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# Mekong Delta Poverty Analysis



# **Mekong Delta Poverty Analysis**

**Final Report**

October 2004

**This report presents the findings and views of the MDPA researchers and does not necessarily reflect the views of the Australian or Vietnamese Governments.**

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## List of Acronyms and Abbreviations

ADB	Asian Development Bank
AusAID	Australian Agency for International Development
CBOs	Community Based Organisations
CEMMA	Committee for Ethnic Minorities and Mountainous Areas
CIDA	Canadian International Development Agency
CIE	Centre for International Economics
CPRCS	Comprehensive Poverty Reduction and Growth Strategy
DOLISA	Department of Labour, Invalids, and Social Affairs (district or province level)
DARD	Department of Agriculture and Rural Development (district or province level)
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GoA	Government of Australia
GoV	Government of Vietnam
GSO	General Statistical Office
HEPR	Hunger Eradication and Poverty Reduction
HCMC	Ho Chi Minh City
INGOs	Indigenous Non Government Organisations
IMF	International Monetary Fund
KIP	Key Information People
MARD	Ministry of Agriculture and Rural Development
MD	Mekong Delta
MDPA	Mekong Delta Poverty Analysis
MOF	Ministry of Finance
MOLISA	Ministry of Labour, Invalids, and Social Affairs
MPI	Ministry of Planning and Investment
NGOs	Non Government Organisations
OGB	Oxfam Great Britain
PAR	Public Administration Reform
PRA	Participatory Rural Appraisal
PPA	Participatory Poverty Appraisal
PPC	Provincial People's Committee
PRB	Poverty Reduction Board
Program 133	Hunger Eradication and Poverty Reduction Program
Program 135	Program for Mountainous and Isolated Areas
PSO	Provincial Statistical Office



PTF	Poverty Task Force
RPA	Regional Poverty Assessment
SOE	State Owned Enterprise
SMEs	Small and Medium sized Enterprises
SRV	Socialist Republic of Vietnam
UNDP	United Nations Development Programme
VBARD	Vietnam Bank for Agriculture and Rural Development
VBP	Vietnam Bank for the Poor
VCP	Vietnam Communist Party
VHLSS	Vietnam Household Living Standard Survey
VND	Vietnam Dong (Vietnam's currency unit)
WB	World Bank
WVA/AF&A	World Vision Australia/Adam Fforde and Associates p/l.

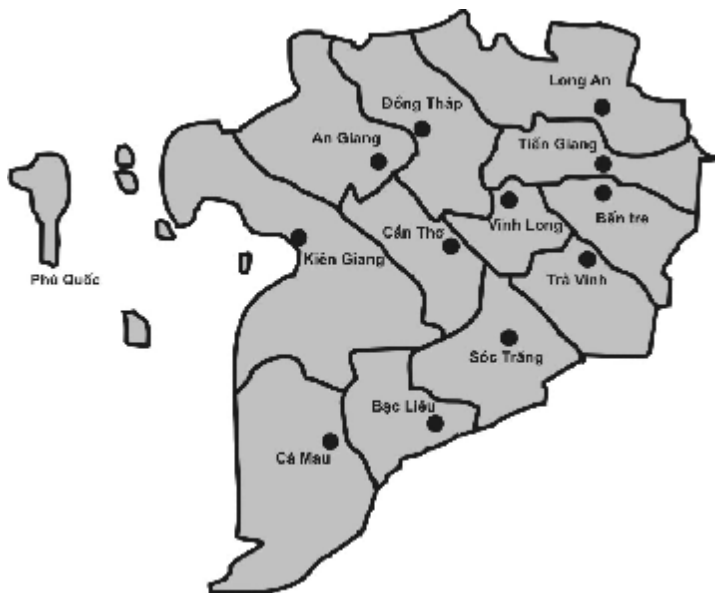
# Map

## Vietnam



Source: [www.Vietnamtourism.com](http://www.Vietnamtourism.com)

## Vietnam – Mekong Delta



Source: [www.Vietnamtourism.com](http://www.Vietnamtourism.com)

## Executive Summary

Vietnam has made impressive progress in poverty reduction in the past decades. Poverty has almost halved and GDP/capita has doubled (US\$ 200 in the late 1980s to US\$ 400 in 2000). In addition, many people have experienced major increases in well-being across a large number of social and economic indicators. However, sustaining these advances will prove challenging as returns from initial reforms are diminishing. Additionally, many households remain highly vulnerable to falling back into poverty.

The Mekong Delta is the rice bowl of Vietnam, producing commodities for the domestic market and for export. The region has experienced rapid socio-economic changes in the past few years, with increases in agricultural and aquaculture production. Greater liberalisation and diversification of rural markets have improved opportunities for poor people as both producers and consumers. However, important challenges remain. The development of new enterprises has been limited and FDI to the region remains low. The new economic processes have also highlighted many of the economic and social problems facing vulnerable groups.

Poverty remains a critical problem for the region. Despite a considerable decline in poverty since 1998, there are still around four million poor people living in the Mekong Delta. This is the highest number of poor people of any of Vietnam's seven regions. Additionally, the Mekong Delta has the highest percentage of people vulnerable to falling back into poverty through adverse economic shocks. The Mekong Delta is also prone to natural disasters, which leads to a precarious existence for the poor.

The Australian Agency for International Development (AusAID) in Vietnam is increasingly focusing its programs on the Mekong Delta. The region was identified for further support due to its high levels of poverty and the fact that it has not attracted the same degree of donor focus as other regions. Australia already has a considerable presence in the region through the construction of the My Thuan Bridge and projects supporting improved access to water and sanitation. The aim of this report is to further analyse the situation of poverty in the Mekong in order to guide future Government of Vietnam (GoV), Australian and donor interventions in the region.

The findings of this report highlight increased differentiation within communities in the Mekong Delta and a movement to groups of poor with similar characteristics of poverty. The research found that people are more at risk of being poor in the region if they are landless or land scarce; live in rural areas; are dependent on unstable employment; are Khmer and/or female. This is a more complex social and economic situation than existed a decade ago. Poverty reduction programs need to be tailored much more specifically to the particular situation and needs of these socially and economically marginalised groups.

## **Characteristics of the Poor in the Mekong Delta**

Detailed analysis undertaken by this report identified the following groups facing particular disadvantage:

### **Landless and Land Scarcity**

The landless and near-landless population in the Mekong Delta is significant and increasing. The study found that most landless families sell their land because of production failure and sudden economic shocks, such as sickness or natural calamities. The land is sold in order to access capital, often to settle debts. Selling land is therefore often a consequence of poverty, rather than the root cause. However, the sale of land can lead to greater vulnerability as the landless poor become dependent on low and unstable income from labouring. Landless farmers have consistently higher rates of poverty than other groups in the Mekong Delta.

### **Ethnic Minorities - The Khmer**

Of the three ethnic minority groups in the Mekong Delta, (Khmer, Hoa and Cham) the Khmer are the largest group and the most economically and socially disadvantaged. Poor Khmer are similar to other poor in the region, tending to have little or no land and few opportunities for stable employment. The jobs available to them are mostly manual labour with low income. They are particularly vulnerable to economic shocks due to their limited assets. Poor Khmer also tend to be marginalised from mainstream village organisations, having little contact with commune officials and few opportunities to participate in community decision-making processes.

### **“Work for Hire” Employment**

Over half the poor in some provinces in the Mekong Delta are “working for hire” in agriculture as their main form of income. Such employment is highly seasonal and often not enough to generate sufficient income. An oversupply of labour in the region is keeping wages low. There has been little increase in the number of new enterprises in the Mekong Delta, which has limited off-farm employment opportunities. Low human capital amongst the poor also limits their ability to access better jobs and improve income.

### **Women**

The wages of women in agriculture are less than two-thirds of the level for men. Women have been particularly disadvantaged by the trend in certain provinces in the Mekong Delta to move from rice production to shrimp farming, as this is considered to be the work of men. Women carry a heavy workload in both the home and external work which can cause or exacerbate health problems and limit their access to education. Women in Khmer households are particularly vulnerable.

# Key Issues Impacting on Poverty in the Mekong

## Poverty Reduction Programs

The effectiveness of poverty targeting programs is limited due to the lack of capacity of local officials to effectively plan, implement, monitor and review such programs.

### *Decentralisation*

The national programs for Hunger Eradication and Poverty Reduction (133 & 135) provide directions to support the decentralisation of program planning and management to the commune level. The move to decentralisation of government service delivery offers strong potential for the development of more localised solutions to poverty reduction. However, local implementation of this program is variable and dependent upon both the ability and interest of those administering it. There are also problems with the capacity of local officials to develop an accurate understanding of the nature and scope of poverty in their localities. These issues have limited the effectiveness of such programs.

### *Government Service Delivery to the Poor*

A key theme emerging from the report is the need for Government services and institutions to be more responsive to the needs of the poor. Decision making needs to be more participatory with special attention to modes of consultation so that the voices of the poor can be taken on board in program planning and implementation.

## Rural Development

Despite more flexible enterprise opportunities due to the development of a market economy and increased diversification, many small farmers have not increased their incomes.

### *Rural Markets*

Specific concerns regarding the operations of rural markets are: fluctuations in output prices; lack of access to suitable credit; high input prices in some areas; and violations of sale-purchase contracts. State monopolies and intervention are still high in some markets (eg sugar cane) distorting price signals and leading to over supply. Many farmers feel they lack the knowledge to take advantage of markets and are not able to access loans of sufficient length to optimise their investments in new crops.

### *Extension Programs*

Agricultural promotion programs in the Mekong Delta have not always proved successful due to the limited capacity of trainers and a poor understanding of the needs of the poor. Access by the poor to services of agricultural, industrial and fishery extension, and to employment consultancies, is much more limited than non-poor households. There is a pressing need to strengthen provincial, district and commune agricultural extension programs to enable small farmers to make better choices about production techniques; market development; input/output prices; and training opportunities.

### *Credit*

Access to appropriate credit was identified as a major concern. Whilst most non-poor farmers are able to access some form of credit, it is frequently not sufficiently flexible or responsive to their financial needs. For the poor, access to credit is more difficult as they

have little collateral to offer against the loan. They are often forced to borrow through informal markets which charge higher interest rates. There is a need for better regulation of mortgage arrangements to help farmers avoid foreclosure and training for lenders and borrowers in financial planning and risk management.

## **Rural Infrastructure**

There has been significant investment in the development of transportation and in the construction of education and healthcare centres in the Mekong Delta. Rural electricity and telecommunications systems have developed rapidly and impacted positively on employment opportunities and price, as well as market and consumption information. However, the distribution of local infrastructure is often uneven, with fewer facilities in rural areas. Traffic growth is putting great pressure on inadequate road networks and connecting roads for water transport systems do not meet requirements. The rainy season isolates many rural areas as bridges and roads become flooded which hampers the growth of markets.

## **Human Capital**

The education level of the labour force in the Mekong Delta is relatively low, despite higher than national income levels. There is a pressing need for new enterprise development and skills training for workers.

### *Education*

Despite a relatively good education infrastructure, the Mekong Delta has one of the lowest enrolment rates in the country, and a higher than national illiteracy rate. Household investments in education are lower than the national average for both poor and non-poor households. Low educational levels are particularly prevalent amongst the Khmer ethnic minority, landless families and women.

### *Labour Skills*

The study highlighted a lack of relevant labour force skills in the region. The percentage of the population which has undergone vocational training is half the national rate. Local vocational and technical training institutions are not seen as meeting the needs of the workforce and need upgrading to increase relevant knowledge and skills transfer. The low skills base is seen as limiting further enterprise development.

### *Health*

One of the greatest fears expressed by the poor was that future sickness might prevent them from working and earning an income and falling into greater impoverishment. Crises in health can lead to loss of income, increasing credit and the mortgaging of land. Poor health is therefore a significant contributor to poverty. Mosquito-related diseases are the main cause of morbidity in the Mekong Delta. Proper water and sanitation facilities are closely related to overall health in the Mekong region.

## **Natural disasters**

The Mekong Delta is prone to regular flooding and cyclones, the frequency and severity of which appear to be increasing. The Government has invested in facilities to assist people living in flood prone areas and provide them with shelter and basic recovery mechanisms. However, these programs are not sufficient to reach the most poor and vulnerable, who are often caught in a broader cycle of poverty. There is a need for better planning for long term

rehabilitation and response to disasters. Future interventions need to better consider local structures and conditions.

## **Conclusion**

Overall, the picture regarding poverty reduction in the Mekong Delta is complex. Poverty rates have improved for the majority of people in the region, but there appears to remain a hard core of static poor who have missed the economic and other opportunities opened up in recent years. These groups are spread unevenly within and between provinces. In addition, there remains a high level of vulnerability in the region. Reliance on unskilled labour opportunities, and lack of investment in education/training, risk the Mekong region missing investment opportunities.

The poor in the Mekong Delta have less access to local decision making processes and tend to be less visible in official assessments of populations. Poverty reduction programs need to better target the needs of the disadvantaged groups, and encourage their participation in planning, implementation and monitoring of such programs. This requires strengthening the capacity of local institution and officials to conduct more effective poverty assessments. The trend towards increased decentralisation amplifies the need for local officials to be properly trained in inclusive poverty reduction methods.

# 1. Introduction

The Mekong Delta Poverty Assessment (MDPA) was commissioned by the Australian Government in order to clarify the particular situation of poverty in the provinces of the Mekong Delta. The findings of the study aim to inform the GoV, provincial and central authorities, and international donors about conditions in the region, and guide potential future development interventions. The methodology employed by the study team aimed firstly to explore and describe the extent and nature of poverty in the Mekong Delta. A secondary aim was to build capacity for effective poverty monitoring and partnerships between the GoV and other agencies.

## 2. MPDA Methodology

The MPDA followed a two-stage process. The first stage involved the development of poverty profiles for each of the 12 provinces of the Mekong Delta. This formed an important basis for comparison between the Provinces and helped to develop an understanding of poverty patterns in the region. The research included reviewing existing secondary data; available statistical data; and collecting primary data on poverty reduction initiatives. The research was written up in a Stage One Report.

The second stage identified 17 key factors from Stage One which influence the experience of poverty for people living in the Mekong Delta. Following consultation with stakeholders, the topics were narrowed to four key areas for further detailed studies. The four research areas were:

- the effectiveness of rural markets and its impact on well-being for households;
- the condition, causes, quality of human capital and its impact on poverty;
- the problem of landlessness and its effect on poor households;
- the present condition and causes of poverty in the Khmer ethnic minority.

Terms of Reference were developed for each of these topics (TORs for each topic are attached to the Monograph Studies). Qualitative field research was undertaken by local research teams selected by competitive tender. Training and guidance was provided to the local research teams on methodology. Research activities were undertaken over three Provinces for each topic. Local synthesis teams supported field researchers throughout data collection in order to establish consistent methodology. The research teams analysed material and completed Monograph reports on each study area.

A further ex-post analysis of all primary data was undertaken by a research team in Australia in order to establish a rigorous evidence base for report findings. These findings, together with the secondary data sources (including all GSO VHLSS data), form the basis for this report.

The second stream of the study involved meetings and workshops with provincial officials and workshops to build understanding of the research process and draw officials into examination of the research data. This process was successful in developing trust and active participation and developed the capacity of government officials. It also identified the strengths and limitations of those officials and the Government systems for poverty



assessment and analysis. The process culminated in a final workshop in Can Tho in October 2003 where participants discussed and agreed to key study findings as included and highlighted in the Conclusions and Recommendation section of this report.

- *Research Limitations*

The monograph studies reflect that local researchers were skilled at collecting data to suit issues and tasks in the Terms of References, but less skilled at producing analysis. Whilst some analysis is very illuminating, it is sometimes weak in linking data to findings. However, the primary data collected for the Monograph reports is sound and provides the basis for this report. Statistical data from the Vietnam Household Living Standards Survey (VHLSS) from the GSO only became available in October 2003, which limited the team's ability to fully analyse and utilise findings in early drafts of this final report.

