options and access to credit. It is that by increasing the knowledge of the community and developing transparency leakage will be reduced.

### 5. Mobilisation of resources and local participation

a. During NTP-HEPR 2001-2005 no records were kept of local contributions to services and construction, which led to low contribution rates and leakage problems. The community was often not part of the decision-making process.

b. The programme document for NTP-HEPR 2006-2010 outlines a comprehensive plan to combine socialisation (the mobilisation of resources from all members in the community) with the improved utilisation of demand-responsive approaches.

## **3. The targeting of assistance to the poorest (poverty impact)**

Results from the Vietnam Household Living Standard Survey in 2002-2004 show that the NTP-HEPR programme targeted poor households quite well in 2002, but poorly in 2004. Some sub-programmes in the NTP-HEPR, namely agriculture tax exemption, education fee exemption, healthcare insurance provision, housing supports were targeted very well to poor households in 2002 (Table 1 through 5). For all these programs, more than 60% of the beneficiary households were actually poor. However, the coverage of the programme was

quite low in 2002. For example, among poor households, only 10.2% and 5.5% of the households received healthcare insurance and preferential credit, respectively.

Also according to the results presented in the tables, the coverage of the programme increased in 2004, but the targeting rate was reduced. More seriously, the percentage of the beneficiary households who were non-poor was higher than the percentage of the beneficiary poor households for the education fees, healthcare insurance and credit sub-programmes. These sub-programmes targeted the non-poor household rather than the poor. One explanation might be that there were households who escaped poverty during 2002-2004 but still received support from NTP-HEPR. Thus the coverage of the programme increased due to the decrease in the number of poor households, but the targeting rate of poor households decreased.

The percentage of poor agricultural households who accessed agricultural extension was also low in 2004. Only 36.4% of poor agricultural households attended meetings on agricultural issues, and only 7.8% of households to whom the agricultural extensionists visited were provided knowledge on agriculture that was used.

At the commune level, Table 10 presents the percentage of communes which had projects during the 2002-2004 period. The table indicates that the percentage of communes with projects was higher for poor communes, but the difference in this percentage between poor and non-poor communes was not high.

Tables 12, 13 and 14 estimate the change in expenditure per capita and poverty rate during 2002-2004 for the participants in several NTP-HEPR sub-programmes using panel data VHLSS 2002-2004. Table 12 estimates the change in expenditure per capita for the households who received support from the programme in 2003 by poverty status in the year 2002. It is interesting that the poor who received programme support experienced a higher percentage of increase in expenditure per capita than the non-poor beneficiary households. Although the estimates do not reflect the causal impact of the NTP-HEPR programme, they are good news that on average the poor who participated in the programme experienced an increase in living standards.

Table 13 and 14 indicates the change in expenditure per capita and poverty rate during the period 2002-2004 for households who received programme support and those who did not. It shows that both recipients and non-recipients experienced increases in expenditure per capita and a decrease in poverty reduction.

Table 15 and 16 estimate changes in commune characteristics during 2002-2004 for poor and non-poor communes. It indicates that on average both poor and non-poor communes experienced improvement in commune infrastructure, schools, and non-farm employment opportunities. However there were still 7.6% of poor communes without electricity, and 0.2% of communes without any healthcare center.

From the statistics it is difficult to determine the causal impact of the NTP-HEPR programme. Table 17 indicates the main reasons for improvement in living standards in communes from an assessment of commune authorities in 2004. It shows that the local authorities in 65.6% and 20.2% of communes said that infrastructure and social policies including healthcare and education were main reasons for the improvement in living standards of commune people. This is evidence that the NTP-HEPR has contributed to social development. However the magnitude of this contribution is not clear, and measurement of this magnitude should be determined to help improve the impact of the new programme.

Fieldwork and research indicated that officials from People's Committees at different levels assessed the targeting of NTP-HEPR to date as having varied results<sup>3</sup>. These include:

- The programme has assisted in a general improvement in the wellbeing of the poor – this is the result of a trickle-down effect with wealthier households benefiting more than the poor from economic growth.
- It is difficult to get an accurate picture of the poverty situation because of distortions in the reporting procedures in the administration system and the unreliability of statistics from the communes, districts and province.
- Current HEPR planning activities and programs at all levels are developed without the support of reliable data.
- The impact of HEPR is not consistent – many poor households miss out on state assistance.
- The implementation of the HEPR program is still predominantly top-down and it is difficult to change this system.
- The continued use of planned targets and quotas for HEPR is inefficient and misses many of the poor.
- Officials often do not have the capacity to conduct effective targeting of the poor or develop strategies to help them.

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<sup>3</sup> Information for this section was drawn from fieldwork and research conducted by this mission and previous work conducted by team members during the last two years.



- Programs to help the poor are not effectively coordinated, which results in a waste of resources and inefficient implementation.
- Possible gains from land distribution have reached their limit and future effectiveness of the HEPR programme would depend on a more participatory and inclusive approach.
- In sectors addressed by NTP-HEPR, education attendance has improved and credit programs have helped many poor households but the loans available to the poor are too small to develop production to a level where it would have a sustainable impact on poverty reduction, and improve healthcare for the poor.

Through a similar process, officials also identified the following range of cross-cutting poverty issues that they believe NTP-HEPR was not able to address:

- Increasing landlessness.
- The low quality of public services, such as education and health.
- The problem of overcoming debt for the poor.
- The specific problems facing the ethnic minority groups.
- Developing off-farm employment.
- Access to secondary education for both females and males.
- Water quality problems, increased environmental pollution.
- Communes where strong economic growth did not result in poverty reduction. e.g. shrimp raising.
- The poor remaining psychologically dependent on social assistance.
- The vulnerability of the poor to economic shocks.

A synthesis of information from a range of sources including fieldwork and research conducted during this mission provides the following opinions of the poor regarding the targeting of NTP-HEPR:

- The poor assess NTP-HEPR as externally imposed and they do not feel a part of this system; that is, even though they receive assistance they may not be aware of, or participate in, the processes that decide the distribution of the social support.
- The poor do not understand the selection criteria for NTP-HEPR assistance.
- Because the poor do not participate in decisions they feel disenfranchised; this is reinforced by the discretionary power of officials to distribute assistance. For example, sometimes health cards are taken away from poor households and reallocated to wealthier households.

- The poor seldom complain about HEPR services because they are unsure of the result – perhaps they will be penalized for complaining, and may not receive assistance in the next round.
- The poor realize that the access and quality of services provided is limited, but accept all the assistance they can get.
- The poor understand that access to the NTP-HEPR is often dependent on power relations with local officials – the result is that non-poor households sometimes have access to HEPR resources.
- The poor assess NTP-HEPR as providing temporary relief from a crisis situation but as not helping them to escape poverty in a sustainable way.
- The landless poor do not feel that the NTP-HEPR responds to their situation – they often migrate to other provinces looking for work where they will not be registered residents, and so become ineligible for support from the programme.
- Women feel they are disadvantaged by some conditions in the programme – women usually do not have access to loans unless the land user registration is in their name, which is often not the case (despite legislation requiring both male and female heads of household are registered as owners in the red books).
- The poor in remote rural areas are not familiar with the support provided by NTP-HEPR – they are rarely visited by local HEPR officials and therefore are not recorded on official lists to receive support.
- The unemployed and underemployed often state that the NTP-HEPR did not provide appropriate skills training for the job market.
- Ethnic communities consider that their children lack access to quality education, and that language barriers restrict their progress.