### **3. Defining Poverty in Vietnam**

#### **3.1 Range of Definitions**

There are various ways to define and understand poverty in Vietnam. The General Statistical Office (GSO) calculates two poverty lines - the food poverty line and a (higher) general poverty line. The food poverty line is calculated according to the expenditure required to deliver 2100 calories per person per day. The general poverty line is calculated on the basis of a 'basket of goods essential for well-being', combined with expenditure sufficient to meet the standard of the food poverty line. GSO estimates the rate of poverty using national household surveys, the VHLSS, that were conducted in 1993, 1998 and 2002. This study utilises the information from the VHLSS as the basis for its general statistical data and analysis regarding poverty in the Mekong Delta.

#### **3.2 Provincial Statistics**

Provincial governments in Vietnam adopt varying poverty definitions. While provincial level data is sometimes less reliable for general statistical comparisons, it does form the basis for distribution of resources and assistance to the poor under Government poverty programs. The HEPR program coordinated by MOLISA includes a survey implemented in communes using a simple questionnaire that focuses on household income.

Opinions were expressed informally during the research that local officials might over or under report levels of poverty in their areas of administrative responsibility. Therefore, the veracity of sub-national reports should not be relied upon. This is not a topic that this study could explore in depth. However, some poor people report that they are not included in provincial poverty counts and are therefore not able to access the services available for them. Local statistical systems are therefore of limited reliable use in estimating local poverty concentrations, although they remain very important due to their links to local poverty alleviation programs.

#### **3.3 Vulnerability**

Various studies have indicated that, while a high proportion of people have moved out of poverty in Vietnam, many remain in a precarious position, easily able to slip back into

poverty due to adverse shocks (WB, 2003; Oxfam Great Britain, 1999). Adverse shocks can include episodes of ill health; crop failure; a drop in services; fall in income due to movements in prices of key agricultural commodities; unstable employment; and occurrence of natural disasters. Vulnerability can be measured by considering those who are less than 10% above the poverty line and who have no assets to cope with adverse shocks (WB, 2003). Using the WB definition of vulnerability, the Mekong Delta has the highest percentage of vulnerable people of any region in Vietnam.

Vulnerability does more than push some people back into poverty. It creates a situation where people are in a regular state of recovery and have little energy or inclination to take risks and try new lifestyles or approaches that might lift them further out of poverty. Vulnerable people adopt safer strategies that will guarantee them at least a minimum subsistence income, but which reduces their chance of escaping from poverty (Centre for International Economics, 2002). Vulnerability therefore becomes a critical feature in understanding why people choose to adopt or reject new development strategies.

## **4. Poverty Reduction in Vietnam**

### **4.1 Major Gains**

Poverty reduction has been a priority for the GoV for over a decade. Government policies have been pro-poor, which is reflected in the Government's blueprint for growth and human development, the *Comprehensive Poverty Reduction and Growth Strategy* (CPRGS). According to the VHLSS, there has been a decrease in (national) poverty from 58% in the early 1990s to 23.4% in 2002. In addition, many people experienced major increases in well-being across a large number of dimensions. Since the 1990s, the poor (like most Vietnamese) have had better access to health services, education and transport. Rural development and infrastructure have promoted private sector development and created job opportunities. The reasons for the decline in poverty and the varying rates of this decline are significantly related to economic growth, although economic growth by itself does not guarantee comprehensive poverty reduction.

The GoV has introduced a range of poverty reduction programs over the past decade. The key programs include the Program for Hunger Eradication and Poverty Reduction (HEPR) managed by the Ministry of Labour, Invalids and Social Affairs (Program 133) and Economic Development Program for Extremely Disadvantaged Communes (Program 135); and programs to develop education, culture health and forestry. In 2001 HEPR was merged with the Employment Creation Program, also under MOLISA, thus putting most GoV activities relating to poverty, employment creation and social safety nets under one umbrella.

### **4.2 Recent Challenges**

There has, however, been a marked drop in the rate of poverty decline in recent years. In the five years 1993-1998, the poverty rate fell from 58% to 37%, a decline of 21 percentage points. In the following four years, the decline was only about 8 percentage points. This points to a slowing in the rate of poverty alleviation and raises questions about how to continue the success of earlier years. In addition, the gap between the poor and other groups has widened over time. Kinh and Chinese ethnic groups spend more than other ethnic

groups. Urban people had more than double the expenditure of rural people and this gap had widened since 1998.

### 4.3 Regional Differences

The impact of economic growth upon poverty at the national and local level is mixed. Overall the growth model appears to be the significant cause of poverty reduction, although the impact has lessened in recent years. Locally, the experience has been that most groups have experienced a reduction in poverty but some people in some areas have not benefited as clearly.<sup>1</sup> The experience of poverty reduction across the seven regions of Vietnam has varied (see Table 1). High poverty rates exist in some regions and provincial analysis suggests even more local differences are experienced within regions.

**Table 1. Rates of Poverty by Region in Vietnam**

	<b>1993</b>	<b>1998</b>	<b>2002</b>
<b>Poverty rate</b>	<b>58.1</b>	<b>37.4</b>	<b>28.9</b>
Northern Mountains	81.5	64.2	43.9
North East			38.4
North West			68.0
Red River Mekong Delta	62.7	29.3	22.4
North Central Coast	74.5	48.1	43.9
South Central Coast	47.2	34.5	25.2
Central Highlands	70.0	52.4	51.8
South East	37.0	12.2	10.6
Mekong Delta	47.1	36.9	23.4
• <b>Poverty gap</b>	<b>18.5</b>	<b>9.5</b>	<b>6.9</b>
Northern Mountains	29.0	18.5	12.3
North East			9.6
North West			24.1
Red River Delta	18.3	6.2	4.3
North Central Coast	24.7	11.8	10.6
South Central Coast	17.2	10.2	6.0
Central Highlands	26.3	19.1	16.7
South East	10.1	3.0	2.2
Mekong Delta	13.8	8.1	4.7

*Source: GSO, 2002 VHLSS. (Note: Poverty rates are measured as a percentage of the population. Poverty gaps reflect the average distance between the expenditures of the poor and the poverty line, in percentage of the latter.)*

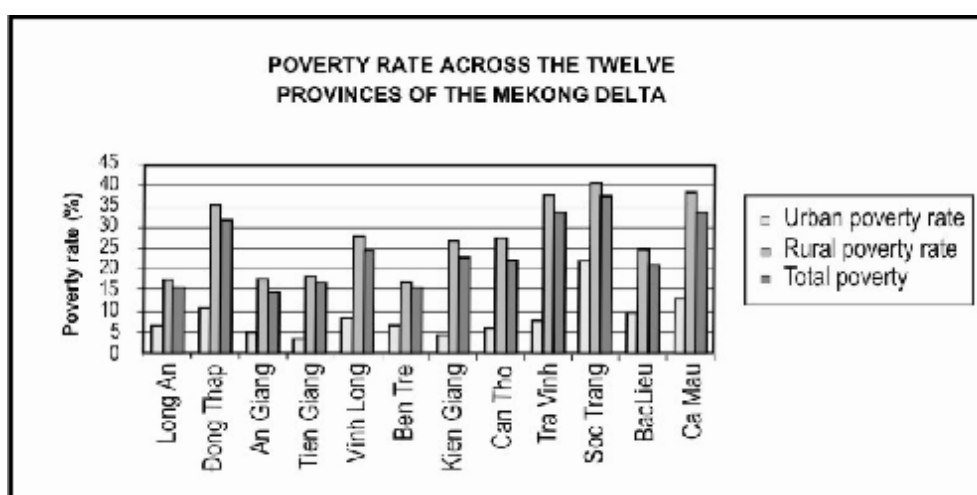
Local conditions are also factors in determining the experience of poverty. Provinces with more efficient and effective administrations and more business-friendly procedures have

<sup>1</sup> A wide range of studies confirm this: for example, van de Walle and Cratty; Justino and Litchfield 2003:2, caution that ‘participation in the emerging rural non-farm economy will be the route out of poverty for some, but certainly not all, of Vietnam’s poor’;

utilised the opportunity to develop their private sectors and create employment. The evidence from this study, together with previous research, suggests that factors such as ethnicity, migrant status, gender and class, contribute to marginalisation and exclusion from both local decision making processes and from opportunities for further economic and social development.

#### 4.4 The Hard to Reach Poor

Poverty occurs when people fail to benefit from the market led economic changes and when State interventions also fail to address their needs. In contrast to the experiences from the 1990s when poverty was widespread in Vietnam, there is now a situation where poverty is focussed on particular groups. These groups become the ‘harder to reach’ poor, or the poor within more prosperous communities, who are less likely to be lifted out of poverty without specific targeting and more focused interventions.



Source: GSO, 2002

## 5. Poverty in the Mekong Delta

### 5.1 Basic Data

In 2003, the Mekong Delta comprised 12 provinces: Long An, Vinh Long, Ben Tre, An Giang, Dong Thap, Tien Giang, Kien Giang, Ca Mau, Soc Trang, Bac Lieu, Can Tho and Tra Vinh. In 2002, the total population of the Mekong Delta was 16.7 million, nearly 20% of the entire population of Vietnam. The most populated province is An Giang with over two million people and the least populated is Bac Lieu with 768,000 people. The largest province in area is Kien Giang with over 600,000 hectares, and the smallest province is Vinh Long with 147,000 hectares. There are significant differences in social, economic and geographic conditions within and between the provinces in the Mekong Delta.

### 5.2 Poverty Reduction in the Mekong

The Mekong Delta has experienced a considerable decline in the rate of poverty since 1998. The poverty rate for the Mekong Delta in 2002 was 23.4%, lower than the country rate of

28.9%. On the other hand, there are nearly 4 million people in poverty in the Mekong Delta, which represents 21% of the total number of people in poverty in Vietnam. Drawing from the VHLSS data, there is considerable variation between the poverty rates for the Provinces, and between the experience of people living in urban and rural areas. (See Table 2)

### **5.3 Economic Development in the Mekong Delta**

Some provinces in the Mekong Delta have developed faster than others depending on local economic, geographic and social conditions. Long An Province has taken advantage of its close proximity to HCMC and developed factories using its large amount of cheap labour to produce items such as garments and shoes for the HCMC market. On the other hand, provinces close to the Cambodian border, such as An Giang and Dong Thap experience the annual flooding of the Mekong river which damages crops and infrastructure. This affects access to markets and potential investment. In contrast, coastal provinces, such as Soc Trang and Ca Mau, have used the opportunity provided by the regular floods to extensively develop shrimp farming, which has increased incomes for some members of the community (but worked to the detriment of other members, especially the Khmer ethnic minority and women).

Contrary to expectations, the poverty profiles developed by the research team found that the most rapid poverty reduction has been occurring in those provinces with least development potential - Ben Tre, Bac Lieu, Soc Trang and Tra Vinh. Second, that poverty rates remain high, by comparison with the Mekong Delta average, in those provinces with high development potential. The reasons for this finding are complex, but may reflect the view that while economic growth has contributed to poverty reduction for many poor people, it is insufficient to address poverty for all. Other local factors are likely to be relevant to understanding poverty patterns.

#### **Box 1: Key findings regarding poverty in the Mekong Delta**

The report identified the following issues regarding poverty in the Mekong:

1. Poverty remains concentrated in rural areas: 8 % of urban dwellers are in poverty while 26% of rural people are below the GSO general poverty line;
2. According to the 2002 VHLSS, 31% of the poor in the Mekong Delta have no land, and 16% have less than 2,500 sq m, the level below which the Bank for the Poor classifies households as having 'little land';
3. In the provinces of Soc Trang, Tra Vinh, Bac Lieu and Kien Giang, the proportion of Khmer in the population is high and they make up a disproportionately high percentage of the poor;
4. Over half the poor in some provinces are currently working for hire in agriculture with the majority of these people having no land or land insufficient for agricultural production, (land scarce). Provinces with the highest proportion of poor in the labour force were Dong Thap (63.5%), Ca Mau (72.5%) and Soc Trang (74.6%).

## 6. Study Findings

This section explores the nature of poverty and vulnerability among those groups identified as particularly prone to poverty. It aims to develop a detailed picture not just of the spread of poverty but also of the experience and meaning of poverty for people.

### 6.1 The landless and land scarce

Land is a valuable source of income and a valuable asset for income-generation for many farming households. The loss of this asset can increase vulnerability to further drops in income and economic shocks. The Mekong Delta has the second highest level of landlessness in the country. Most of the poor in the region are either landless or have very limited land holdings. The rate of landlessness among the rural poor is also increasing. Four years ago 26 per cent of the poorest quintile of the population was landless. The most recent rate is 39 per cent (WB, 2003).

In general, farming households use their land for cultivation or plantation in order to generate income. Land is also an asset, and farmers can mortgage, pledge or sell their land use rights to others. Landlessness or limited land access may not result in poverty if the land use rights are transferred at the will and careful consideration of the owners. The sale of land may allow farmers to become involved in other activities with higher or more sustainable income. However, the trend emerging from the research for this report is that landlessness/limited land access itself is an effect rather than a cause of poverty in the region.

#### 6.1.1 Factors contributing to loss of land

Most poor farming households mortgage or sell their land as the result of economic failure. Other studies of landlessness in the Mekong Delta support this conclusion, and depict a cycle of poverty which involves distress sales or mortgaging of land in response to episodes of ill health, business failure and indebtedness (WB, 2003, Oxfam, 1999).

This study explored the experience of land loss across three different Provinces in the Mekong Delta<sup>2</sup> and identified a common set of characteristics leading to land loss:

- **Lack of information and market experience**

*Research findings in Lai Vung District (Dong Thap Province) show that eight out of ten people who sell their land to buy larger farm land in Dong Thap Muoi have to return to smaller plots. The reasons are lack of market experience and information (most of them rely only on information from landowners or acquaintances). They often buy land which has poor soil or in poor locations leading to crop failures (Dong Thap Landless survey, 2003).*

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<sup>2</sup> Field work on land loss was carried out in three provinces: Tien Giang, Dong Thap and Ca Mau. The Stage 1 report had indicated that these three provinces were all middle ranking in terms of development potential, but had high incidences of poverty. The study therefore looked at variation between a coastal province (Ca Mau), a low-lying area with frequent floods (Dong Thap) and a province with little flooding with good farmland (Tien Giang), to examine the consistency of why people lost their land.

- **Lack of technology & skills**

*One group of farmers in Cai Be district, Tien Giang province, borrowed money to transfer from growing rice to growing other farm produce hoping that it would create more income. However, because they had no knowledge about the right seed as well as appropriate technology, they finally had to sell their land due to losses (Tien Giang, Landless survey, 2003).*

- **Livestock Diseases**

*The family of Ms L. A., borrowed money from the bank to grow fruits. Due to poor crops and trees dying they fell into debt. They then bred 8-10 pigs but these all fell sick and died. They tried ducks but these also died. In a period of ten years, in order to pay bank loans they had to sell most of the family land. They now only have 1,800m<sup>2</sup> of land left and are not prepared to take out loans for new venture again because they are afraid of losses and debts (Tien Giang Landless survey, 2003).*

### **6.1.2 Greater concentration of land**

In Provinces with increasing populations, such as Dong Thap and Vinh Long, parcels of land inherited by families have become too small to be productive. Families are therefore selling these small land parcels. There is also evidence of greater concentration of land ownership, favouring male headed, better educated households, with stronger ties in the community and therefore stronger influence over local decision making and allocation of resources.

### **6.1.3 Landlessness and vulnerability**

When land cannot be used as the source of income, poor households generally work as hired employees for other farming households and in off-farm jobs. Their lack of skills and education limit the range of jobs they can access. Employment is often highly seasonal, and they face strong competition for jobs and income. Women are particularly vulnerable if the household sells its land. Discussions with landless and land scarce people also suggest that they are likely to become further marginalised from local development programs and from mainstream village life.

### **6.1.4 Government Assistance to the Landless**

There have been attempts by local Governments to resist land loss by providing targeted support to families at risk. Part of the Government's response has been to create the conditions for families to re-purchase or un-mortgage their land. Indications are that these measures have had limited success. In some cases Government programs appear to have deepened the poverty of some groups (see Box 2).

### **Box 2. Government Resettlement Programs for the Landless**

Part of the government's response to the issue of land loss has been the construction of housing clusters to resettle poor families. Dong Thap Province has substantially invested in the housing cluster program with mixed success. One housing cluster in Thanh Loi commune in Thap Muoi district provided housing for over eighty families. Most of these families had been landless and vulnerable to annual flooding. Each household paid 17 million VND (US\$1138) to purchase the rights to a small piece of land and a dwelling with an iron roof, brick house front and dirt floor. Nearly all families did not have this amount, so the province organised loans for them from state banking institutions.

Discussions with the cluster residents found the outcomes of the move to be mixed. The majority thought they had gained by living away from flood prone areas, but living in clusters removed them from employment opportunities and offered little support in developing their human capital. Moreover, the cluster lacked basic infrastructure such as clean water and sanitation. Clean water had to be purchased at a public well. The group had no land for production and were dependent on low-paying and unstable labour. Before they shifted to the cluster, the families had lived in scattered agricultural production areas. They had easy communication with local farmers and could organise work during the season. Moving to the clusters concentrated the labour in one area which created a very competitive employment situation. It also broke the regular patterns of communication of obtaining work. Some residents identified that they needed alternative ways to increase their income but the commune and cluster did not yet provide training and conditions for this development.

*Source: Dong Thap Landless Study, 2003*

## **6.2 Rural Markets**

Rural markets are important to the income of rural farmers. Recent policies, particularly the Enterprise Law, have improved the business environment in the Mekong Delta, making it more flexible and efficient. Rural markets have diversified and expanded considerably in the past few years. This is evidenced by the increase in the quantity of commodities in circulation and the expansion of the participation of economic sectors in different market categories. Poor people, as both producers and consumers, now have greater opportunity to access the new markets.

### ***6.2.1 Constraints to full participation in rural markets***

While rural farmers have benefited from these enterprise opportunities, the benefits have not been even. Drawing from research conducted across three different agricultural Provinces of the Mekong Delta<sup>3</sup>, there remain a number of constraints to farmers fully participating and benefiting from rural markets:

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<sup>3</sup> The three Provinces chosen for the study on rural markets were Can Tho, where large areas are devoted to sugar production and large amounts of rice are produced for export; Vinh Long province, where fruit growing is a long established industry; and An Giang Province, which is the largest export producer of rice.



- **Price Fluctuations**

Fluctuations in price are a key concern for farmers. Whilst farmers reported that they are experiencing better demand for rice and fruit, the prices they receive for these goods are highly variable. This is particularly a problem for households totally dependent upon rice production. These households appear to be struggling to maintain subsistence production much less accumulating income. Price fluctuations cause particular hardships for poor farmers, as they often lack funds for storage facilities, and therefore need to sell their produce right after harvest. This tends to be the time when prices are at their lowest.

- **Access to Price Information**

A strong network of rural markets has been established in most towns and districts. Rural infrastructure has been improved to allow for better transportation of goods. Farmers generally report that they have no trouble in selling their produce, as traders come to their home to purchase it. They do not therefore have to pay delivery costs. However, the downside is that traders do not offer the best selling price. Farmers say that they know little about current price information and rely on traders to tell them the prices. Information from the Government is often irrelevant or out of date.

- **Credit**

Credit is available to farmers from a variety of formal and non-formal sources, such as local and agricultural banks and donor programs. Farmers report that interest rates are low and there are no major difficulties in borrowing. However loans are often short term and require stringent conditions such as the mortgaging of land. For this reason the loans are not useful for those farmers who want to expand production or buy back lost land. Credit is also not suitable if farmers decide to change their crop production, as the system does not support such long term investments. The poor experience greater difficulties in accessing formal credit, and are often forced to borrow through informal channels, at higher interest rates.

- **Decree 80 Sell-Purchase Contracts**

The Government has enacted Decree 80, which promotes commodity selling contracts between companies and farmer households or farmers' organisations. However, in practice, farmers reported that such contracts are rare and that they tended to deal directly with traders, who may in turn have contracts with factories. There is often little respect for contracts, and they are frequently violated by both sides. Sometimes buyers do not buy the product as agreed, or buy less quantity. Poor farmers often receive lower prices due to the poor quality of their goods. Farmers also ignore contracts and sell to other buyers who offer higher prices. Further research is needed to establish where better governance can be obtained in this area, in order to reduce transactions costs and farmer risk.

### **Box 3. Constraints to participation in Rural Markets**

The options of the poor are limited. As they do not have access to storage facilities, they often need to sell produce early and accept low prices. In Cai Nuoc district of Ca Mau Province, some rice farmers cooperated to form a group specializing in growing perfumed rice. The group included both poor and non poor farmers. The main requirement for membership was land. The group had a contract with a rice export company in Ho Chi Minh City. However, in Can Tho, farmers also mobilized to form groups to grow the perfumed rice. In 2002, after harvest the price of the perfumed rice declined because of fluctuations in the international rice market. The company from Ho Chi Minh City reneged on the contract with the group in Ca Mau and opted to buy from the Can Tho groups for a cheaper price and expenses to collect the rice were lower. Farmers in the Ca Mau groups were left to find their own buyers, which was difficult. The perfumed rice market is small. Vietnamese people do not like the taste. Poor farmers were especially disadvantaged because they did not have the means to inquire about alternative buyers and had no access to storage facilities. They were left in debt as they had purchased the expensive perfumed rice seed.

*Source: Ca Mau Rural Markets Study, 2003*

#### **6.2.2 Access to knowledge and information**

Farmers reported that they often miss out on agricultural knowledge and find it hard to obtain updated and relevant information on farming practices. More than half of the farmers interviewed across the three Provinces reported that they have not received appropriate assistance in this area.

#### **6.2.3 Agricultural Extension**

Agricultural extension services aimed at facilitating farmers' access to information on production techniques and market developments have the potential to improve farmer's access to rural markets in the Mekong Delta. However, the training provided through agricultural extension has been of variable value. Programs often fail to reach poor households, or do not provide information relevant for poorer farmers. The professional skills and abilities of extension workers need to be upgraded in order to keep pace with the rapid changes in the economy and new pressures on farmers.

### **6.3 Off farm employment**

The lack of opportunities for stable off-farm employment was a major concern identified by this study. For the poor in the three Provinces of Tien Giang, Dong Thap and Ca Mau, 'work-for-hire' agricultural activities are the main source of income in almost all of poor households with land. Over forty percent of the poor households in Bac Lieu and Can Tho Provinces earn their income through work for hire. This includes simple, manual work such as soil digging and rice cutting. Women undertake carpet weaving, basket knitting or other jobs such as selling lottery tickets. Other opportunities for men include wrapping fruits, labouring, and taxi motorcycling.

Both the Government of Vietnam and international donors agree that job creation is a key to further poverty reduction in Vietnam. At the national level, 26 per cent of workers do not have stable employment and only have paid work for 100-120 days per year. (VHLSS, 2002) The studies undertaken for this report found that there is an oversupply of labour in rural communities in the Mekong Delta which is keeping wages low. Low human capital and skills are limiting the opportunities for this group to improve employment and increase income.

- *The household, of Ms N. B., is land-scarce. Their main income is from working for hire harvesting rice in January, February, June, July, and December. They work for hire irregularly during other months. On the average, they are short of food for three months per year (Tien Giang, Rural market survey, 2003).*

### **6.3.1 Enterprise Development**

The development of new enterprises in the Mekong Delta has been quite limited, even following the introduction of the Enterprise Law. In those areas where new enterprises have developed, the reasons given for such development include: supportive Government policies, such as favourable taxation regimes; appropriate training programs; infrastructure development; and availability of capital support. However, most new enterprises in the Provinces surveyed for this report only hired semi or low-skilled workers, often on a seasonal basis. This is not sufficient to meet the growing employment needs in the region.

#### **Box 4. Challenges in accessing off-farm employment**

In Thanh Phu District in Ben Tre Province, officials have identified the creation of off-farm employment as the key to long-term poverty reduction. In a group discussion with local poor people, most did not have land and worked for other farmers for about 20,000 VND (US\$1.33) per day. They did not have access to the knowledge necessary to develop their human capital and lacked access to infrastructure such as the electricity network. They commented that product and market information provided to them by state banks, extension service and local traders was often contradictory. They stated that they need reliable market information and technical training to help them take advantage of economic opportunities. A local example provided to the team was an abundance of reeds in a certain district which were suitable for rattan development. However, the poor were not able to access training on new weaving techniques, information on markets, and training on how to access those markets.

*Source: Ben Tre, Human Capital Study, 2003*

## **6.4 Education and Human Capital**

The Mekong Delta is not the poorest region in the country and its education infrastructure is at a relatively good level. Sixty five per cent of the villages in the Mekong Delta have primary schools, which is much higher than the national average of fifty four per cent. (GSO, 2002). The percentage of villages having junior secondary and secondary schools in their geographic locality is also higher than the national one.

However, the enrolment rate in the Mekong is one of the lowest in the country. More than 83% of the general labour force have completed only primary-level education or have no

formal qualifications. The rate among the poor is 96%. Investments by households in the Mekong Delta in education are much less than those in other regions and compare poorly to the average income in the region (GSO, 2002). Education-related expenses by non-poor households in the Mekong Delta made up only 3.3% of their total expenses. This is the lowest rate in the country. For the poor, it is only 2.5% of the total expenses, the second lowest rate in the country.

For the poor, lack of education does not necessarily cause their poverty but poverty limits their opportunity for formal education. The study found that this may be a contribution to the difficulties of developing human capital in the Mekong Delta.

#### **6.4.1 Explaining the Low Education Levels**

- **Economic Factors**

Given the relatively high cover of educational facilities, the reasons for the low enrolment rate in the Mekong Delta are complex. The data collected through this research<sup>4</sup> suggest that poverty is a major reason why children fail to attend or drop out of school. Children often fail to attend school due to family financial difficulties (parents reported that they could not pay the school fees and other school expenses) and the limited experience parents themselves have with the educational system.

- **Opportunity costs**

The MPDA also identified that the “opportunity costs” of sending children to school sometimes outweighed the benefits of further education. When opportunity cost for sending children to schools is high (as children at the age of 10-14 can supply considerable labor in unskilled work) families are not always eager to support their children attending school. Parents in Ben Tre Province also reported that their children had to stop going to school so that they could follow their parents as they moved around for work.

- **Low Returns from further formal education**

Data from the VHLSS highlights that, with the exception of technical workers who are particularly valued in the Mekong Delta market, employees' qualifications do not have a great influence on their pay. (GSO 2002) A college or university graduate may be paid only 20% higher than someone with primary education with reading and writing skills. The labour market does not appear to differentiate graduates from primary, junior secondary or secondary schools, and in some cases secondary education graduates have received up to 13% lower pay than primary graduates. Rates of pay are influenced by other factors (health to stand hard work, experience, skills, etc) rather than school qualifications.

- **Poor quality of formal education**

The above findings do not mean that education is unnecessary. Rather, it highlights that the skills and knowledge provided by the current education system are not useful for business. The skills utilized by workers in the Mekong Delta have largely been obtained through their own study rather than through formal education. As observed by many households, particularly the agricultural ones, school going does not directly help their children's future jobs.

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<sup>4</sup> The research on human capital in the Mekong Delta was undertaken in 27 communes spread over 9 districts within the three Provinces of Bac Lieu, Ben Tre and Long An.

### **6.4.2 Training and Skill Levels**

Technical training in the Mekong Delta is very low. Over eighty per cent of the labour force has no technical training. In interviews with employers, two thirds of the representatives in the enterprise group held that workers' skills lag behind the development requirements of enterprises. Employers argued that vocational training institutions are not oriented to the actual needs of the work place. Most employers interviewed by this study identified a major need to improve the skills base of the workforce, and identified a strong need for more practical and relevant vocational training.

## **6.5 The Khmer**

Across Vietnam generally, ethnic minorities make up one of the more economically poor and socially disadvantaged sectors of the community. In the Mekong Delta, ethnic groups have fared better than those in other regions and have the lowest rate of ethnic minority poverty in the country (WB, 2003). However, the Khmer are more economically and socially disadvantaged than other groups in the Mekong Delta. Poor Khmer tend to have less access to steady employment; to rural infrastructure; clean water and sanitation; affordable health care; and agricultural extension services. Their education levels are lower. They are also very vulnerable to economic shocks due to their low asset base.

There are approximately 1.05 million Khmer people living in the Mekong Delta, accounting for 6.49% of the total population of the area (GSO, 2002). The Khmer have a higher poverty rate than the average (32% of Khmer are classified as poor compared to 23% average for the Mekong Delta region). Not all Khmer are poor, but the figures across the Mekong Delta suggest that in those Provinces where they live they make up a disproportionate percentage of the poor. Perhaps more significantly, the rate at which Khmer escape from poverty in many localities is significantly lower than the average.

### **6.5.1 Characteristics of the Khmer in the Mekong Delta**

- **Landlessness**

Traditionally, the Khmer earn their living through agriculture. However, poor Khmer households have shifted from self-employed agricultural production to hiring out their labour. The rate of poor Khmer households who have lost land or lack land for cultivation is high. Over 80 per cent of the total income of poor Khmer now comes from off-farm activities. Many have to seek employment away from their residences.

- **Education and Employment**

People from poor Khmer households tend to work in unstable and inadequate off-farm employment. The rate of trained labour is very low. They have few opportunities for employment, and those jobs available to them are mostly manual labour with low income. Few poor Khmer people are employed in local enterprises or sent overseas in the form of exported labour. Key causes are that poor Khmer people have low education levels and many of them are illiterate in Khmer as well as Vietnamese language. The rate of the Khmer poor who attend upper secondary school level is only one third of the Mekong Delta average and only one fifth at lower secondary level.

### **Box 5. Economic Vulnerability of Khmer in the Mekong Delta**

In Vinh Chau district Soc Trang province, the Khmer ethnic minority have traditionally provided the labour force for agricultural production. During the last ten years, many local farmers have shifted from agriculture to shrimp farming, which mainly requires external labour inputs for construction. This problem has worsened by investors coming from central Vietnam to establish and operate shrimp farms. These farmers invest little locally and take much of the profit back to their home province.

Mr Nam Hien is the head of one Khmer family of six children. Both he and his wife had no formal education but can speak enough Vietnamese language for their work interactions with Kinh people. Unlike many of his neighbours, Hien's family still had land user rights but the size of their holding is insufficient for a stable livelihood. Hien's other assets included a leaf-house with a dirt floor, two wooden beds and two wardrobes. They had no motorbike, TV or radio. With the move to shrimp production, the family's main form of income disappeared, so they registered with MOLISA to receive social welfare.

Now, Mr. Hien and his wife catch fish every day in nearby creeks to sell to merchants in the village. Their income is not enough for their four children to regularly attend school, and they attend special classes three times a week. Mr. Hien would like to increase his family's income by establishing a shrimp farm but the investment capital needed is too high and the risks too great. Mr. Hien and his wife consider health problems the greatest risk to their well being. The social welfare system provides basic medicines but if a serious medical problem emerged, they would not have the funds to buy expensive medicine and the income lost by not catching fish would have a great impact on their activities.