In the box below is an overview of the experiences of the poor and the non-poor in their ability to access and utilise NTP-HEPR services. It suggests that the poor have been able to make use of some specific services but that their experience has been mixed and some sub-programmes have not achieved their aim of targeting the poor.

### Targeting of NTP-HEPR Policies and Services in the Mekong Delta

Policies or services	The poor	The non-poor
Micro credit	Receive small loans from the HEPR program, not enough for investment (Table 6)	Take larger loans with collateral from banks.
Agricultural extension	Difficult to benefit from because of limited means of production	Relatively easy to access and to take advantage
Irrigation	Limited direct benefits for those with little land, but large indirect benefits through more hired labour by better-off households.	Direct benefits, larger the more land the household has.
Infrastructure development	Few have the money to get water and electricity meters installed; at the same time have less in terms of equipment and activities requiring an intensive use of electricity or water	More direct benefits in terms of entertainment, clean water use, business and production development
Small- business projects	Limited benefits because of ineffective implementation	Do not benefit because they already have stable production activities
Agricultural tax exemptions	Little benefit for those with no land or little land	Considerable direct benefit
Health support policies	Health insurance cards make a considerable difference	No sizeable benefits
Education support policies	Support with textbooks appreciated, but secondary-level exemptions not considered useful as the poor rarely get to that level.	No major benefit but it is still possible to send children to school
Housing support	A few people resettled to residential clusters or receiving support for house repairs.	No benefit
Culture and information support	Benefited, but with little interest	Benefited
Relief assistance programs	Being prioritized for relief assistance in flooding seasons	Able to cope with floods and make use of improved soil fertility
Emergency relief for risk reduction	Prioritized	Not prioritized
Welfare policies for migrants and women	Prioritized	Not applicable

Source: Mekong Delta Poverty Analysis, 2004

The application of the new, raised poverty line<sup>4</sup>, has implications for NTP-HEPR, as it has the potential to dramatically increase the number of households supported by the

<sup>4</sup> The new poverty line is 200,000 VND for rural poor and 260,000 for urban poor.

programme, yet there has not been a proportional increase in funding. Consequently the very poor may receive less support. It is not yet clear how this issue will be addressed.

#### **4. The efficiency and effectiveness of the programme components: Emphasis on Community Development Fund and Vocational Training**

##### **Community Development Fund**

The main objective of the Community Development Fund (CDF) of NTP-HEPR is to support the development of infrastructure for production and livelihood improvement in communes with special difficulties in coastal and island areas, and poor communes. This infrastructure will significantly contribute to the poverty reduction in these areas. The CDF will target 500 poor communes, which will be selected by the provincial level using a criteria established by MoLISA. Activities will include capacity development for provinces in poverty assessment and commune selection, infrastructure for village level to develop production and livelihoods, extension and the application of modern technology, capacity development of village leaders and the community, vocational training, support developing village development plans, household access to credit for production and maintenance and support for vulnerable households so that they do not fall into poverty. The implementation of CDF will follow the principles: public access to all information, grassroots democracy, local ownership and transparency. The community will identify projects, monitor implementation and manage the 200 million VND<sup>5</sup> allocated to each commune.

Provinces will have the main responsibility in selecting communes for support through the sub-programme and submit an investment plan to GoV for 2006-2010. They will be required to prepare a strategic plan for implementation for the 2006-2010 period to ensure that poor communes access the fund and also exit strategies when they no longer qualify for the programme. Provinces will issue regulations so that commune level will be the investment owner and village level responsible for maintenance and operations of investments. During implementation, provinces will create the conditions so that *“communes have construction projects and at the same time people have jobs and income”*. Communes will need to balance their budget and mobilize resources from all sectors in the community including the private sector, mass organizations and state enterprises. Essentially, a guiding principle will be *“the people carry out investment activities, and Government supports”*. The community will have responsibility to contribute resources for the maintenance of investments.

As with SEDEMA, there are clear issues regarding true decentralisation to commune level (discussed in report 1). To date, provinces and districts are loath to allow communes to make decisions and manage implementation, particularly when it comes to infrastructure

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<sup>5</sup> Some recent reports have this figure at 700 million VND.

developments. This is partly due to the oft-repeated truism that there is a lack of capacity at commune level. But it is also partly due to the opportunity for financial gain that contracting of infrastructure works provides. Certainly there are costs involved with building capacities and supporting commune-managed contracting and implementation. However, there are also savings, as it is in the interest of the community to closely monitor works if they have selected them and are 'paying for them' themselves. And in the long run, there are improvements in both effectiveness and efficiency.

Also as with the SEDEMA, it is difficult to assess the economic efficiency of the programme components because of the lack of access to commune, district and provincial budgets. The issue of the additionality of donor funding is also difficult to assess, given the tendency for fungibility.

### **Vocational Training**

The main objective is to train poor people to have the necessary skills for stable employment and income generation, through short-term vocational training courses, which help them to seek for jobs in enterprises (especially small and medium scale enterprises). This also will assist the poor to access the city labour markets (e.g. factories in HCM City) or overseas labour markets and develop self-employment opportunities. Remittances sent back to poor family members and remote areas are an important source of income. The target of this sub-programme are poor youth, the poor in densely populated areas, the poor in areas that lack land for cultivation or in areas affected by changes in land-use such as from agricultural production to industrialization and urbanization. Provinces will implement activities including an assessment of the demand for vocational training by the poor and develop training plans. The Department of Labour, Veterans and Social Affairs will organize short-term vocational training courses appropriate so that the poor can develop their own employment opportunities. Plans will be submitted to the PPC for approval and implementation guidelines. Priorities in vocational training will be supporting the poor access job placements in industrial zones, enterprises, and for labour export. Provinces will link vocational training with job placement and provide trainees with credit and free access to employment introduction organisations. The provincial level will also provide equipment and facilities for district vocational training centres. Enterprises and organisations that provide vocational training for the poor, and then provide them with stable employment for over two years, will receive a grant equal to State expenditure for providing such training. To ensure the effectiveness of vocational training, trainees will contribute 10% of training fee, but the poor in ethnic minorities will be exempt from charges. It is expected that by the year 2010, 450,000 of the poor would have been provided with vocational training and immediate access to employment, jobs in enterprises, cooperatives, farms, plantations, economic zones and foreign labour markets.

According to Table 10, 22.4% of poor communes had access to the employment generation programme in 2004, while this figure for non-poor communes was 27.3%. During 2002-2004 the off-farm employment opportunities increased (Table 17). In 2002, 33.1% of poor communes had nearby off-farm enterprises or traditional village production, and this rate increased to 40.1% in 2004. The average number of commune labourers working in these enterprises also increased rapidly from 23.1 to 142.2 persons/enterprise during this period.

### **Other Policies and Projects in NTP-HEPR 2006-2010**

The new programme includes a range of policies and projects that are focused on creating the conditions so that the poor can develop their own way to escape poverty. Each region has different socio-economic and geographical conditions and each household has a particular set of circumstances that it needs to overcome to improve its poverty situation. In this way poverty reduction reduces the vulnerability of the poor and is sustainable.