*Source: Soc Trang Khmer Study, 2003*

- **Marginalisation**

A consistent finding of this study is the greater marginalisation of poor Khmer from mainstream village and district organisations. The Khmer, particularly the poor and women, rarely meet commune administrators. The reasons for this include language barriers; being intimidated by officials; and having a low understanding of the organisational structure and apparatus of their commune. Almost two thirds of the group interviewed for the study reported they were not aware of the commune development plans and budgets despite having made financial and labour contributions to implement them.

- **Lack of access to Government programs**

Provincial officials reported that the specific features of the Khmer poor are not well understood by them and that they received less attention in the implementation of HEPR activities. As most Khmer poor have no or little land and work mainly as hired labour, they receive little or no benefit from Government poverty reduction programs as these are generally aimed at agricultural production and self employed farmers.

The available data on the situation of poor Khmer varies across the Provinces. Previous research suggests that Government officials hold many opinions about Khmer people, but these tend to be based upon a mixture of fact and stereotyping. Some government officials consider poor Khmer to be lazy or fatalistic and have little appreciation of their culture and

strengths (Oxfam, 1999). These two factors, combined with problems of exclusion from local decision making, suggest that the Khmer poor are less likely to be adequately understood and targeted by existing poverty programs or by other Government services.

## **6.6 Women**

It is difficult to calculate specific poverty rates for women as official figures do not disaggregate information within families. However the available figures suggest that women suffer particular disadvantages in rural markets in Vietnam. Women are mainly employed in agriculture. The wage for women is only 62% of the level for men. While they make up 50% of the labour force, they earn only 40% of the total wage. (VHLSS, 2002).

- **Impact of Production Changes**

Women have been particularly disadvantaged by the trend in certain Provinces in the Mekong Delta to transfer from rice production to shrimp farming. While women undertook many tasks in rice production, the construction of ponds is considered to be the work of men. Additionally, shrimp farming requires less labour and is mostly managed within the household. The studies identified that women seldom travel away from their homes for work or training, which limits their opportunities to increase capacity and increase income.

- **Lack of opportunity**

Other research suggests that women have limited voice or opportunity for participation and control in the wider community and therefore less opportunity for economic or social advancement. The ratio of female leaders to male leaders in the political system is low across all administrative levels but lowest at the commune level. The lack of opportunity to participate inevitably skews local decision making towards male interests (WB, 2003). Women who are divorced or raising children on their own appear to suffer additional exclusion and discrimination. Earlier research indicates that women-headed households are often discriminated against by government officials (Oxfam, 1999) and lack a voice in local decision making (WB, 2003).

- **Heavy Workloads**

Case study reports from this research indicate that women's heavy workload causes or exacerbates health problems. Their lack of access to local decisions has also resulted in poorer development of women focused health services. For example, antenatal and postnatal services were almost non-existent in many remote villages. Women's heavy workload also limits access to education and as a result, female literacy is lower than that of men.

- **Children**

Closely related to the poverty of women is that of children. Poor women in the rural areas of the Mekong Delta have more children than either poor women in urban areas or women in higher economic groups (VHLSS, 2002). More children often means that poor women work harder and experience more birth related health problems. Their children are less likely to receive the full nutrition they need for growth and development.

- **Women in Khmer communities**

Women in Khmer communities are particularly disadvantaged. They lack access to health centres and services. Some women have not attended school and are either illiterate or have

very little knowledge of Vietnamese language. The language barrier also affects their participation in local decision making. Khmer women tend to have little knowledge of local organisational structures, which limits their ability to access government support programs.

## **6.7 Rural Infrastructure**

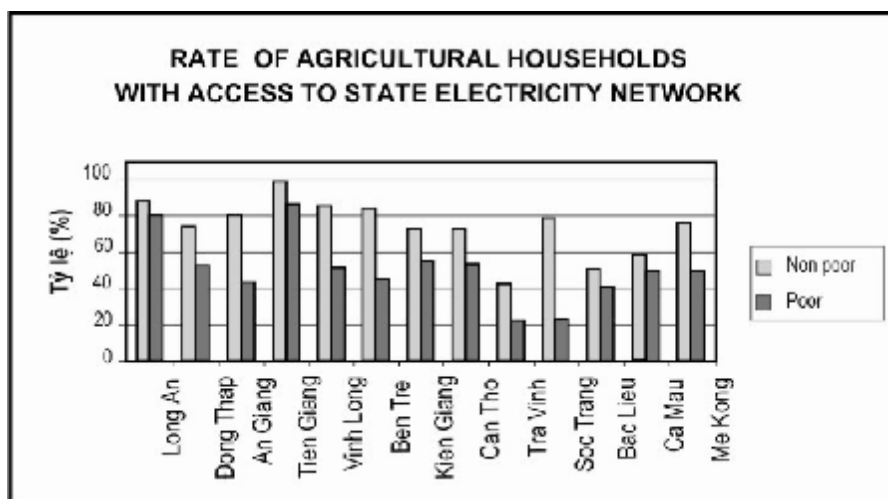
Over the past decade, provinces in the Mekong Delta have made significant progress in developing their water and sanitation infrastructure. Nearly half of rural people have access to clean water, which includes “bought water” but excludes water from hand-dug wells. Research indicates that the rainy season provokes particular problems in the area because water sources become easily contaminated as the fields flood (WB, 2003). Access to latrines remains a significant problem in the Mekong Delta with most poor and non-poor households using simple toilets that are cheap to construct but cause environmental and health problems.

Water and sanitation are closely related to overall health and well-being in the Mekong Delta. Health has a strong relationship to poverty. Once a household loses an adult member to sickness or disability income levels drop and the household is at significant risk of falling into poverty (CIE, 2002). Long term disease has been described as a defining characteristic for the majority of poor families (WB, 2003). Proper sanitation facilities are very important for preventing diseases, diarrhoea and malnutrition.

Provinces in the region have also invested strongly in the development of transportation and in the construction of education and healthcare centres. The school network at all levels in the Mekong Delta is higher than many other regions in the country and 99.1% of communes have their own health centre. (GSO, 2001, Rural, Agricultural and Fishery Census). The road system is operational and connects district centres, district towns, commune crossroads, and commune centres. The water system is an important transportation channel. A concern was raised in the surveys undertaken by this report that small scale infrastructure such as schools and healthcare centres are not evenly distributed and that there are fewer operational facilities in the remote areas due to a shortage of teachers, doctors and nurses

The rural electricity and telecommunication system has developed rapidly. Government officials identified this as having positive impacts on the economy of the region, creating favourable conditions for poor households to access technical and scientific information, and market and consumption information (MDPA, Stage 1 report, 2003). The development of the electricity network has encouraged the creation of rural employment, trading businesses and service establishments, and has contributed to the job creation for labourers. Indeed there appears to be some correlation between poverty and lack of access to electricity in the provinces across the Mekong Delta. (see Table 3)





Source: GSO, 2002

- **Further infrastructure needs**

Significant constraints to infrastructure remain however. Traffic growth is outpacing the current level of road rehabilitation. Traffic is expected to increase so quickly that many arterial roads linking the provinces will soon require widening from two lanes to four. A traffic mix of heavy vehicles and motorbikes calls for construction of wide paved shoulders to segregate traffic. The Mekong Delta has short-haul sea-shipping; inland waterways; air transport; and roads in its transport mode mix. Inter-provincial waterways dominate transport, but there is a need to improve connecting roads to other transport modes in order to offer multiple combinations of access.

Inadequate road and bridge infrastructure leaves many rural areas isolated during the rainy season, hampering the potential growth of markets and keeping the rural population away from social and economic opportunities. Routine maintenance is carried out extensively, but suffers from antiquated practices. Periodic maintenance is chronically under-funded.

Other infrastructure problems persist. Over 42% of the people living in the Mekong Delta use river or dam water for household use (GSO, 2003). The poor make up the majority of these users. The expanded use of pesticides and herbicides has exacerbated water quality and health problems. The Mekong Delta also has the highest percentage of people living in semi-permanent or leaf houses in Vietnam and the lowest percentage of people living in permanent housing (54% and 7% respectively (GSO, 2003)).

## 6.8 Natural Disasters

The Mekong Delta is prone to natural disasters, including regular flooding and cyclones. There is a perception that these types of disasters are increasing in frequency and severity in recent years (CARE, 2002). Over the last 20 years the Government of Vietnam has promoted a policy of actively coping with or 'living with' the annual floods. This policy has seen state investment in facilities to assist people living in flood prone areas and provide them with shelter and basic recovery mechanisms. However, for the very poor or the most vulnerable, the government programs are not sufficient to address the wider cycle of poverty of which disasters are one thread.

Research undertaken for this study points to natural disasters, especially floods, as one more factor in the overall poverty and vulnerability of poor people. Specialist studies of the impact of natural disasters in the Mekong Delta have identified that government officials have limited appreciation of the impact of disasters upon the very poor (CARE, 2002). This research highlights that officials have less understanding of the health and other long term impacts of disasters upon the very poor and the poor have few opportunities to influence or control the assistance they are offered.

## 6.9 Government officials and program implementation

Government programs designed to assist the poor in the Mekong Delta are dependent upon both the ability and interest of those administering the programs together with an accurate understanding of the nature and scope of the experience of poverty. The findings of this study, together with other reports, suggest problems with the capacity of local officials have limited the effectiveness of these programs. Box 7 is an overview of the experiences of the poor and the non-poor in their ability to access and utilise Government 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 programs have not achieved their aim of targeting the poor.

**Box 7. Access to Government Services in the Mekong Delta**

<b>Policies or services</b>	<b>The poor</b>	<b>The non-poor</b>
Micro credit	Receive small loans from the HEPR program, not enough for investment	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 of
Irrigation	Limited direct benefits for those with little land, but large indirect benefits through more hired labor 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: UNDP, AusAID and the Long An Community Health Centre (2003): "Mekong Delta Participatory Poverty Assessment"*

### **6.9.1 Counting the Poor**

Official methods of counting and recognising poor people have a number of shortcomings. Recent research suggests that good quality information is available at the higher levels of disaggregation. However, specific information collected below the Province level varies in quality. (WB, 2003) Problems with the collection of local data include: exclusion of migrants; failure to count those who are considered undeserving poor; and the pressures to present poverty results on poverty reduction.

According to local officials of Bac Lieu Town's Peoples Committee, the criteria for identifying poor households was not rational. The poor household assessment process was very reliant on the honesty of the assessment undertaken by officials, but assessment was not objective (Human capital survey, Bac Lieu town, 21/7/04).

### **6.9.2 Lack of participation**

This report found that the poor are less likely to participate in community decision making. Thus, they are less likely to have their needs and issues considered in the design of programs and the allocation of resources. In the provinces of Bac Lieu, Ben Tre and Long An, people were asked about the development plans and budgets of the village or commune. Landless people tended to respond that they had heard about the plans but were not aware of the budgets. When asked if they had ever heard of the decree "people know, people discuss,

people implement, people monitor”, poor Khmer and the unemployed answered that they were either unclear of the relevance of the decree to their situation or they were not in a social position to influence the implementation of the decree. (Landless Study, 2003)

### **6.9.3 Lack of collaboration and information sharing**

Implementation of national poverty reduction policies across the Mekong Delta have not been synchronised, which limits the sharing of experiences and collaborative problem solving. A particular example is highlighted in Box 8.

#### **Box 8 : Implementing HEPR: A comparison between Provinces**

*An Giang Province* - An Giang has been proactive in developing its own poverty reduction strategy. In 1992, the province established a HEPR board with an office within the provincial People’s Committee (PC). During the next decade, the provincial PC extended the HEPR network to the commune level. At provincial and district levels, HEPR officials hold several offices but at the commune level there are specialised officials dedicated to HEPR. In 2003, all 142 communes and wards in the province had an official responsible for HEPR.

*Dong Thap Province* - In contrast, in the neighbouring province of Dong Thap, only 22 from the 139 communes had officials responsible for HEPR. District and provincial officials participate part-time in the HEPR Board established in the late 1990s. Their allowance from the state is only 135,000 VND/month, which provides little motivation to actively participate in the program.  
(*An Giang and Dong Thap Provincial Profiles, MPDA, 2003*)

## **• 7. Conclusions and Recommendations**

Poverty in Vietnam, and in the Mekong Delta, reduced significantly in the 1990s. Almost a third of the total population was lifted out of poverty in less than a decade. However, at the start of the present decade, the rate of poverty reduction has slowed. This report found that, despite economic growth, poverty persists and is concentrated in particular groups in the Mekong Delta. These groups have become the “harder to reach” poor, or the poor within more prosperous communities, who are less likely to be lifted out of poverty without specific targeting and more focused interventions.

### **7.1 Guiding Principles**

Numerically, the landless and land scarce, the Khmer, women, and those dependent on off-farm employment make up the majority of poor people in the Mekong Delta. Those in the process of land loss are also vulnerable.

- **Activities need to be tailored to meet the particular needs of these socially and economically marginalised groups**

Supporting the poor in the Mekong Delta will require engagement by donor countries with national and local level policy environments.

- **Assistance should aim to develop a pro-poor (policy) environment to influence the planning of programs and interventions which target the poor**

## **Recommendations:**

### **7.2 Improving Government Capacity for Poverty Targeting**

In order to support these two guiding principles, an integrated approach to governance and program implementation should be developed. The work undertaken for this report highlights the current limitations in research capability at province level, particularly in the collection of statistics, and in the official methods of counting and recognising poor people. It also highlights the wide variation in province thinking and practice in poverty reduction, as well as the somewhat haphazard nature of current aid interventions. And finally, it revealed a rich range of experiences (both positive and negative) of poverty reduction at the local level.

The poor in the Mekong Delta have less access to local decision making processes and tend to be less visible in official assessments of populations. Poverty reduction programs need to better target the needs of the disadvantaged groups, and encourage their participation in planning, implementation and monitoring of such programs. This requires strengthening the capacity of local institutions and officials to conduct more effective poverty assessments.

#### ***7.2.1 Improve local capacity for poverty assessment and counting of who is poor***

This requires strengthening the capacity of local institution and officials to conduct more effective poverty assessments and methods to count the difficult to reach groups. It also requires local officials to use methods that allow understanding of the particular experience of poverty.

#### ***7.2.2 Improve ability to identify and develop local solutions to assist poverty reduction***

This requires improved assessment of and learning from local experimentation. Adequate research and documentation is needed to capture local experiences and disseminate findings.

#### ***7.2.3 Improve the integration of planning processes to ensure that provincial officials, donors and government are discussing similar plans and processes.***

This is part of the PAR process and the CPRGS. However it should also form part of the approach of all donors and suggests a move to program approaches and greater harmonisation of official aid.

### **7.3 Reducing the Vulnerability of the landless and land scarce**

The detailed studies undertaken by this report show that the main cause of landlessness and land scarcity is the selling of land to repay debts due to failures in agricultural production. There are several reasons for failure, such as lack of technical knowledge, poor land, poor market information, natural disaster and family division.

#### ***7.3.1 Promote agricultural extension programs by strengthening the training and information transfer of local official and mass organisations at district, commune, hamlet and village levels***

Such steps will assist small farmers to make better choices about crops, technology and potential markets.

#### ***7.3.2 Strengthen credit and loan systems including better regulation of mortgage arrangements***

Such steps will help protect farmers from foreclosure by providing training for lenders and borrowers in financial planning and risk management.

#### ***7.3.3 Study employer and enterprise needs across the Mekong Delta followed by support to training and educational facilities to meet those needs.***

This may involve development of Government accreditation in order to orient training and educational systems towards employment opportunities.

### **7.4 Improving Rural markets**

Many producers in the Mekong Delta are vulnerable to fluctuating prices, in part because of national economic reforms and also due to competition from the global market. They often lack good market information and systems to cope with changes in prices and markets. The local rural support network is weak and neither agricultural extension nor credit services are meeting the needs of the poor.

#### ***7.4.1 Develop curriculum in local technological training institutions***

Such measures will increase the knowledge and skills of those involved in knowledge transfer and link technical colleges to international agricultural training institutes. This will enhance the transfer of information technology transfer and access to current market trends, resources and expertise.

### **7.5. Education and the Development of Human Capital**

The Mekong Delta has one of the lowest primary school enrolment rates in the country and data collected over three provinces suggests that poverty is the main reason why children fail to attend or drop out of school. For the poor, lack of education does not necessarily cause their poverty but poverty limits their opportunity for formal or vocational education. The reasons they are poor (landlessness, vulnerability to markets etc) mean that interventions to address these causes should have a positive impact on participation rates.

This may include work with MOLISA to ensure development of safeguards in employment. Planning for industry regulation now would be beneficial to poverty reduction in the longer term.

In line with examination of employment training needs, carry out a wider study of future employment trends in the region and the potential benefits and problems of such expansion.

## **7.6 The Khmer**

Poor Khmer possess similar characteristics to other poor groups in the Mekong Delta. However, they suffer additional difficulties associated with being members of an ethnic minority that is marginalised from mainstream village life and decision making due to language and other barriers. Research undertaken by this report indicated a greater willingness of provincial authorities to exploring more participatory approaches to this issue.

### ***7.6.1 Attention should be given to more targeted and responsive education for the Khmer***

Khmer people and rural children are not completing education in the Mekong Delta. Part of the problem appears to be that educational services need modification to make them more accessible, both socially and linguistically to Khmer students.

### ***7.6.2 Support for development of participatory methods of rural development within the Khmer communities***

This should go beyond the existing Mass Organisation and People's Committee structures to work more closely with the pagodas and other community organisations. This would include development of Khmer language resources.

These recommendations are in line with those which were presented and endorsed at the final Can Tho workshop. This meeting agreed that high priority should be given to the problems of the Khmer, due to their higher levels of poverty and isolation from economic growth processes.

## **7.7 Recommendations on other issues:**

The study noted a range of other areas where intervention would have a positive impact on the lives of poor people.

### ***7.7.1 Women***

**Support to women's increased representation and participation in decision-making should be a common denominator in any poverty-focussed program.**

Policies which address the issues of representation and participation by women should be mainstreamed through all development and policy interventions in the Mekong Delta.

### ***7.7.2 Rural Infrastructure***

**Integration of small-scale infrastructure projects into local planning and poverty-reduction efforts**

There is an opportunity to develop with selected provinces a project that would look at the impact of small-scale, rural investments on poverty. This should be focussed on local planning methods and practice in order to address the combined issues of rural development, poverty reduction and governance.

### ***7.7.3 Natural disasters***

#### **Improved planning for long term rehabilitation and response to disasters**

There needs to be more understanding of why some communities are more resilient following disasters and how these features can be extended to poor and vulnerable groups.



## **Annex 1: Landless and land scarce**

### **Stage 2 Monograph Report**

# **LANDLESS AND LAND SCARCE POOR FARMERS IN MEKONG DELTA**

#### **Research Team**

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## **EXECUTIVE SUMMARY**

The landless and near-landless population in the Mekong Delta is significant and increasing, and will have a major impact on the socio-economic development of the region. The extent of the problem depends on the varying physical and climatic conditions in the region, but the study did identify a common set of characteristics leading to land loss. While policies are in place to respond to this issue, their impact has been limited. The aim of this research is to assess the causes and effects of landlessness on poor households in three provinces in the Mekong Delta in order to pinpoint general characteristics in the region.

### **In particular, the research focuses on:**

- introducing a clearer and more appropriate perspective of the concept of 'landless and limited land access farming households' in order to provide the basis for follow-up analysis and comparison;
- clarifying factors which force farming households to sell or mortgage their land, thereby becoming landless households;
- identifying features of these households with respect to their economic, cultural and social status (i.e. income, purchasing power, jobs, access to health and education services), and their difficulties in accessing and utilising opportunities for employment, sustainable income generation activities and risk prevention strategies;
- evaluating the accessibility to infrastructure and markets of landless households as well as the assessment by these households of the impacts of such services on their standard living; and
- identifying immediate and long-term measures to solve the problem of landlessness to help the households escape from poverty and gradually improve their living conditions.

### **Key findings of the Study are:**

1. Most of the poor in the Mekong Delta are either landless or have very limited holdings;
2. Most sell their land because of agricultural and aquaculture production failure, and sudden economic shocks, such as sickness;
3. Women are particularly vulnerable if the household sells its land;
4. Other landless poor have sold their land because of natural calamities and unfavourable market movements that increase production costs or decrease income;
5. Landless poor lack access to employment opportunities because of low human capital;
6. The private and public sectors have been slow in developing enterprises in rural areas;
7. Increasing landlessness is the most urgent issue in rural areas;
8. Policies to assist the landless have had limited impact;
9. Landless poor are dependent on low income and unstable income from labouring in agricultural production.

Based on these findings, recommendations include:

### ***Short-term Solutions***

1. Improve the labour regime through better regulation and union representation.
2. Develop the legal, financial and technical environment for the development of small businesses and a microenterprise framework that can be supported by local private enterprise, government or bilateral funding.
3. Utilising the extension system, provide information to farming households with limited land holdings.
4. Develop regulations that address the issues of employment and income in poor household resettlement programs;
5. Develop favourable conditions for the poor to trade with particular attention to improvement of road and water transport
6. Increase the participation of the landless poor in local decision-making especially in socio-economic activities
7. Assess the needs of the landless poor to ensure minimum delay in responding to their needs as they emerge.

### ***Long-term solutions***

1. Through the local commune system, increase the awareness of the landless poor of the importance of schooling for their children through education and communication activities.
2. Introduce the opportunity for work-from-home jobs for women in landless households.
3. Integrate vocational training with the general education in schools.
4. With the development of private and public enterprises in the communes, encourage and support poor children to undertake apprenticeships.
5. Develop programs and policies to strengthen the capacity of local officials, leaders and social associations to enable them to provide long-term access to technical, financial and market support.

## **1. INTRODUCTION**

Poverty reduction and improvement in living standards have been key issues for the Government of Vietnam (GoV). Over the past few years, Vietnam in general and the Mekong Delta in particular have made significant progress in poverty reduction and hunger elimination. However, sustaining these advances remains problematic. Evidence shows that resumed and emerging poverty are difficult to address and negatively impact on the sustainability of hunger elimination and poverty reduction (HEPR). In addition, there remain disadvantaged groups that need special support and assistance to overcome hunger and poverty sustainability.

The Mekong Poverty Analysis funded by the Australian Government through the Australian Agency for International Development (AusAID) commenced in 2002 with the objective of collecting and analysing information about the causes and status of poverty and hunger in the Mekong Delta. The results of this study aim to serve as a basis for the GoV, AusAID and other international donors to develop necessary and effective measures to improve the life of the people, particularly the poor in the region.

The inception research undertaken by the study team identified that the number of poor farming households which have no land or limited access to land is increasing. This process is exacerbating the problem of poverty in the Mekong Delta. However, the research also revealed that there exist contrary opinions about the characteristics and size of the landless problem in the region. Previously implemented programs aimed at solving the problems of landlessness have failed to improve their standard of living, and are not sustainable. This research has therefore been conducted with a view to seeking causes and effects of landlessness and limited land access, thereby identifying obstacles facing farming households in the region and recommending appropriate solutions to help the affected overcome poverty.

## **2. METHODOLOGY**

The objective of this research study is to undertake an assessment of the causes and effects of landlessness on poor households in three provinces in the Mekong Delta. The research team included a team leader with a comprehensive understanding of modern quantitative and qualitative methodologies; the application of these methodologies in the Mekong Delta; and extensive experience in poverty analysis. The team leader was also responsible for synthesising the data and information in order to prepare this report. Five team members conducted the field research and local people and officials from district and commune levels were recruited to provide local knowledge and assist in the use of participatory methods. These assistants were given training before the start of the research. Prior to commencing the research, the research team discussed the best locations for the research, timeframe and approval work in the province with the leaders of the province. On completion of the research, findings were presented to provincial, district and commune officials at a workshop and feedback included in this report.

The research applies both quantitative and qualitative approaches. The quantitative approach utilizes data to present a general picture of poverty and landlessness of poor farming households in the Mekong Delta. The qualitative method, including Participatory Rural Appraisal (PRA) and Participatory Poverty Assessment (PPA), is aimed to broaden the general conclusions from the quantitative survey and identify cross-cutting issues that may have not been identified during the quantitative surveys.

The 2002 Household Living Standards Survey conducted by the General Statistical Office (GSO) provided the main source of data for the study. This was supported by secondary data collected from provincial statistical sources, reports from Stage 1 of MDPA, provinces, districts and commune's reports that review the implementation of local HEPR programs.

Primary data was collected from field surveys and semi-structured questionnaires (see Appendix). These field surveys were conducted in Tien Giang, Dong Thap and Ca Mau provinces, taking into account the socio-economic aspects, and the natural and ecological conditions that define the scope and impact of landlessness on farming communities. Ca Mau and Dong Thap provinces have the highest number of poor farming households in comparison to other provinces in the region. For the research, in each of the two provinces, three communes (including high, average and low living standards communes) in two typical districts. In addition, group discussions and consultation was conducted at different levels of government including personnel specialising in HEPR and local government leadership. Also, in-depth interviews, household surveys and group discussions were implemented in

one or two hamlets in each commune. Samples in the household survey total 193 households and it should be noted that none of these households coincides with any of those selected for household group discussions.

This research paid special attention to qualitative methodology, considering it an important way to examine the critical issue of landlessness. To date, there had been very little information about the issue. In order to draw a comprehensive picture of landlessness in the Mekong Delta, the participation of disadvantaged groups such as women and migrants was especially sought. Their experiences, insights, ideas and feelings provided an extra dimension to the analysis. Chart drawing, rich-poor classifying, season scheduling, Venn diagrams are some examples of the techniques used during implementation of qualitative analyses. They enable the research team to understand more clearly the extent and causes of poverty in specific areas, so that general characteristics can be developed. From these characteristics, the team could identify immediate and long-term measures to help the poor escape from poverty.

### 3. KEY FINDINGS

#### 3.1 Landless poor households

##### 3.1.1 Identification of landless poor households

As the focus of this research was landless poor households it was necessary to define "landless" and "poor" households, at least within the framework of this research, to ensure consistency of concepts for comparison and analysis. Previous research on landless/limited land access households failed to have consistent explanation of this concept<sup>5</sup>.

- *Landless/ limited land access households*

The landless and limited land access household is a relative concept, which means there are a number of ways to evaluate the levels of land ownership. Households consider land to be an important asset and source of income since their livelihood depends predominantly on agricultural production, especially on cultivation. The results of household interviews showed a common perception that a farming household is defined to have limited land access when the land area it owns is not sufficient to produce the amount of food necessary to guarantee a minimum living standard for the household. This perception, though rather loose, displays the relativity of the concept and its connection with the specific circumstances of each province. Through further investigation of these concepts with households, more specific 'criteria' for the concept were developed, so that a "limited land access household" is one that owns:

- (1) below three *cong*<sup>6</sup> of land per household in the garden cultivation lands in Lai Vung district of Dong Thap province, and Cai Be and Chau Thanh districts of Tien Giang province.

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<sup>5</sup> A research team from the Hanoi National Economics University (1999) defines that a limited land household is the one that have below two *cong* of agricultural land.

<sup>6</sup> 1 *cong* of agricultural land = 1,000 square metres

- (2) below ten *cong* of land per household in the newly reclaimed land in Dong Thap Muoi area.
- (3) below ten *cong* of land per household in shrimp raising lands in Ca Mau province.

The criteria that are presented by the poor households or state employees at grass root levels are much lower.

- ***‘Poor household’ concept***

There are presently two main definitions used for classifying poor households in Vietnam. The first is used by the Ministry of Labour, War Invalids and Social Affairs (MoLISA) to decide who should benefit from its HEPR programs, and the second by the General Statistics Office (GSO) with technical support from the World Bank (WB). This second definition is used by MPI for national planning and the international donor community. The main differentiating feature of the two definitions is the MOLISA definition uses income to define who is poor, while GSO prefers household expenditure as more reliable.

Though adopted by most provinces in monitoring and classifying poor households, the poverty line given by MoLISA has its limitation. First, it is difficult to collect information because the measurement and identification of income, particularly that of rural households, is complex. Second, as reflected by the HEPR officials in the sample localities, the level set for the poverty line itself fails to be realistic. Tien Giang and Dong Thap provinces’ management staff say that the minimum income required to meet basic needs of a person in their localities, regardless of other needs like entertainment, education and health care, ranges between VND 200,000 - 250,000 per month, much higher than the MOLISA poverty line. Normally, the national standard poverty line is used for selecting localities for aid allocation or rewarding.

To meet the objectives of this research, a broader, easy-to-measure and more realistic poverty concept is necessary; therefore, the research team uses two concepts of *‘poor households’* and *‘very poor households’*, which are defined as follows:

- **Very poor households** are those households that do not have assets valued at or higher than VND 100,000. They only have temporary accommodation or live in shelters. Most of these households have been granted poor households titles.
- **Poor households** are those households that have low unstable income and unsettled houses. Their assets are mainly low value such as bicycles, manually rowed wooden boats, black and white television sets and/or radio. They normally have no land or limited land.

### **3.2 Causes of landlessness/ limited land access**

As indicated above, one of the major objectives of this research is to bring to light causes leading to the situation of landlessness/limited land access of households in the Mekong Delta. It should be noted that the cause and effect relationship between landlessness/ limited land access and poverty in households is far more complicated than had been expected. To fully understand this relationship, it was necessary to study how households are aware of their land ownership status and the ways they utilise their land use rights. In general, farming households use their land for cultivation or plantation to generate income.

Land is also an asset and they can mortgage, pledge or sell their land use rights to others. Therefore, landlessness or limited land access may not result in poverty if the land use rights are transferred at the will and careful consideration of the owners. In other words, if the farming households, after the transfer, become involved in other activities with higher or more sustainable income, the landlessness/ limited land access is not a problem, at least for a short term. However, the most worrying fact is landlessness/limited land access itself is an effect rather than a cause of poverty in the region. Once households own no land they are more vulnerable to hard-core poverty.

The surveys conducted with local farming households and state management staff shows a common result that *most poor farming households mortgage or sell their land due to the risks and failures in production, business and daily living facing them. These risks and failures lead to either the reduction in income or the rise in expenses, thus driving vulnerable households to insolvency forcing them to use their land as the last resort for survival and debt payment.*

For poor households, the risk of insolvency is very high. Many households in the eastern part of Cai Be district of Tien Giang province had to sell their land use rights to pay debts on the sums they had borrowed for raising ducks after their ducks died of epidemics. The farmers in Khanh Hai commune, Tran Van Thoi district of Ca Mau province, faced similar situation due to failures in shrimp raising.

*Natural calamities and unfavourable market movements that increase production costs and decrease income are other reasons for poor households to mortgage or sell their land use rights.* It is a fact that the poor are always at a disadvantage in market transactions. They normally have to 'buy high and sell low' or buy materials on credit which drives them to more risks of failures. Often farmers lack storage facilities and the hot, humid climate of the Mekong Delta is not conducive to long-term grain storage. Consequently, most farmers need to sell immediately after harvest, which gluts the market forcing the produce price down.