The preferential credit scheme will priorities access to credit for women, households supporting disabled and ethnic minorities. Credit will be available to develop production and small business, improved housing in flood areas. On average each loan will be 4-7 million VND with a maximum of 15 million VND and a maximum period of five years. Loan procedures for each household will be completed within 15 days. To support vulnerable households, households just over the poverty line will be able to access loans for a period of 2 years. Implementation of this policy will result in incremental increases in the loan limit for poor households, based on their production needs. It links borrowing with savings to decrease the risk for poor households, and will gradually raise borrowing interest rates and lower the state subsidy. It is also planned to expand access to preferential credit to vulnerable households just over the poverty line.

The policy for providing productive land for poor ethnic households will continue the implementation of Decision 134. Transfer of this land is forbidden. Due to the scarcity of productive land, the policy will outline mechanisms to provide crop varieties and livestock breeds for ethnic households and develop the sustainable use of the forest. Revisions to the health policy will include a Health Insurance Fund for the poor with clear guidelines and regulations for payments. The value of the health insurance card for the poor will increase to 60,000 VND/person/year. The Health Insurance Fund will be used to support the poor with serious ailments that require high cost medical treatment so that they do not need to borrow funds or sell assets, which would push them further into poverty. The education policy will continue to assist the poor with better quality and equal access to education services. The policy will support access by the poor to public and non-public schools. The

new policy on housing and clean water for the poor will enhance the principles embodied in socialization to expand the coverage of the housing policy. The new policy will assign to the chair of the PPC the responsibility to coordinate the different programmes that have sections devoted to improving housing, and effectively manage these resources.

To support the implementation of these policies there are a range of sub-programmes<sup>6</sup>. Agricultural-forestry-fishery extension will continue to develop extension models that were effectively implemented during 2001-2005. Improve the cooperation between extension units and mass organizations, especially in ethnic minority areas. Revise some policies to help poor households in applying new technologies into production and business activities. Establish mechanisms to provide new breeds and production materials for the poor. Capacity building for poverty reduction officers at all levels will develop materials and content and expenditure norms for training activities for HEPR officials so that they are consistent across all levels of government and in all provinces. Developing capacity of ethnic staff in charge of NTP-HEPR is a priority. Support for the replication of poverty reduction models will develop expenditure norms and materials outlining practical models for the replication of effective NTP-HEPR models. The sub-programme will focus on replicating models in extremely difficult areas and develop linkages between enterprises and poor households and poor communes. It will develop a process where models can be regularly revised to ensure their practicability. Institutional development in poor communes will strengthen coordination mechanisms to avoid overlap during implementation of the different national target programmes and other programmes. It will also promote the implementation of Grassroots Democracy in NTP-HEPR activities to facilitate people's participation in the implementation process. Dissemination of information about poverty reduction will develop specific activities at different levels of government to disseminate information about effective poverty reduction. It will also develop a mechanism so that information about NTP-HEPR is integrated into other programmes and projects. Monitoring and evaluation will develop a set of indicators for the monitoring and evaluation of programme activities. It will also develop expenditure norms, criteria, definitions to ensure consistent application of the system.

**Problem analysis on the concrete requirements for Finnish targeted budget support.**

The new programme document has outlined measures that respond to many of the problems encountered during the previous phase. Targeted budget support will require that the process to resolve these problems is started in early 2006. This will require integrated

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<sup>6</sup> The Commune Development Fund and vocational training sub-programmes are outlined above.

implementation guidelines, so that provinces can develop regulations to carry out the programme.

General guidelines will be required for:

- Coordination of all policies and sub-programmes by a single agency in MoLISA. This agency will need the capacity to manage this responsibility and for effective strategic planning.
- The development of an effective coordination network from central to village level with at least minimum capacity.
- Budget allocations to correspond with implementation guidelines.
- Detailed procurement policy with independent audits
- Detailed operations and management policy
- Baseline survey
- PAR at commune level, especially the ‘one door’ policy so that the poor can access credit and other resources
- Labour contributions that clearly outline the prioritisation of the poor
- Information flows to village level so that the community knows about issues such as budget and technical choices.
- Improved data storage and planning processes at commune level
- Improved capacity of officials in poverty targeting, assessment and project management

Community Development Fund

- Capacity development at provincial, district and commune level to improve for commune selection
- A transparent process for commune selection
- A mechanism for expenditure tracking to reduce leakage issues
- Improved local participation in the selection of investments and clear implementation guidelines for socialisation
- Mechanism that clearly outlines labour contributions and gives priority to the poor for paid labour.
- Information flow that outlines the rights of the community in HEPR service provision and technical options.
- An effective monitoring and evaluation system with budget allocation; collection of baseline data

Vocational Training



- Strategic planning and coordination of materials to ensure consistent application of the sub-programme in all provinces.
- Development of clear delivery mechanisms at provincial level to ensure effective training is carried out at district, commune and village levels
- Monitoring and evaluation system for quality control and to ensure training is relevant to the requirements of the market; collection of baseline data.

## **5. The administrative arrangements for execution, especially the conditions for communes to act as project owners**

There has been a significant lack of community participation demonstrated to date in the planning process for selecting, implementing, supervising construction and monitoring NTP-HEPR activities. Community meetings at village and commune levels were organised regularly but their influence into final decisions about investment priorities was low. The content of meetings was limited to issues that were of direct interest.

People will participate more actively if the project or activity affects their lives and livelihoods in the short-term, and when their labour or financial contribution is required. Meeting participation, including the gender breakdown, isn't recorded in any reports. In practice, listing of necessary infrastructure works and prioritisation is prepared at the start of the 5 year planning period. These plans are generally not revised during the implementation of the programme. From field research, it was identified that changes to plans can only be made at provincial level. Requests by communes for support under NTP-HEPR must be within the provincial master plan, if they are not, they will not receive approval. In addition, commune officials lack the capacity to coordinate the different HEPR activities in national and provincial programmes.

In order for the poorest or most disadvantaged members of a community to influence decisions about NTP-HEPR activities, they need to even know that the possibility exists, how it could help them directly and why it is worthwhile for them to speak up. Very often the poorest members of the community are women and ethnic minorities – the very people least likely to actively participate in public meetings. Targeting has been done on the basis of the 'poor list' and at the discretion of the commune and district.

In most communes, there is inadequate equipment for data management, monitoring and reporting. Very limited records exist in the commune and less still at village level. Many communes don't have computer, not even a typewriter and some are not connected to the

telephone network. In order to prepare reports they must travel down to district town and use their computers. This would limit their reporting ability as investment owners. An additional problem is the present reporting system is inefficient and not suitable for implementing principles such as transparency and accountability.

Commune officials in poor communes had low educational degrees. Table 18 and 19 estimate the educational level of the chairman and deputy chairman in commune people committees using commune panel data 2002-2004. In 2002, there were about 15% of communes in which the chairman had just the primary school level. Indeed, in these communes, it is important that the chair receives capacity development to ensure transition to commune ownership of programme activities. In 2002, only 44% of commune chairs had an upper-secondary school degree and above. However the education of the chairs has increased rather quickly during 2002-2004. The percentage of chairs with upper-secondary education and above increased by 12.8 percentage points to 56.8%. The education level of the deputy chairman was similar to that of the chairman on average during 2002-2004. There were still a large proportion of deputy chairman, at 45.2%, who had not completed the upper-secondary school.