Failure of households in production and business is mostly attributed to their lack of appropriate cultivation techniques and knowledge suitable for certain types of land, plants or livestock. Research findings in Lai Vung district of Dong Thap province show that eight out of every ten people who sell their land ownership to move to Dong Thap Muoi region for business and cultivation have to return to their homeland because they have no experience in cultivation on the new land. A group of farmers in Cai Be district of Tien Giang province, due to their insufficient knowledge of breeds and cultivation techniques, fell into debt after their failures in converting paddy land into cropland.

The findings also highlight how sudden economic shocks lead to landlessness. Households that encounter diseases or illness and have nobody to rely on for income are forced to mortgage or sell their land ownership. Households with many children are particularly vulnerable. If an illness occurs and income is reduced, they have to borrow money at high interest rates for daily expenses, which is hard to repay with many becoming insolvent.

A key question considered by this study is why landlessness happens to only a certain number of poor households while failures in production and economic shocks confront the general population? There are subjective and objective causes. Interviews with state management staff in the sample provinces show that many poor households fail to be patient in overcoming difficulties. Rather, tend to choose the immediate measure of land mortgage

or sale. This is supported by the fact that many households who have been offered support to redeem their land put it up for resale in a short period of time. Another cause of landlessness is the limited access of poor households to information, such as markets and new techniques, and official credit funds. These causes are further explained in the next section.

### **3.3 Employment of landless households**

When land cannot be used as the source for income, poor households have to turn to other jobs to earn their living. To better understand the living conditions of landless households, information about income sources is very critical. Research findings show that landless households normally i) work as hired employees for other farming households; ii) have non-farming jobs or work as hired employees in non-farming business households; and, iii) raise livestock or grow plants. The income gained from those jobs depends on ecological features, settlement and levels of urbanization, development trends in specific regions, as well as on the capacity of landless households to take advantage of job opportunities.

#### ***3.3.1 Hired labour for farming households***

Due to their low education levels, landless households normally work as hired labourers for other farming households, undertaking simple activities. Most do not want to change their traditional types of business activities learned from earlier generations or from their neighbours. However, under current economic conditions, the demand for hired labour is falling and wages are declining.

Research findings reveal that the hired farming labour market varies dependent on the ecology of the region. In the saltine areas that have been refreshed with fresh water (areas to the south of Cai Be and Chau Thanh districts of Tien Giang province, Lai Vung district of Dong Thap province and Tran Van Thoi district of Ca Mau province) there is little demand for hired labour because of the large population density and limited land. The landless farmers interviewed said they can work for other farming households for ten days at most for one harvest season in their homeland, and spend the remaining spare time seeking jobs in Dong Thap Muoi or Long Xuyen Rectangular [Kien Giang and An Giang provinces].

The group of male interviewees in Lai Vung district advised that jobs in Dong Thap Muoi are very competitive and that they have to reduce their daily wage by VND 3,000-5,000 in comparison with the local labourers. Opportunities were best when they had good relations with job providers or “informants” who kept them up-to-date with the local labour market. Travel to find employment often lasts for 30 days. Jobs are easier to find the summer-autumn crop season than during winter-spring season as landowners have to harvest quickly to avoid floods.

In alumni and flood prone land areas of Dong Thap Muoi region (such as Tam Nong district, northern part of Cai Be and Chau Thanh districts) locals are likely to have more access to farming and non-farming jobs and can earn higher wages than people from other localities. Those people who have not been granted family-registration or who have returned from Cambodia are less likely to find suitable jobs. Since there exists a consolidated dyke network, farming landowners sowing maize by utilising mechanical facilities in cultivation have little demand for hired employees. A group of farmer informants in Phu Thanh B commune, Tam Nong district of Dong Thap province said that employment as hired labourers was available for only 15-20 days in the high season, and during this time they



could be paid a little higher because labour demand was higher than supply. Furthermore, more and more rice plucking groups are emerging. These groups normally take a labour supply with them labour from their districts, making it harder for individual farmers to seek jobs.

The labour market is shrinking in the brackish land of Ca Mau province due to the fact that most farmers here have moved to aquaculture such as raising shrimps or crabs. Male landless farmers in Tay Hung Tay commune, Cai Nuoc district told the interviewers that land owners in the region only need labour in the inception phase of digging ponds. However, they preferred employing relatives or people who know how to raise shrimps for ongoing work.

It is even more difficult for landless women to find jobs in this area. Digging ponds for shrimp raising is too hard for women. A group of women informants in Dong Thoi commune, Cai Nuoc district of Ca Mau province said: "Since shrimps are raised more and more here, we are more likely to be jobless because women labourers are not hired to do shrimp raising. Few women work far away from home since our husbands do so and we have to look after our children and take them to schools".

### ***3.3.2 Non-farming activities and hired labour in non-farming activities***

The study also considered the non-farming jobs undertaken by landless/land scarce laborers. As in the case of hired labor in farming activities, opportunities for non-farming jobs depend on the specific conditions of the region. In areas with saline affected lands, with a large number of small businesses, there are more job opportunities than areas with soil affected by alumni or floods, or the areas in brackish water in Dong Thap province or some regions of Ca Mau province. Initial introductions and instruction is crucial in order to encourage the involvement of poor landless farmers in non-farming income generating activities. In some cases, local branches of the Vietnam Women Union have been able to do this effectively. However, such activities are ad hoc and poorly organised due to insufficient support and involvement from local governments and the *public*. *To improve* the opportunities for non-farming work for landless household farmers, they need assistance in developing skills for working in non agricultural areas.

### ***3.3.3 Cultivation and husbandry***

Most poor households in the sample provinces use their remaining land for small-scale livestock raising activities. However, they often lack the necessary capital and skills in this area and, as a consequence, are more likely to face risks in terms of poor prices and diseases. For example, in Tam Nong district, quite a few farmers borrowed money to raise ducks following the harvest season. However, they ran into debts when the ducks died of diseases caused by the polluted water in the region. When asked about technical skills that they applied in husbandry, most informants said they simply raise livestock by their experience learnt from their ancestors.

Furthermore, small-scale cultivation brings about few benefits for poor farmers as they often grow low value and short-term plants due to their lack of capital and cultivation skills and limited land access. The study was able to identify some success stories, such the group of poor farmers in Lai Vung district of Dong Thap province who gained significant outcomes from raising mushrooms from rice straws. However, such cases are rare. It is therefore

necessary to have more realistic measures to help farmers with limited land utilize their small landholdings more effectively.

### **3.4 Obstacles to landless households accessing alternative work and incomes**

There are a number of factors that lead to landless farmers' poor access to employment and income increasing opportunities, including their low education, limited skills and lack of good will and weak institutional climate.

#### **3.4.1 Education**

A large majority of the poor have low education levels, illustrated by the high illiteracy rate in the population. Few students can go on to higher educational levels because of high tuition fees and distance from schools. Table 3 presents the educational levels of the poor in the Mekong Delta between 1998 and 2000. As many as two thirds of the poor show low levels of education and most children of poor households are unable to go on to lower secondary schools.

**Table 1. Education levels of the poor in the Mekong Delta (%)**

<b>Levels</b>	<b>1998</b>	<b>2002</b>	<b>Variance from 1998 - 2002</b>
Uneducated	74	67	- 7
Primary	20	28	8
Lower secondary	4	4	0
Uper secondary	1	1	0
Vocational, college, tertiary and post graduate	1	0	- 1

*Source: GSO (2003)*

The VHLSS for 2002 identified three key reasons for the low level of education in the Mekong Delta:

- i. high tuition fees at all educational levels
- ii. distance from schools and difficult travelling conditions, and
- iii. lack of support from parents (GSO, 2003).

The research findings from this study verified these conclusions, and they are elaborated upon below:

#### **3.4.2 Financial difficulty**

The study found that the majority of informants blame financial difficulties for forcing their children to drop out of school. (Table 4) The higher levels of education the children get, the more money their parents have to pay for their tuition fees and living expenses, including house rent charges because lower and upper secondary schools are often far from their

homes. In Phu Lam hamlet, Phu Thanh B commune of Tam Nong district, no child has finished its general education. Local organisations such as the Women’s Union and Farmers’ Association place a strong emphasis on allocating funds to support school fees for the poor and very poor. However, it is not sufficient to meet actual needs.

**Table 2. Reasons for quitting school**

	<b>Ca Mau</b>	<b>Dong Thap</b>	<b>Tien Giang</b>	<b>Total</b>
No money for tuition fee	11	25	22	58
Needs of employment	11	15	15	41
No interest of child/children	4	4	3	11
No. of informant households	13	35	28	76

*Source: Findings from surveys conducted in August 2003*

### **3.4.3 Distance from schools and difficult travelling conditions**

Poor travelling conditions also influence the schooling of children. There is a strong likelihood that children living in difficult to access areas such as those to the north of the National Road No.1 and remote communes of Ca Mau province drop out in a larger number than those in regions such as southern Chau Thanh district of Tien Giang province, Lai Vung district of Dong Thap province and Cai Nuoc of Ca Mau province where access to schools is easier.

### **3.4.4 Opportunity Costs**

As summarised by one informant, “born into poor families, our children just need to know how to read and write. More importantly they must know how to feed themselves.” This means that children must support their parents in the housework, go fishing or vegetable picking. Many poor children follow their parents to different areas to work as labourers or look after younger siblings so that their parents work in other localities.

### **3.4.5 Lack of Skills Development for Landless**

The majority of the landless/land limited access people are “general workers” undertaking simple tasks in agriculture, small crafts and small trading which do not require high skill levels or training. Those who live next to main roads, industrial zones, processing factories or small businesses are more likely to receive training, leading to better jobs and higher income. However, many do not get such opportunities due to a lack of good relationships with the employers, under-confidence, and a reluctance to work for others.

Apart from the low education level, there are other reasons that constrain the poor from accessing training, jobs and income generation. Vocational centres charge high tuition fees, thus preventing the poor from undertaking job training. Vocational centres also lack practical courses and are poorly equipped. For instance, in Cai Be district of Tien Giang province, the fee for a basic tailoring course is around 2 million *dong*, excluding living expenses. Most vocational centres are located in cities or towns, some distance from where the poor reside

and therefore, to attend training they have to pay an extra amount for house renting. Parents are also concerned about sending their children away from home and away from their supervision.

Access to information about vocational training courses, particularly for those who live in remote areas of Dong Thap and Ca Mau province, is very limited. Moreover, apprenticeship schemes are not responsive to actual demand nor do they take into account the limited knowledge of workers, which usually discourages them from finishing the training courses. The most common courses in the Mekong are tailoring, basic computer literacy and hairdressing. Paradoxically, the demand for these jobs is either limited or unstable. The group of women informants in Phu Duc commune, Tam Nong district of Dong Thap Province said their children had to give up their apprenticeship because of a lack of production material and also due to the fact that they earn less than when working as hired laborers.

In summary, landless and limited land access households in Mekong Delta have limited access to employment and few opportunities to improve their living standard. There is no effective policy to encourage the development of private and public enterprises that would utilise the growing labour source. These households lack access to quality education and the available vocational and skill-training courses are not appropriate for the prevailing conditions.

The ideas put forward by poor farmers regarding income generating activities varied considerably between different ecological regions and between men and women. However, the most common wish was to have access to stable, non-farming jobs.

### **3.5 Limited benefits from infrastructure development**

The research findings reveal that most poor farming households are unaware of the benefits of improved infrastructure. This indicates that investment in infrastructure over the last few years has done little in terms of job generation for the poor and the beneficiaries are mainly the rich. Furthermore, measures to reduce the growing rich-and-poor division is connected to the issue of infrastructure development. Those areas connected to markets and information will develop faster than those areas that aren't. Therefore, it is necessary that the public participate in the identification of priorities for the development of infrastructure in their local area.

## **4. RISKS AND RISK MITIGATION**

Farmers in the Mekong Delta were asked to identify the major risks they face in production and livelihood.

### **4.1 Health Risks**

Almost all informants in the sample localities say that the worst risk is a member in their family contracting an incurable disease. The poor are unable to deal with major health problems, not because of a lack of awareness of the importance of disease prevention, but because of their limited access to necessary information and knowledge about healthcare. For less serious diseases, the poor are reliant on healthcare workers or learn from the experience of their neighbours.

## 4.2 Unstable employment

This is also a major concern for the poor and ranks second after health crises. Informants in selected survey areas indicated that no employment means hunger.

## 4.3 Risks in production

Due to their limited capital, the varieties of seeds and livestock bought by the poor are of low quality which leads to low sale price. Furthermore, poor quality stock may already contain diseases, leading to complete failures in production. Poor households located in areas with good infrastructure, such as roads, local market and irrigation may face additional pressures associated with overpopulation and environmental pollution.

## 4.4 Low and unstable agricultural produce price

Fluctuations in price is a major worry for limited land access farming households. Plant breeding markets are not regulated, and poor quality stock often leads to failures in production. These failures can make the poor ‘fall behind the market’ in an ever increasing competitive market.

**Table 3. Conditions, ability, demand and changes in groups of households in Mekong Delta classified by living standards**

Living standard	Decrease	Increase	Strength	Constraints	Demand
High	↓ ↓ ↓ ↓	↑ ↑ ↑ ↑	Experienced Technically skilled Sufficient capital Good land Having good widespread relations	Unavailable information Insufficient infrastructure Lack of markets Lack of facilities	Stable market prices Long-term credit Management knowledge
Average			Strength to work Poor soil for cultivation	Lack of skills Shortage of facilities Being inactive Lack of assets	Jobs Short-term credit Vocational training
Low			Ability to do simple work	Lack of good will Limited land access Lack of relevant knowledge Physical weaknesses	Food Job orientation Improved training premises Healthcare Facilities
Very low					

*Source: Survey findings in August 2003*

## 5. CONCLUSION AND RECOMMENDATIONS

Landlessness and poverty have existed in the Mekong Delta for years. At the moment, land remains a valuable source of income, a valuable asset for income-generation for many farming households. Hence, the loss of such an asset has been one of major causes driving many farming households to poverty. The landless issue, therefore, needs to be understood and appropriately addressed.

However, the role of land as a major resource for agriculture production and income for farming households will diminish due to the increasing modernisation, industrialisation and urbanisation in the Mekong Delta. In the long run, land accumulation will be an inevitable trend and perhaps it is a progressive trend. This process will require measures to smooth out the transition and help those households who are still heavily reliant on land to equip themselves with new capabilities and assets to access better living conditions.

There have been instances in a small number of cases in the region where landless households have a decent standard of living. Therefore the issue of landless poor household should be addressed within the more general context of overall development of the region. Helping the poor to generate new opportunities should be at the centre of this policy.

Inadequate access to employment and low capacity to cope with risks are two direct causes of poverty in the landless/limited land access households in the Mekong Delta. Indirect causes are low educational levels, outdated coping strategies, and a lack of participation in local decisions, especially disadvantaged groups, such as women and ethnic groups.

Evidence in the region in recent years has clearly shown that attempts to help landless households buy back land has provided poor results, if not outright failures. The best support is to assist households enhance their capacity to cope and mitigate risks by providing greater access to employment opportunities with higher earning potential. Underpinning this recommendation is the acknowledgement that it is crucial to create a favourable business environment for all economic sectors in order to generate jobs and income for the poor.

### *Specific Recommendations*

1. Improve the labour regime through better regulation and union representation. This will improve conditions for women in the workplace and help ensure that labourers are not exploited. It is important that better regulation is combined with the enforcement of the contract system, so that parties in agreements have confidence in the outcome of cooperation and rights are protected.
2. Develop the legal, financial and technical environment for the development of small businesses and a microenterprise framework that can be supported by local private enterprise, government or bilateral funding. This process needs to be integrated with strengthening the capacity of the landless poor.
3. Using the extension system, provide information to farming households with limited land access. These households are especially vulnerable as they are dependent on agricultural production from a small piece of land. Sudden economic shocks can push them into poverty. These households need to develop strategies to mitigate and

address risks they may encounter. They need help to diversify so that they have access different markets with the potential to increase incomes.

4. Develop regulations that address the issues of employment and income in poor household resettlement programs
5. Develop favourable conditions for the poor to trade with particular attention to improvement of road and water transport
6. Increase the participation of the landless poor in local decision-making especially in socio-economic activities
7. Assess the needs of the landless poor to ensure minimum delay in responding to their needs. This would help to prevent them selling or mortgaging their land. The landless make up the majority of the poor.

### ***Long-term solutions***

The key solution is to encourage landless households to gradually increase their material and non-material asset base to enhance their income generation capacity. Improved well-being would help to prevent the landless falling into or deeper into poverty. Much of improvement to livelihoods is dependent on local participation in decisions about the distribution of services and resources. To be effective this will require the strengthening of capacity of local officials. Solutions are as follows:

1. Through the local commune system, increase the awareness of the landless poor of the importance of schooling for their children. Provide additional financial support to encourage the children of the poor to attend schools.
2. Introduce the opportunity for work-from-home jobs for women in landless households. The handicraft trade, which is one of Vietnam's main export sectors, has strong potential.
3. Integrate vocational training with general education in schools. Children in primary school need practical knowledge on how to generate income that would, at least, ensure their well-being. Given the development of private and public enterprises in the communes, encourage apprenticeships for poor the children.
4. Implement programs to strengthen the capacity of local officials and leadership of hamlets and mass organisations in order to improve access to technical, financial and market support. Officials and leaders also need improved capacity in supervision and management. This would better help them assess the situation of the landless poor and develop strategies to respond.

## **Annex 2: Monograph Report - Rural Markets**

### **Stage 2 Monograph Report**

# **RESEARCH INTO RURAL MARKETS RELATING TO POVERTY REDUCTION IN THE MEKONG DELTA**

#### **Research Team**

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## EXECUTIVE SUMMARY

The Mekong Delta is the rice-bowl of the whole country, producing essential commodities not only for the domestic market but also for export. The region has 12 provinces and each province has specific comparative advantages, which greatly impacts on the process of socio-economic development.

Poverty is still a big problem for the Mekong Delta. Although the rate of poverty in the Delta (23%) is lower than the national level (29%)<sup>7</sup>, diversified production and the creation of new rural markets has provided both gains and challenges for development of this region.

Over recent years, the development of more diversified rural markets has resulted in many positive changes with strong potential to benefit the poor. Open-door policies, especially the creation of the Enterprise Law, have created opportunities for improving the business environment in a more flexible and effective manner. Enhancing the autonomy of enterprises in business dealings has created opportunities for the further development of the market. Poor people as both producers and consumers have benefited from these changes as they have more options for producing and selling commodities and more flexible payment options. However, these opportunities have not automatically benefited all people. In particular, poor people often lack access to these opportunities due to lack of information, knowledge, local relations and assets.

One of the consequences of the development of commodity markets has been increased price fluctuations. This has a direct impact on poor people, especially due to the lack of a regulatory environment which can reduce and mitigate risks. This means that as markets develop, Government programs aimed at poverty reduction such as the HEPR will also need to change, requiring different types of interventions and support.

A challenging example of the changing nature of poverty is that, although the national poverty and hunger rate continuously declines, the number of households falling back into poverty and the number of newly poor households increases. The Vietnam Households Living Standards Survey in 2002 found that the four main reasons which influence farmer households' livelihood and production are: lack of capital; impact of price; lack of new seeds appropriate to local conditions; and the consumption market which is not stable or difficult to access.

This new stage of economic development presents particular challenges related to impact of the market on poor people's life. The challenge is to identify what the obstacles are to people accessing the market and how the position of poor people trading in the market can be improved. Some important questions are:

- Is any difference between the price and service quality for the poor and non-poor in the community?
- What are the challenges for poor people in the new stage of economic development?
- Which solutions are needed for the market to operate more effectively for poor people?

These three questions are the main research topics in this report. However, this report is limited to the examination of the local commodity market, including the output market and the agricultural input market (input). Other markets which play a very important role in

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<sup>7</sup> GSO, 2003

people's life in general and poor people's life in particular such as labour market, capital market and land market are not addressed in this report. Information on these other issues can be found in the MDPA's other studies: *the Landless and Land Scarce*, *Human Capital and the Khmer*.

## **1. METHODOLOGY**

### **1.1 Location**

*Provinces selected for survey included: Can Tho, Vinh Long, An Giang. The three provinces represent three distinct sub-regions in the delta. In each province the research team will liaise with the provincial administration to collect data and information and organise field trips to selected districts and communes.*

### **1.2 Commodity sectors to be examined**

- Sugarcane
- Fruit trees
- Rice

### **1.3 Respondents**

- *Households*: poor households; poor households planting sugarcane, fruit trees and rice; ethnic poor households; female headed poor households; elderly people
- *Actors in the market channel*: Companies; private processing and production businesses; merchants; wholesale and retail tradesmen
- *Mass organizations*: Women associations; Ethnic minority committee; Youth Union; Peasants' Association; Veterans' Association; the Steering Committee for poverty reduction and hunger elimination at provincial, district and commune levels
- *Leaders*: in the economic department and the economic policy development department of provinces, districts and communes such as People's Committees, Departments of Trade, and the Bank for Agriculture and Rural Development. Leaders having direct relations to the commodity sectors of sugarcane, fruit trees and rice.

### **1.4 Methods of Data Collection**

#### **Secondary data:**

- Reference should be made to documents and reports relating to HEPR and the provincial statistics manual
- Reference should be made to documents relating to the market of rice, sugarcane and fruit sectors
- Related research and reports: Examine results of the MDPA poverty analysis of twelve provinces in Stage 1 and other reports from the province.

## Primary Data

- Direct interviews: poor households; farmer households planting sugarcanes, fruit trees and rice; ethnic households; female households; companies; grinding and processing establishments; small trading subjects.
- Evaluation of experts: Leaders directly related to the sugarcane, fruit trees and rice sectors; officers in charge of agriculture, agricultural extension, irrigation, sub-department of plant protection, seeds; commercial officers; officers working in the economic department and the economic policy development department of selected provinces and districts
- Group discussion: Mass organizations and the steering committee of the target HEPR program of targeted districts and communes

## Application of PRA (participatory rural appraisal assessment)

- Poor households, including households planting sugarcanes, fruit trees, rice and special attention to disadvantaged groups, such as ethnic minority people and women.

## 2. STUDY FINDINGS

### 2.1 Situation and Characteristics of Poverty in the Mekong Delta

As outlined in the introduction, poverty is still a major problem for the Mekong Delta. Although the rate of poverty is lower than the national level, the diversification of production is presenting particular challenges for the hunger and poverty eradication programs in the region. The situation of poverty in the Mekong Delta, and changes to this situation have been addressed in other MDPA reports. This report shall only summarize the main findings regarding impacts of rural markets on the poor.

**Table 1. Rate of poor people in 12 provinces of the Mekong Delta in 2002**

<i>Province</i>	<i>General</i>	<i>Urban area</i>	<i>Rural area</i>
<b>The whole province</b>	<b>23,3</b>	<b>7,8</b>	<b>26,5</b>
Long An	15,6	6,4	17,5
Dong Thap	31,5	10,6	35,1
An Giang	14,5	4,9	17,3
Tien Giang	16,6	3,4	18,3
Vinh Long	24,3	8,3	27,6
Ben Tre	15,7	6,3	16,6
Kien Giang	22,6	4,2	26,7
Can Tho	22,1	5,6	27,4
Tra Vinh	33,4	7,8	37,3
Soc Trang	37,5	22,0	40,4
Bac Lieu	20,7	9,7	24,5
Ca Mau	33,4	13,0	38,3

*Source: GSO's survey findings*

### 2.1.1 Knowledge and Human Capital

Opportunities for education have improved significantly in the Mekong Delta in recent years. Poor households have better conditions to send their children to schools due to range of government policies. These have included the waiving of tuition for children of poor and ethnic minority households. However, given that many households are still living in poverty; many children have to spend their time assisting their families to generate incomes. This means that the children of poor families are not always able to fully participate in schooling.

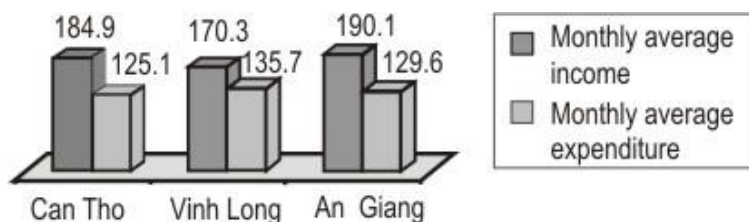
The Government has provided many reforms and paid much attention to education. The construction of primary schools and junior secondary schools in rural areas has been a major focus. However, access by the poor in Can Tho, Vinh Long, An Giang is still limited because of lack of material conditions.

Many poor households still have low education standards which limits their access to new technical innovations and know-how. Their access to vocational schools is also low, resulting in a low technical skills base. The production habits and customs of poor people in rural areas are still much restricted. They lack the necessary skills and knowledge to respond in a flexible and active way to changes in the market. Decisions regarding production are often copied from neighbours i.e. some households tend to follow other households with disregard to market forecasts. This results in many households growing the same product, impacting on supply and price. Many poor households are wary of contracting with companies such as Phung Hiep Sugarcane Company and Mekong Foodstuff Company as they fear the large company will not follow the contract and make payment.

### 2.1.2 Living standards

KIP groups in communes were able to identify significant improvements in living standards: identifying improved accommodation, means of travel, assets and household welfare. This increase in economic development is due to Government policies supporting local investment and development. Poor people are now better able to access markets by obtaining information on production techniques and new products. Previous monopolies in input markets have been significantly reduced. These households now have better access to infrastructure. In addition, in comparison with previous years, poor people have more opportunities to participate in social movements and entertainment. The improvement in living conditions has been more noticeable for those poor households living near the commercial centres of districts and towns than for those in remote areas.

**Chart 1: Monthly average income and expenditure of poor households  
(Unit: 1000 dong/month)**



Source: Statistic data from GSO

In order to support poor people to escape from poverty, many mass organizations such as farmers' associations, women's union, youth unions, ethnic minority committees, and veterans' associations have created favourable conditions for poor households to borrow for production and conducting small business. At the same time, these organizations help facilitate poor people to participate in pilot agricultural production models. In addition, mass organizations have been responsible for seeking and introducing jobs to poor labourers in the community through their direct contacts with local production businesses.

As evaluated by the research team, due to the development of infrastructure conditions and improvement of the rural economy, many poor households have access to facilities such as television, radio, etc (GSO 2002 survey data). However, KIP groups also identified the negative side to this change, being that people participating in entertainment activities can spend too much time watching films, drinking tea and wine. Results of interviews showed that there has been an increase in “social evils” such as prostitution in rural areas. Additionally, due to their limited knowledge and awareness, poor people’s purchase decisions are less calculated and less subject to planning. The poor often have an attitude based on short-term outcomes, which leads to the waste of scarce resources and reduces their capacity to save for investment.

### ***2.1.3 Infrastructure and resources***

According to the team’s evaluation, the rural electricity and telecommunication system has developed rapidly (notably, the number of households using electricity in Chau Phu, An Giang increased significantly between 1996 and 2002 see Appendix 29). This has had positive impacts on the economy of the region, creating favourable conditions for poor households to access technical and scientific information, prices market and consumption information. The development of the electricity network has encouraged the creation of rural employment, trading businesses, and service establishments, and contributed to job creation for labourers. In summary, the rural electricity and telecommunication system has had positive impacts on the material and non-material life of households. However, many poor households still lack conditions to get benefits from the power network, as they cannot afford electricity connections and payments for other related expenses.

### ***2.1.4 Job Creation***

Taking advantage of the new infrastructure, some districts such as Chau Phu in An Giang have supported enterprises, both outside and inside the district, to invest and open production establishments in the region in order to create jobs for the community. However, given the skills and knowledge level of rural laborers, there is still a deficit between the demand and the quality of labour supply with regards to the recruitment needs of companies and production establishments. According to KIP discussions, many laborers have to go to Can Tho, Ho Chi Minh City, Dong Nai, and Binh Duong. etc. to look for jobs to increase household incomes. This is particularly the case with poor families, and applies to both men and women.

### ***2.1.5 People’s participation***

New grass roots democracy laws introduced in the community are very popular with people in the rural area, especially poor and ethnic households. Discussions and PRA identified that poor people have made participated in and monitored community activities e.g., engaging in selection of poor people for social benefits and providing opinions on construction of

electricity, roads, schools and stations. Through hamlet meetings, farmers have had opportunities to understand changes to the market and the agricultural economic structure. At the same time, local authorities have provided special policies to poor and female-headed households.

### **2.1.6 Gender**

Women participants in this study identified that they have additional responsibilities, such as taking care of children, which they do in addition to their agricultural work. They do not, therefore, have much time for participating in training courses and engaging in social activities. Some women commented that they do not care for such activities, which could reflect their lack of access to knowledge and power relations within the household. Many women still keep to familiar cultural habits and customs, considering housework and taking care of their husband and children most important. They do not find it easy to participate in new activities, although the local authorities call for their participation.

## **2.2 Impacts of the Rural Market on the Poor**

Rural economic growth has improved considerably in recent years. At the same time production knowledge and experience of poor households have been gradually strengthened and the overall well-being of people has improved. A major feature of the commodity market in the Mekong Delta over the past few years is increased diversification. This is evidenced by the increase in the quantity of commodities in circulation and the expansion of economic sectors. Competition between sectors has become fiercer. The private sector has developed since the issuance of the Enterprise Law. However, the development of the private sector was not necessarily the cause of increased diversification. Rather, diversification was the result of households taking the initiative or through state-sponsored strategies.

However, PRAs undertaken by the study team found that people are very confused about fluctuation in the prices of agricultural inputs and output. As poor people lack funds and storage facilities, many households decide to sell their produce right after harvest or even prior to crop maturity. Sometimes these transactions are made at very low prices. Households are even ready to cut down crops to apply other new varieties of plants if they perceive that the crop will not have as much profit as the new crop.

Such poor decision making is related to the lack of reliable information on markets, prices and crops etc. In the case of crop diseases, some poor households living near the centres of towns (such as Phu An, Phung Hiep, Can Tho) commented that they met with specialists in research centers or institutes to help resolve their problems. Poor households in remote areas and isolated communes do not have the same favourable conditions and hence suffer more damage during the harvest seasons.

Many poor households have little or no land. According to our research, there is a growing tendency for farmers to sell land and then work for others. These landless poor households do not have sufficient capital to buy back land, especially where the land market price increases quickly (not only in the urban areas but in the rural areas as well). For many of the poor their daily life is very difficult and they have to sell their land to satisfy their urgent needs for food and clothes.

## **2.3 Input markets**

### ***2.3.1 Positive Outcomes***

In the past decade, the market for agricultural inputs such as seed and fertilizer has expanded significantly. In addition to state organizations purchasing and selling agricultural products, the system of private agricultural trading establishments has developed strongly. In 1997 in Vinh Long there were 319 businesses including state enterprises, private enterprises and small trading organizations which specialized in agricultural materials such as seeds, fertilizer and insecticide. The majority of these were non-state owned. In 2002 the number of such establishments increased to 321, in which small trading organizations were 89.5 %, private establishments were 9.6%, and state enterprises represented only 0.9%.

In addition, the categories and quality of commodities has been improved and diversified. In most cases, there is an excessive supply leading to fierce competition. As a result, the price level between central markets and rural markets has no considerable difference. With such strong development of the rural market, economic benefits have been gained for farmers in general and poor people in particular.