For NTP-HEPR 2006-10, set targets have been established for commune ownership, local participation and improved service delivery. However, there is no strategic plan to improve these areas, and there is a lack of political commitment at provincial and district level to implement these measures. There is also a lack of incentives for control of decisions such as financial arrangements to be devolved to lower levels.

To achieve these targets, MoLISA will need to develop its capacity for strategic planning, and develop clear policy and guidelines for programme implementation. It will need to define clearly at central and provincial levels what will be coordinated and what will be implemented and ensure that there are clear roles and responsibilities for each level.

Key issues include:

- A clear system of criteria or triggers is needed to establish when a commune has sufficient capacity to take over as owners, and a clear plan for how to get them to that point.
- Clear definition on what investments are best managed by the commune and what by the district. Annual assessment and revisions to plans is important, as is genuine community participation. Any training on local consultation or participation within the capacity building structure should happen as soon as possible if it is to have an

impact on the 5 year plans. However, if there is a built in system to revise the plans annually this training could also be useful later.

- Need for improved consultation and proactive attempts to increase the active participation of women and ethnic minorities. Membership targets could be established so that these groups hold positions on Boards.
- Increased capacity building, including for village leaders, is required. Improved knowledge, skills and attitudes are needed in:
  - facilitation – improving inclusiveness and more participatory planning
  - communication and information dissemination
  - technical monitoring
  - budget and project financial management
  - analysis, monitoring and reporting
- A list is needed of the required competencies/capacities at commune level – e.g. holding bank account, prior experience in supervising projects, list of required training, facilities such as computer etc. Capacity building courses can be designed to fill the gaps. This would present clearly to commune officials what will be required.
- There is often overlapping of courses and providers. The regular provider is the provincial political training schools. However, the experience from donor funded projects is that it is difficult to influence the content of the training they provide, even if the donor is funding the course. There tends to be more focus on political orientation and less on the necessary practical skills.
- The establishment of websites to improve access of training materials, courses etc. However, this needs to be carefully coordinated by MoLISA and a plan developed to improve the capacity and facilities at districts and commune levels so that they can benefit from the system.
- Funds for capacity building in NTP-HEPR need to be significantly increased.
- Capacity building needs to be targeted and practical.
- Capacity building should not be seen as only training. Other aspects could be attitudinal change, institutional supports, equipment and horizontal learning via study tours, sharing of lessons learned via reports and brief publications, etc.
- Study tours would be very beneficial for commune level people to districts where decentralisation to commune level has already taken place. Characteristically, there is probably more a lack of confidence rather than a lack of capacity. Horizontal linkages and experiential learning will help build confidence.

## **6. The legal and administrative guidance for using grassroots democracy principles and transparent financial practices at the commune level**

Principles such as democracy, transparency and accountability, were not well understood by either officials or the wider community during the previous phase. This had a significant impact on the provision of services. For example, targeting of the healthcare card was often “random” and many poor households, such as households in remote areas, missed out. The poor typically did not participate in the selection process to decide who received a healthcare exemption card, and people with the cards often did not clearly understand their entitlements. Inadequate targeting was a major factor in the inefficient distribution of social assistance during times of crisis.

In practice, officials in the provinces, districts and communes are still grappling with the transition from the ‘input-output’ planning system inherited from the days of central planning. PAR has often combined attempts to improve effectiveness by technical measures, such as with procedures, as well as changes in practice and management seeking to move from a philosophy of ‘resourced delivery’, or ‘program implementation’ to active policy development based upon problem identification.

The process has involved enhanced responsibilities for local government officials to promote efficient economic growth and design and implement poverty reduction schemes. However, the capacity of these officials to effectively take on these new responsibilities is still seen as weak. The transition to a more decentralised way of working from the previous top-down model has been slow and ineffective in responding to cross-cutting issues in a timely way. The period of transition has been characterized by increased landlessness, problems of economic growth, and problems of human development among the Khmer ethnic minority, together with unresolved gender issues. Thus the pressures to shift to a focus of attention upon identification of problems and development of suitable policies, rather than program implementation, are increasing.

NTP-HEPR is a much more complex programme than P 135 with a large number of separately administered sub-programmes (versus the lump sum nature of funding communes in P 135, which makes it theoretically clearer and easier to monitor). Funding allocations are not transparent and there are insufficient mechanisms and criteria to determine that funds are being spent as intended and reaching the desired households. This implies that the programme should be simplified and resource allocation should be more transparent.

There has been a lack of coordination of efforts to implement the decentralization of NTP-HEPR. Decentralisation has resulted in reforms to the budgetary process with provinces given control over funds allocated from NTP-HEPR. Many provinces are not following the implementation guidelines outlined by line ministries responsible for the different sub-programmes. These provinces are using programme funds to resolve local problems and not national objectives, which makes it difficult to monitor the performance of the programme.

A major problem is that there has been no budget allocation to implement a monitoring and evaluation system, which has resulted in quite a high level of leakage and inefficient allocation of resources. Transparency and access to information about the programme budget is mainly at central and provincial levels. District, commune and local communities are not informed about budget.

In the provinces, the process to allocate funds to lower levels is particularly slow. Some provinces take six months to allocate budget to district and commune levels. This causes delays in the implementation of the programme, limits the impact, and sometimes projects are abandoned before completion.

Financial management mechanisms have focused on allocations from central budget and not promoted the development of the range of the investment resources including the private sector and the mobilisation of resources from the community. The lack of community contributions reflects their limited participation in identifying, implementation and monitoring of NTP-HEPR activities.

Management of programme budget in the provinces is not clear. Data on the budget for NTP-HEPR is integrated in the final financial reports of districts and provinces. There is not separate budget allocation of monitoring NTP-HEPR, and so the quality of financial reports at district and provincial levels is low. This makes it difficult for financial management agencies to update data on programme expenditure. The Department of Finance can not collect data to calculate the financial status of the different sub-programmes.

Capacity of NTP-HEPR officials and financial management staff is quite limited. Most commune accountants have only completed basic or intermediate training courses on accounting and expenditure reports are not submitted on time or accurately updated.

Central and provincial allocations are recorded and controlled by the Treasury system and so leakage of funds is limited by exerted control over disbursement and acquittal. However,

contributions by households to NTP-HEPR (whether in cash or in kind) and donor agencies are not recorded at district and commune levels. This means that there is a large amount of money in the system which can not be accounted, which increases the potential for leakage. In addition, it is not clear what these contributions are used. Villagers are not confident that their financial contributions are used for the intended purpose and so are reluctant to contribute.

In NTP-HEPR, most leakage occurs in the procurement process for public capital works. Infrastructure and housing are constructed using local contractors. This has advantages, contractors can be mobilised quickly, local labour opportunities are generated and it stimulates the local economy. However, there are significant disadvantages. The criteria for the selection of contractors are not transparent, bids are often inflated and there is a lack of effective quality control and accountability, as well as the potential for corruption. Resolution of these problems involves community supervision and implementation combined with the willingness of officials to respond to community reports and complaints.

## **7. The geographic/ethnic coverage and gender orientation of the NTP**

MoLISA has identified 17 priority provinces that will be an initial focus of NTP-HEPR activities for 2006-2010. The content of these activities is not clear. The provinces include Cao Bang, Bac Kan, Lai Chau, Dien Bien, Son La, Hoa Binh, Ha Giang, Yen Bai, Quang Nam, Quang Ngai, Quang Tri, Dac Lac, Dac Nong, Gia Lai, Kon Tum, Hau Giang and Soc Trang<sup>7</sup>. In general these are very poor provinces, although the selection of the communes within these provinces will have a large impact on how well poverty is targeted.

During the period 2000-2005, the poverty targeting of some sub-programmes was better in the poor and mountainous regions such as North West, North East, and Central Highlands. See higher coverage and targeting rates of the sub-programmes by regions in Table 1 to Table 8. The coverage rate to poor households and targeting rate to them was also higher for ethnic minorities than for the Kinh/Chinese ethnic groups as shown in Table 9.

Women are mainly employed in agriculture. While they make up 50% of the labour force, they earn only 40% of total wage remuneration. In agriculture, women's wages are 62% of men's, but they work on average 6 to 8 hours more a day because they do the majority of

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<sup>7</sup> MOLISA has a plan to 'roll out' or 'push down' the NTP-HEPR to the 17 provinces. The selection criteria for the provinces was not clear and so it is uncertain if investment in this programme is the best use of resources in targeting the poor. Also, implementation modalities have not been identified.

the housework. Women often and typically lack power within the household. The study indicated that, although women were the money managers in the household, they did not have the power to make decisions on expenditure.

Beyond the household, women have limited influence in community decisions. The ratio of female leaders to male leaders in the political system is low across all administrative levels but lowest at the commune level. Women's heavy workloads often cause or exacerbate health problems and their lack of access to local decisions has resulted in limited access to health services. For example, ante-natal and post-natal services are almost non-existent in many remote villages. The heavy workload also limits access to education and as a result literacy is lower than that of men.

It is often assumed that disadvantage due to gender is not a serious problem in Vietnam, particularly in activities of infrastructure development or community management. However, it is also common that women do not participate actively in village meetings, other than via the presence of the representative of the Vietnamese Women's Union. We cannot assume that women, young or old, or ethnic minorities will all have the same opinion regarding plans or impacts, unless we ask them. It is important to train commune members in gender issues, and to disaggregate data by age, gender and ethnic status, when monitoring activities.

Access to improved health, education and water and sanitation is likely to have a positive impact particularly on women and children. It will be important to monitor that improved access to subsidised credit and land will be equally available to all poor persons, irrespective of gender – this is particularly tied to registration of women as owners of land in red book issuance.

Training in agriculture, forestry and fisheries has traditionally been more available to men - due to cultural factors and the location or timing of the courses. This is particularly an issue for ethnic women, who often lack Vietnamese language fluency, and for cultural reasons are less able to assert themselves. They are also often doing the heavy labouring work and therefore not available during training times. Consequently, those providing training in these practical skills should bear gender and ethnicity in mind when planning the training – plan to deliver very practical skills via demonstrations, preferably in the village, minimise written content and ensure that it is simple and easily understood, consider the gender of potential participants and their commitments – alterations in timing of courses may improve the gender balance.

## **8. The quality of the monitoring arrangements**

Monitoring is still very weak because the cooperation has not been clearly regulated between ministries and other central agencies with steering committees and sectoral departments at provincial level. This problem is exacerbated by the lack of an effective reporting system. Most provinces do not report budget and implementation plans to MPI of MoF, which makes it difficult to monitor performance and revise strategic plans. The result is a lack of coordination of implementation with budget resources. Often needs in the provinces change during the implementation process but budget allocations are not able to be revised to respond to the changes.

Line ministries implementing sub-programmes have not developed criteria to evaluate results, particularly the efficiency of the programme. As a result, each province has developed its own method for programme evaluation. This makes it difficult to analyse results and formulate policies.

There is no clear mechanism for the People's Inspection Boards and Project Supervision Boards to record their findings in reports. In addition, they only have formal monitoring roles for activities managed by the commune PC and not those projects managed by higher levels.

Without quality data it is difficult to determine the overall direction of the programme and amend the programme during implementation if necessary. The data collected is not used for strategic planning but only used for reporting expenditures and physical outcomes such as the number of infrastructure projects constructed.

In 2005, to improve the role of the community in decisions about infrastructure selection, implementation, supervision and monitoring the Ministry of Home Affairs issued Decision 80 on Community Supervision of Construction. However, the impact of the decision will depend on the capacity of officials and institutional strengthening at commune level. It is worth noting that the Fatherland Front has a key role in establishing and monitoring the community supervision boards. This will affect its independence from state institutions. The Fatherland Front is a mass organisation under the direction of the Party. Province level has indicated that this board was not necessary, which reflects both their capacity on understanding the village level and their political commitment for change. Presently, the Party apparatus in most communes has a deciding influence over investment decisions and the capacity of the People's Council and Inspectorate Board is low. These institutions are not functioning as the people's advocate, which is an important part of their mandate.



Effective monitoring must be carried out by province and especially district level on the implementation of two important guidelines:

1. Inter-ministerial guidance issued, building on existing Decisions No. 80 (on community supervision) and 192 (on financial transparency), to foster active and informed participation in program planning and implementation at grassroots level, and used by all provinces to develop implementation roadmaps with parallel capacity-building support.
2. Inter-ministerial guidance issued concerning the establishment, planning, implementation and monitoring of Commune Development Funds that encourages active and informed participation of the poor in public investment.

Consultancy work is being carried out as part of the UNDP project, VIE/02/001: Support to the Improvement and Implementation of the National HEPR Targeted Program, to assist with the development of the M&E system. This will include work on a Review of National M&E Systems and Operational Indicator Identification. A mission in November 2005 had the core objectives of: 1) presenting the draft Framework Document and Action Plan for critical review and feedback; 2) developing a first draft of high-level outcome indicators; 3) preparing guidelines for the detailed review of national M&E Systems and identification of operational indicators by the national team.

A useful start was made, however at present it seems that the work of this consultancy is focussed on the high level policy and decision-makers, and to date there still appears to be insufficient concentration on developing workable indicators for management and operational levels.

## **9. Conclusions**

MoLISA has identified 17 priority provinces that will be an initial focus of NTP-HEPR activities for 2006-2010. The content of these activities is not clear. The provinces include Cao Bang, Bac Kan, Lai Chau, Dien Bien, Son La, Hoa Binh, Ha Giang, Yen Bai, Quang Nam, Quang Ngai, Quang Tri, Dac Lac, Dac Nong, Gia Lai, Kon Tum, Hau Giang and Soc Trang. The criteria for selecting these provinces is not clear. The list of provinces was sent to MoLISA from the Office of Government in November 2005 after it reviewed the project document for 2006-2010. However, many of the provinces are at the bottom of the list of provinces in Vietnam according to the UNDP's rating of provinces in relation to implementing the MDGs. The provinces are also characterised by slow economic growth

and human development, they have not made the best of opportunities and not used the funds from the national programmes in the most efficient way.

Main modality to support NTP-HEPR is the UNDP project. This project has been characterized by slow decision-making and implementation processes. In 2006, the project focus will be creating a forum for experience sharing and coordination, infuse this experience into the new programme and coordinate TA. It will not be a leading agency in developing policy advice and implementation guidelines for MOLISA on issues such as the implementation of the Labour Law in villages and guidelines for its application when villagers contribute labour to infrastructure construction.

Inequality is increasing between rich and poor and rural and urban. In short, economic growth benefited government officials, small businesses and wealthy households involved in production, while the landless, households coping with illness and health problems had become poorer and weaker in their ability to cope with shocks.

Risks include:

- The new programme has been broadly outlined but there are no implementation guidelines and so it is not possible to assess if direct budget support is an option.
- Lack of concrete plans to collect baseline data and information and establish an effective M&E system with budget.
- Capacity building activities delayed or not fully implemented due to insufficient in-country capacity for qualitative and quantitative delivery of large capacity building programmes
- Pilot-testing of different components delayed because of lack of implementation guidelines
- Financial tracking system not effectively in place before initial disbursements.
- The capacity building plan is not developed in readiness for the start of the programme
- The new programme does not effectively implement demand responsive processes. Community priorities are not selected for investment.

There are Technical Working Groups under MoLISA working on a range of topics including, financial mechanisms, monitoring and evaluation, capacity building and vocational training, infrastructure, livelihood development, targeting mechanisms and improving access to social services. UNDP has also provided support (along with funding from several donors, including Finland) to support the development of the NTP-HEPR (and

SEDEMA). To date, however, though the programme document has been presented officially by the Prime Minister, progress to develop the fine details and review the procedures with potential donors has been slow. Consequently the programme still remains somewhat of a grey area.

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## List of Tables

Table 1: Poverty targeting of the policy on exemption for agricultural land use tax (for crop-growing households)

Regions	2002		
	Coverage to poor households (%)	Coverage to food poor households (%)	% of poor households over beneficiaries
1. Red River Delta	17.8	33.7	66.1
2. North East	24.0	34.5	80.3
3. North West	29.4	34.8	94.0
4. North Central Coast	29.4	44.4	83.1
5. South Central Coast	23.2	37.4	76.7
6. Central Highlands	28.9	41.1	88.4
7. North East South	19.3	33.1	50.8
8. Mekong River Delta	18.3	30.7	53.6
All Vietnam	23.7	37.6	75.1

Note:

(1) The second column gives the estimate of the percentage of the crop-growing households who were exempted for the land use tax over the poor households (and of course also crop-growing households). The third column presents a similar figure but the denominator is the total number of the crop-growing and food poor households (estimates in the second and third columns are called coverage rates). The final column estimates the percentage of the poor households among the households who received the exemption (so-called targeting rate<sup>8</sup>).

(2) No information in VHLSS 2004

Source: Authors' estimation from VHLSS 2002

Table 2: Poverty targeting of the program on reduction and exemption for education fee (for households who have someone attending school)

Regions	2002			2004		
	Coverage to poor households (%)	Coverage to food poor households (%)	% of poor households over beneficiaries	Coverage to poor households (%)	Coverage to food poor households (%)	% of poor households over beneficiaries
1. Red River Delta	9.0	17.7	54.7	15.7	14.9	31.3
2. North East	36.5	48.0	63.4	48.6	61.4	55.1
3. North West	35.6	39.6	77.7	56.9	59.0	69.6
4. North Central Coast	20.0	28.6	68.3	31.8	49.4	65.2
5. South Central Coast	28.6	48.8	68.7	38.4	64.0	57.8
6. Central Highlands	50.5	58.5	70.4	86.3	96.9	56.1
7. North East South	30.1	44.6	38.2	56.3	83.4	21.7
8. Mekong River Delta	28.6	34.2	52.2	35.5	54.6	34.6
All Vietnam	26.8	38.8	61.6	40.8	58.5	48.7

Note: The definition of the columns is similar to that in Table 1

Source: Authors' estimation from VHLSS 2002-2004

<sup>8</sup> In fact, the rate that is equal to 100 minus this rate is called the leakage rate. This indicator measures the percentage of the non-poor households but receiving the program over the total number of the program recipients.

Table 3: Poverty targeting on the program on provision of free healthcare insurance card

Regions	2002			2004		
	Coverage to poor households (%)	Coverage to food poor households (%)	% of poor households over beneficiaries	Coverage to poor households (%)	Coverage to food poor households (%)	% of poor households over beneficiaries
1. Red River Delta	9.3	19.6	65.8	17.9	25.4	38.1
2. North East	7.8	11.4	79.7	29.9	39.4	50.8
3. North West	16.0	20.6	94.3	49.0	52.2	66.6
4. North Central Coast	10.1	14.5	80.0	20.8	25.5	59.9
5. South Central Coast	15.4	19.4	63.8	26.5	47.6	51.8
6. Central Highlands	8.6	14.0	87.0	30.2	27.4	50.9
7. North East South	12.5	17.0	28.4	20.4	24.4	14.7
8. Mekong River Delta	9.5	16.8	63.4	10.1	17.9	24.4
All Vietnam	10.2	16.0	66.6	23.5	33.0	44.9

Note: The definition of the columns is similar to that in Table 1

Source: Authors' estimation from VHLSS 2002-2004

Table 4: Poverty targeting on the program on support to housing construction and repairs

Regions	2002			2004		
	Coverage to poor households (%)	Coverage to food poor households (%)	% of poor households over beneficiaries	Coverage to poor households (%)	Coverage to food poor households (%)	% of poor households over beneficiaries
1. Red River Delta	0.9	2.1	81.7	2.4	4.9	100.0
2. North East	0.7	1.0	90.2	5.2	10.2	66.8
3. North West	1.5	2.0	95.3	2.9	3.0	83.6
4. North Central Coast	1.9	1.8	79.0	3.0	4.7	81.1
5. South Central Coast	2.1	2.9	60.0	1.4	1.9	27.3
6. Central Highlands	2.1	2.2	98.6	2.2	1.5	58.6
7. North East South	2.6	5.4	50.1	5.2	12.5	24.8
8. Mekong River Delta	2.2	5.7	52.0	3.7	7.2	31.6
All Vietnam	1.6	2.5	69.0	3.3	5.3	52.0

Note: The definition of the columns is similar to that in Table 1

Source: Authors' estimation from VHLSS 2002-2004

Table 5: Poverty targeting on the program on provision of preferential credit

Regions	2002			2004		
	Coverage to poor households (%)	Coverage to food poor households (%)	% of poor households over beneficiaries	Coverage to poor households (%)	Coverage to food poor households (%)	% of poor households over beneficiaries
1. Red River Delta	3.3	5.3	79.3	15.2	17.1	24.2
2. North East	8.5	12.6	79.8	27.9	40.8	42.8
3. North West	4.8	5.6	98.7	32.3	30.9	47.3
4. North Central Coast	9.2	11.6	77.3	19.9	30.0	44.4
5. South Central Coast	2.5	4.3	48.6	16.5	22.1	12.5
6. Central Highlands	3.5	4.9	85.8	12.8	13.8	34.3
7. North East South	5.5	8.5	39.6	21.0	11.8	14.3
8. Mekong River Delta	3.8	3.6	55.3	17.1	29.0	23.9
All Vietnam	5.5	7.7	71.2	20.2	27.7	30.1

Note: The definition of the columns is similar to that in Table 1

Source: Authors' estimation from VHLSS 2002-2004

Table 6: Average of loan during the past 12 months for the recipients of the preferential credit (VND thousand in price of 2002)

Regions	2002			2004		
	Non-Poor	Poor	Total	Non-Poor	Poor	Total
1. Red River Delta	1687.0	2017.4	1948.9	3309.3	3211.1	3285.5
2. North East	2863.0	2528.2	2595.8	4965.8	3338.0	4269.3
3. North West	1500.0	2955.5	2936.8	4646.0	2809.1	3778.1
4. North Central Coast	2662.3	2127.0	2248.4	4518.8	2284.4	3527.4
5. South Central Coast	3341.1	2231.3	2801.3	5725.3	2572.2	5330.2
6. Central Highlands	2000.0	2751.6	2644.6	8011.0	3499.3	6464.2
7. North East South	2934.4	2965.0	2946.5	6459.6	4432.7	6170.8
8. Mekong River Delta	2222.2	2454.1	2350.4	4951.3	2448.6	4354.0
All Vietnam	2611.8	2364.7	2435.9	5007.1	2926.8	4381.9

*Source: Authors' estimation from VHLSS 2002-2004*

Table 7: Percentages of agricultural households attending meetings on agricultural extension

Regions	2004		
	Coverage to poor households (%)	Coverage to food poor households (%)	% of poor households over beneficiaries
1. Red River Delta	36.1	19.3	13.8
2. North East	50.8	58.3	31.5
3. North West	47.8	43.6	66.4
4. North Central Coast	41.7	33.2	33.2
5. South Central Coast	39.1	50.6	26.2
6. Central Highlands	21.4	22.3	30.7
7. North East South	16.7	9.6	8.7
8. Mekong River Delta	14.8	14.6	9.4
All Vietnam	36.4	35.6	23.5

Note: (1) No information in VHLSS 2002

(2) The definition of the columns is similar to that in Table 1

*Source: Authors' estimation from VHLSS 2004*

Table 8: Percentages of agricultural households who were visited by agricultural staffs to provide agricultural extension

Regions	2004		
	Coverage to poor households (%)	Coverage to food poor households (%)	% of poor households over beneficiaries
1. Red River Delta	8.2	9.4	14.5
2. North East	12.2	16.8	31.2
3. North West	8.6	9.6	52.9
4. North Central Coast	8.0	5.2	32.0
5. South Central Coast	10.3	13.3	30.7
6. Central Highlands	4.1	4.2	26.3
7. North East South	1.0	0.0	2.8
8. Mekong River Delta	3.3	7.1	8.1
All Vietnam	7.8	8.9	22.5

Note: (1) No information in VHLSS 2002

(2) The definition of the columns is similar to that in Table 1

*Source: Authors' estimation from VHLSS 2004*

Table 9: Poverty targeting of several HEPR programs by ethnicity

Ethnicity	2002			2004		
	Coverage to poor households	Coverage to food poor households	% of poor households over beneficiaries	Coverage to poor households	Coverage to food poor households	% of poor households over beneficiaries
Exemption agricultural land use tax						
Kinh/Chinese	20.6	35.0	67.3			
Ethnic minorities	32.2	41.3	92.4			
All Vietnam	24.0	37.9	75.4			
Reduction and exemption for education fee						
Kinh/Chinese	16.9	23.4	52.5	24.9	39.8	34.9
Ethnic minorities	52.9	58.4	72.2	68.6	73.2	65.1
All Vietnam	26.8	38.8	61.6	40.8	58.5	48.7
Provision of free healthcare insurance card						
Kinh/Chinese	10.1	17.2	60.3	15.2	21.5	32.1
Ethnic minorities	10.6	14.4	92.0	39.9	43.4	64.0
All Vietnam	10.2	16.0	66.6	23.5	33.0	44.9
Housing support						
Kinh/Chinese	1.6	2.6	62.6	2.9	5.1	43.1
Ethnic minorities	1.6	2.3	96.1	4.1	5.5	73.1
All Vietnam	1.6	2.5	69.0	3.3	5.3	52.0
Provision for preferential credit						
Kinh/Chinese	5.5	8.3	66.2	17.4	26.3	22.5
Ethnic minorities	5.6	7.0	89.6	26.1	29.2	58.2
All Vietnam	5.5	7.7	71.2	20.2	27.7	30.1
Attending meetings on agricultural extension (for agricultural households)						
Kinh/Chinese				30.9	25.0	15.7
Ethnic minorities				46.1	44.9	57.6
All Vietnam				36.4	35.6	23.5
Visit of agricultural staffs to provide agricultural extension (for agricultural households)						
Kinh/Chinese				6.8	6.4	15.4
Ethnic minorities				9.7	11.2	53.3
All Vietnam				7.8	8.9	22.5

Note: (1) Empty cell because of no information from the corresponding survey.  
(2) The definition of the columns is similar to that in Table 1  
Source: Authors' estimation from VHLSS 2002-2004

Table 10: Percentage of communes which have different projects during 2002-2004 by poverty status in 2002 (commune panel data)

Non-poor and poor communes	Percentage of communes which have					
	Employment generation	Poverty reduction	Infrastructure and economic development	Culture and education	Healthcare and public health	Environment and clean water
Non-poor	27.3	50.6	56.2	25.2	15.1	13.9
Poor	22.4	59.6	70.3	39.7	18.9	16.7
Total	25.8	53.3	60.5	29.6	16.3	14.7

Note: Poor communes are defined as the 30<sup>th</sup> percentiles of communes which had the highest poverty rate in 2002. The poverty rate is estimated by the commune authority according to MOLISA poverty line.  
Source: Authors' estimation from VHLSS 2002-2004



Table 11: Number of household observations participating in several programs in panel data 2002-2004

Recipients	Reduction and exemption for education fee	Provision of Healthcare insurance card	Support to housing construction and repairs	Provision of preferential credit	Attending meetings on agricultural extension	Visit of agr. staffs to provide agr. extension
Non-Poor	197	176	18	150	726	168
Poor	295	239	23	109	399	92
Total	492	415	41	259	1,125	260

*Source: Authors' estimation from VHLSS 2002-2004*

Table 12: Average change in expenditure per capita among the participants in several programs (real price in January 2002)

Recipients	Expenditure per capita in 2002	Expenditure per capita in 2004	Absolute change in exp. 2002-2004	percentage change in exp. 2002-2004
(1)	(2)	(3)	(4)=(3)-(2)	(5)=100*(4)/(2)
Reduction and exemption for education fee				
Non-Poor	2978.0	3071.2	93.2	7.5
Poor	1362.2	1728.0	365.8	29.1
Total	1982.1	2243.4	261.2	20.8
Provision of Healthcare insurance card				
Non-Poor	3264.5	3375.5	111.0	8.9
Poor	1366.7	1653.3	286.7	22.0
Total	2170.2	2382.5	212.3	16.4
Support to housing construction and repairs				
Non-Poor	3316.5	3366.8	50.3	5.9
Poor	1361.6	1517.3	155.6	16.4
Total	2273.9	2380.4	106.5	11.5
Provision of preferential credit				
Non-Poor	3043.0	3469.7	426.7	17.2
Poor	1426.3	1789.7	363.4	26.1
Total	2340.5	2739.7	399.2	21.1
Attending meetings on agricultural extension				
Non-Poor	3191.0	3638.2	447.2	19.9
Poor	1476.3	1997.4	521.1	36.7
Total	2565.1	3039.3	474.2	26.0
Visit of agr. staffs to provide agr. Extension				
Non-Poor	3257.1	3785.2	528.1	24.2
Poor	1537.4	1981.9	444.5	28.7
Total	2620.2	3117.4	497.1	25.9

*Source: Authors' estimation from VHLSS 2002-2004*

Table 13: Changes in expenditure per capita among the participants and non-participants households (real price in January 2002)

Recipients	Expenditure per capita in 2002	Expenditure per capita in 2004	Absolute change in exp. 2002-2004	percentage change in exp. 2002-2004
(1)	(2)	(3)	(4)=(3)-(2)	(5)=100*(4)/(2)
<b>Reduction and exemption for education fee</b>				
Non-Participants	3595.3	4176.2	580.9	26.4
Participants	1982.1	2243.4	261.2	20.8
Total	3372.9	3909.7	536.8	25.6
<b>Provision of Healthcare insurance card</b>				
Non-Participants	3510.5	4084.4	573.9	26.7
Participants	2170.2	2382.5	212.3	16.4
Total	3372.9	3909.7	536.8	25.6
<b>Support to housing construction and repairs</b>				
Non-Participants	3383.7	3924.8	541.0	25.8
Participants	2273.9	2380.4	106.5	11.5
Total	3372.9	3909.7	536.8	25.6
<b>Provision of preferential credit</b>				
Non-Participants	2985.1	3516.9	531.8	26.9
Participants	2340.5	2739.7	399.2	21.1
Total	2895.4	3408.8	513.3	26.1
<b>Attending meetings on agricultural extension</b>				
Non-Participants	3722.1	4285.9	563.9	25.5
Participants	2565.1	3039.3	474.2	26.0
Total	3372.9	3909.7	536.8	25.6
<b>Visit of agr. staffs to provide agr. Extension</b>				
Non-Participants	3427.2	3966.9	539.7	25.6
Participants	2620.2	3117.4	497.1	25.9
Total	3372.9	3909.7	536.8	25.6

*Source: Authors' estimation from VHLSS 2002-2004*

Table 14: Changes in poverty rate among the participants and non-participants households

Recipients	Poverty rate in 2002	Poverty rate in 2004	Absolute change in 2002-2004
(1)	(2)	(3)	(4)=(3)-(2)
Reduction and exemption for education fee			
Non-Participants	22.7	15.4	7.3
Participants	61.6	51.7	9.9
Total	28.1	20.4	7.6
Provision of Healthcare insurance card			
Non-Participants	24.7	17.0	7.6
Participants	57.7	50.2	7.4
Total	28.1	20.4	7.6
Support to housing construction and repairs			
Non-Participants	27.8	20.1	7.7
Participants	53.3	51.3	2.1
Total	28.1	20.4	7.6
Provision of preferential credit			
Non-Participants	29.0	21.6	7.4
Participants	43.5	37.0	6.5
Total	31.0	23.7	7.3
Attending meetings on agricultural extension			
Non-Participants	24.4	18.5	6.0
Participants	36.5	25.0	11.5
Total	28.1	20.4	7.6
Visit of agr. staffs to provide agr. extension			
Non-Participants	27.4	20.1	7.3
Participants	37.0	24.6	12.4
Total	28.1	20.4	7.6

*Source: Authors' estimation from VHLSS 2002-2004*

Table 15: Change in commune infrastructures over 2002-2004 (commune panel data)

Percentage of communes which have:	2002	2004	Change during 2002-2004
(1)	(2)	(3)	(4)=(3)-(2)
With car road			
Non-poor	86.1	96.6	10.4
Poor	81.7	94.6	12.9
Total	84.8	96.0	11.2
With electricity			
Non-poor	97.3	98.1	0.8
Poor	80.1	92.4	12.3
Total	92.1	96.4	4.3
With healthcare centers			
Non-poor	99.0	99.7	0.7
Poor	100.0	100.0	0.0
Total	99.3	99.8	0.5

*Source: Authors' estimation from VHLSS 2002-2004*

Table 16: Change in commune off-farm employment opportunities over 2002-2004 (commune panel data)

Percentage of communes which have:	2002	2004	Change during 2002-2004
(1)	(2)	(3)	(4)=(3)-(2)
Non-farm enterprises/traditional villages within commune			
Non-poor	41.7	56.4	14.7
Poor	26.2	41.0	14.8
Total	37.0	51.7	14.7
Non-farm enterprises/traditional villages using commune labor			
Non-poor	55.4	68.3	12.9
Poor	33.1	40.1	6.9
Total	48.7	59.8	11.1
Number of commune labors in these enterprises/traditional villages			
Non-poor	85.0	268.2	183.1
Poor	23.1	142.4	119.3
Total	66.3	242.7	176.4

*Source: Authors' estimation from VHLSS 2002-2004*

Table 17: Main reasons for increases in welfare during the past 5 years (qualitative assessment by the commune authorities)

Communes	Agricultural Income	Non-agricultural Income	Infrastructure improvement	Social changes (education, healthcare, service)	Others (price change, weather, calamities, etc.)
Poorest	89.9	57.8	65.6	29.6	21.3
Near poorest	89.4	71.3	60.1	19.5	17.7
Middle	90.8	77.8	49.8	18.6	17.2
Near richest	86.9	82.6	55.0	16.3	15.1
Richest	82.3	83.0	55.4	17.2	19.3
Total	87.9	74.5	57.2	20.2	18.1

*Source: Authors' estimation from VHLSS 2004*

Table 18: Distribution of the chairman of the commune people committee by highest education degree

Highest Education	2002			2004		
	Non-poor communes	Poor communes	Total communes	Non-poor communes	Poor communes	Total communes
No degree	0.0	1.9	0.6	0.0	0.9	0.26
Primary	5.6	14.8	8.3	1.3	5.5	2.61
Lower secondary	29.6	39.3	32.5	23.9	36.9	27.9
Lower secondary and above	64.8	44.1	58.7	74.8	56.8	69.23
Total	100	100	100	100	100	100

*Source: Authors' estimation from VHLSS 2002-2004*

Table 19: Distribution of the deputy chairman of the commune people committee by highest education degree

Highest Education	2002			2004		
	Non-poor communes	Poor communes	Total communes	Non-poor communes	Poor communes	Total communes
No degree	0.0	2.7	0.8	0.2	0.0	0.14
Primary	6.5	17.4	9.8	1.0	5.5	2.26
Lower secondary	34.4	42.0	36.7	20.6	39.7	25.95
Lower secondary and above	59.1	37.9	52.7	78.2	54.8	71.65
Total	100	100	100	100	100	100

*Source: Authors' estimation from VHLSS 2002-2004*