### ***2.3.2 Risks and Challenges***

The changes to input markets for agricultural production has had positive benefits but has also exposed poor farmers to increased risks. With the new market conditions, most poor people are able to purchase production materials on credit at the beginning of the crop season and pay at the end of the harvest season. They are charged interest rates from 1% to 3% per month. This form of purchase and sale regime is popular in rural areas, especially for poor people who lack access to capital for production. However, these agreements are risky and can create a debt burden if the crop is not successful. In some cases, poor people are left deeply in debt with high interest rates.

Other challenges have also emerged. Agricultural materials, such as insecticide, fertilizer, cement, iron and steel are still often highly protected and/or are concentrated in state enterprises, which have exclusivity rights. This high protection and state monopoly results in high cost production and hence high price for farmers. Widespread distribution networks mostly owned by the private sector can reduce the transactions costs but not the price paid by farmers. This problem has been partly overcome following the Government's move to liberalise imports of fertilizer.

Poor people in the market for agricultural materials are disadvantaged by lack of access to plant seeds. Usually, poor people purchase tree seeds from transient travelling sales people as they are cheaper. These seeds are often of poor quality and trees suffer from diseases. Poor people often do not have sufficient information to recognise seed diseases. The Government has not provided sufficient product quality management for the seeds market.

## **2.4 Output market**

### ***2.4.1 Positive impacts***

A network of rural markets has been established in most districts and towns to cater for the distribution of commodities. Markets have also been set up in communes or groups of communes which assists farmers to sell their products more easily. Trades people operate very actively and attend each household to purchase products even in isolated and remote areas. The rural electricity grid network has been developed, assisting farmers to access

market information, thereby facilitating them to make decisions on selling goods. The government issued Decision 80 to enable the contract system to operate more effectively. This Decision allows farmers to sell their products in accordance with signed contracts, thereby minimising the problem of fluctuating prices. Sellers will be guaranteed a price, which would stabilize their livelihoods, and buyers would benefit by having reliable suppliers and quality to fill their contracts.

Competition between buyers has assisted the poor in rural areas to access distribution networks more easily and conveniently. Farmers can sell their products right at their home with transactions requiring a simple agreement between the two parties. This simple procedure is easily accepted by farmers. Before selling, farmers can access information from different sources (television, radio, tradesmen, agricultural extension workers, etc) before making decision. However, the biggest advantage for the poor is they now can have access to technology to produce products at times other than their traditional seasons in the year so that higher prices can be achieved.

#### **2.4.2 Risks and Challenges**

*Price Fluctuations* - The biggest disadvantage in the development of the output market in rural areas is the fluctuations in product price especially for poor households doing business in fruits and sugarcane (62.5% of respondents confirmed this point). Poor farmers lack necessary information on which crops are in demand and receive higher profit. This is partly due to government policies and partly due to their poor ability to understand market trends. The purchasing power of big buyers, such as sugarcane companies, has significant influence on farmers' income in general and on the poor in particular. These companies can control prices and farmers have little choice regarding who they sell to.

*Violations of Contracts* - In addition, recent violations of contracts between farmers and buyers has become complicated and volatile. There are cases where farmers do not sell to buyers when market price increases as they prefer to sell to other buyers who would pay more. Other examples are where buyers do not purchase products or purchase them in the quantity as originally agreed but buy from other sellers at a lower price. When asked about this issue, 40% of households said that their relations with buying companies has been very unstable and 42% agreed that there are often problems when they sign subsequent contracts with the same buying company. This may be because the market situation changed and one side is not happy with the new terms of the contract. Often the second contract ends up being cancelled. In the case of poor fruit-growers, they often only have small quantities for sale. They sell directly to traders or big buyers, but do not receive the same price as larger growers. Poor households often sell low quality and do not meet requirements set by buyers because of their low investment in the quality of product. As a result, the price they get is often low. Moreover, due to lack of funds, the poor often have to sell their produce in the height of the season when supply is abundant and prices are low.

### **2.5 Analysis of Three Key Commodities (Rice, Sugarcane and Fruit)**

The three case studies of rice, sugar cane and fruit production were chosen to investigate the pro-poor and anti-poor issues involved in rural markets. Rice was chosen as it is the traditional crop of the Mekong Delta. Its market therefore impacts on all households. Fruit and sugar were chosen because these markets have the potential to improve the well-being of the poor but, to date, these markets have not been appropriately developed. As a group, they



provide three important market structures that significantly influence the lives of the all households in the Mekong Delta, but especially the poor.

Table 2 shows the production of the three agricultural products selected for the study in the three provinces: Can Tho, Vinh Long and An Giang. The common feature of the three products is significant changes in crop production. There is very rapid increase in fruit-tree growing area (14%) in Can Tho and An Giang in the period of 1995-2002. At the same time, there is a clear decrease in the sugarcane growing area, particularly in Vinh Long. Rice-growing area increases in An Giang and Can Tho, but falls in Vinh Long. This indicates that people are making decisions about cropping and production based on market signals. However, what is less obvious is that the possible costs when changing crop structure. The costs can be too high for the poor to afford.

**Table 2. Rice, sugarcane and fruit production in  
Can Tho, Vinh Long, An Giang (1995-2002)**

*Unit: ha*

Year	Can Tho			Vinh Long			An Giang
	Rice	Sugarcane	Fruit	Rice	Sugarcane	Fruit	Rice
1995	376846	2881	28031	214491	922	3229270	41296
1996	397447	2495	30369			3229270	432229
1997	381143	22405	30821			3431370	42175
1998	430264	23834	30231	217049	853	3609658	44475
1999	446606	26038	30013	224271	875	3663995	477062
2000	413368	1948	30666	208671	675	3663995	464533
2001	441172	154	30949	216328	636	3706995	459051
2002	456609	17103	34796	209755	264	4092886	47718
Growth rate 1995-2002 (%)	6.1	-28.2	15.1	-3.4	-69.1	13.4	7.3

*Source: Statistics Office of Can Tho, Vinh Long, An Giang, 2003*

### **2.5.1 Sugarcane**

This study highlighted that poor farmers are having difficulties in sugarcane production and selling. The sugarcane market is still controlled by the government via production and selling plans through the region's sugarcane factories. Sugarcane production, once called the "HEPR crop" has become a very problematic issue. The subsidy provided by the Government for sugarcane factories has reduced the flexibility of the sugarcane market whereas the Government's subsidised procurement policies have had little impact on the poor. In the future, when sugarcane factories reorganize and restructure, farmers will have to adapt and quite possibly transfer to other crops and activities. However, this is not easy for the poor who are typically much challenged in access to skills, experience and capital.

The sugarcane-growing area in the Delta has recently been shrinking in both Can Tho and Vinh Long. This is due to production problems, price problems and difficulties in the implementation of the national Sugarcane Program. Inefficient investment in sugar mills throughout the country without due consideration to supply base, domestic and international

markets (demand) has resulted in a severe imbalance in sugarcane production and consumption. The Mekong Delta is no exception and this has impacted on the poor sugarcane-growing households. Findings from interviews of KIP group in Tan Phuoc Hung Commune, Phung Hiep District and Can Tho indicate that three years ago, sugarcane growers' lives were stable thanks to high sugarcane prices. However, for the last three years, their well-being has declined due to the severe decrease in sugarcane prices. Sugarcane price in 2002 was 200 dong/kg whereas in 2003 it is only 110 dong/kg. In other provinces in the region, sugarcane prices have had the same problem (Table 3). It has also become very difficult for them to sell their produce because of the excess supply.

**Table 3. Material sugarcane prices in some Mekong Delta provinces, Aug 2003 - Apr2003**

*(Unit: thousand VND/tonnes)*

	Cà Mau	Cần Thơ	Kiên Giang	Long An	Sóc Trăng	Trà Vinh
August 2002	293	255	197	280	387	
September 2002	266	195	203	190	240	218
October 2002	266	183	182	152	204	234
November 2002	250	195	182	152	192	230
December 2002	255	217	180	135	160	200
January 2003	245	160	164	110	166	197
February 2003	217	158	163	130	157	148
March 2003	170	143	160	118	118	172
April 2003	225	133	167		145	154

*Source: Information Centre, MARD (2003)*

The key purchasers are state-owned sugarcane factories, which are built and operated in the framework of the national sugarcane program. Sales by growers are almost completely dependent on production and financial conditions of these factories. Therefore purchasing price and quantity is almost entirely decided by sugar mills. In this context, sugarcane growers have to suffer risks both in selling price and quantity. In Can Tho there are only two sugarcane factories: Phung Hiep and Vi Thanh with the total annual capacity of around 500 000 tones. This means these factories can buy sugarcane from the maximum of 5000-6000 hectares. Meanwhile, the actual growing area in 2002 was 17103 ha. This means that there is no outlet for 11,103 ha or two thirds of the growing area.

In accordance with the Government's overall policy, support has been given to the sugarcane factories to encourage them to purchase sugarcane from farmers using contracts. However, in most cases, enterprises have no or few purchasing contracts with farmers. The reality at the moment is that most farmers sell their products to traders based on verbal agreements. Part of the profit is therefore transferred to these middlemen. Key reasons influencing farmers to sell their produce to traders rather than to companies are:

- Large companies do not purchase directly from farmers because of the small quantity produced by each household. If they do, they will incur much higher cost than when they buy it from traders who buy and collect from different farmers.
- Farmers can not sell directly to large companies due to lack of transportation and they are not in position to negotiate product quality and price.

Recently, in order to better facilitate farmers in their production and business, the Government has enacted Decision 80, which promotes commodity-selling contracts between buying companies and farmer households or farmers' organizations. This decision has not yet been successfully implemented due to a number of reasons. Firstly, due to limited physical and human resources, the procurement network of companies is limited (procurement stations are far away from each other and from the selling points). Moreover, companies sometimes cannot sell their own products, which results in delays in their purchasing from raw producers. These delays cause big losses for farmers in terms of selling price because of the decreasing sugar content in sugarcane. Additionally, farmers are not used to transactions based on economic contracts. Hence, when it comes time to sell their produce, they often sell to other buyers who offer higher prices.

### **2.5.2 Rice production**

The economics of rice production in the Mekong Delta is very different to that of sugarcane. Firstly, part of rice crop is kept by households for their own consumption or for livestock. Only the remainder is for sales as marketable paddy. Table 4 shows that the rate of marketable paddy in the Mekong Delta is much higher than the national level. However, this rate varies significantly between income groups. For the poor, it is 53% while it is 78% for the rich. There appears no visible change in this trend. Rice production still plays an important role for many households, especially the poor. This also means that features of the rice market, such as changes in price and rice consumption will have very big impacts on the relevant households' life.

Compared to the sugarcane market, the rice market in the Delta is closely linked with the international market. This is because Vietnam is one of the leading rice exporters in the world. The international market therefore offers major economic opportunities for rice production. Secondly, there have many structural changes in the rice market, reducing the government's intervention in rice purchasing and exporting. Since 2001, export permits have been issued to all enterprises, regardless of whether they are state-owned or not. This opening up of rice production has created major changes in the rice market, resulting in more benefits for producers, including poor households.

However, as there are no longer controls by the Government, there are more fluctuations in the buying price of rice compared to the past. Prices are now closely related with changes in the international market. In the period from February 2000 to December 2002, the rice price in the Mekong Delta fluctuated at the average rate of 3% per month (Government Pricing Committee). In some cases, the fluctuation rate was up to more than 10% per month. The greatly fluctuating price is one of the striking features of the rice market. This creates new issues and challenges for HEPR activities and assessment of market impacts on the poor.

**Table 4. The rate of marketable paddy in total production by household groups, 1998**

	Poor	Near poor	Average	Better-off	Rich
Rate of marketable paddy out of the total production	27.0	34.0	44.1	48.6	59.1
in which:					
The Mekong Delta	53.5	54.5	67.7	70.7	78.2
Entire Country	17.9	20.8	25.1	32.3	43.8
Rate of consumption rice out of the total production	62.9	53.5	42.8	39.8	30.6

Source: based on VLSS 1997-1998.

The market for rice production is more open than for sugar cane. Research in the three provinces indicates that that most farmers sell their rice products to traders based on verbal agreements. There is much less price pressure and monopoly due to better information and to a greater number of traders, creating more competition among buyers.

However, there are still limitations on the ability of the poor to receive best price. The poor often have to sell their rice when the price is low as they do not have the capacity to preserve or store the product. They are unable to wait to sell at the time of high price like better off households. Many poor households have to buy agricultural inputs on credit, and hence make concessions on the final purchase price. Their selling price can be much lower due to these arrangements. Moreover, due to lack of experience and funds, poor households often do not have the ability to produce high quality and hybrid rice, which would result in higher prices. Research in the three provinces indicated that agricultural extension programs often fail to reach these poor households, and therefore it is difficult for them to transfer to crops with high economic value.

Before the Enterprise Law was enacted there were many private enterprises in the agricultural product processing and storing market. However, in some areas, the number of enterprises involved in this market decreased after that enactment (Table 5). This may be due to the fact that the market has created the conditions for private enterprises to take advantage of economies of scale and expand their holdings and activities. If this is the case, the concern now is to prevent a potential private monopoly emerging to replace the former state monopoly, in order to protect the rights of farmers, including the poor.

**Table 5. The number of product shelling, processing, storing and preserving businesses in Vinh Long (1997-2002)**

Businesses	1997	1998	1999	2000	2001	2002
SOEs	02	02	02	02	02	02
SMEs	85	85	70	65	65	60
Small businesses	413	413	413	413	413	313
<b>Total</b>	<b>500</b>	<b>500</b>	<b>485</b>	<b>480</b>	<b>480</b>	<b>475</b>

Source: Vinh Long Department of Trade (2003)

In summary, during recent years, the rice market has experienced stable development because of the “open door” policy and competition, which facilitates production and improves the well-being of a large number of people in the Mekong Delta. However, the benefits for poor households have been less. The development of a market oriented economy has increased risks and created more fluctuations in price. Poor households have been less able to adjust to these impacts. Better information, enhanced agricultural extension for the poor as well as establishment of market-oriented risk insurance tools are measures to actively support poor people. At the moment, purchasing contracts between farmers and enterprises seem inefficient. Apart from that, there should be monitoring by the Government to prevent the private monopoly to replace the former state monopoly, to protect rights for farmers, including the poor.

### ***2.5.3 Fruit production and sale***

The fruit market has many similarities with the rice market. There is stronger competition together with high fluctuations in price. The poor are less able to adapt to the changes and benefit from the new market. They are also more vulnerable to risks associated with new production techniques.

Prior to 2002, the market prices for the fruit-tree-growing areas in Can Tho and Vinh Long were increasing. However, there was sharp increase in the fruit-tree-growing area in that year. Fruit growing was promoted by leaders at provincial, district and commune level as it showed strong development prospects, especially the "Five-Rod" grapefruit (bưởi năm roi) which suits the regional climate and had a more stable price than sugarcane. Many sugarcane-growers in Phung Hiep, Can Tho transferred to fruit trees.

The price of fruit has become more flexible and also changes during the life cycle of production. The selling price early in the harvest season is often many times higher than the middle harvest season price. Many poor households are forced to sell during this low price period. Therefore, a major problem is the poor’s lack of experience, funds and technology to arrange harvest periods with high productivity when the price is high. Key causes which hinder the poor from accessing favourable market conditions are:

1. lack of land for production;
2. fewer opportunities to participate in training courses or in-field training;
3. delays in getting and absorbing new agricultural and techniques
4. lack of funds to buy agricultural inputs
5. lack of information and experience to choose quality seeds.

## **3. CONCLUSION AND RECOMMENDATIONS**

There have been deep changes in the rural commodity market over recent years. Policies supporting open international economic integration together with development promotion programs, especially infrastructure programs, have facilitated the rural commodity market to develop and expand. This is evidenced both in the increase in the goods circulation and in more participation of various economic sectors in different markets. Competition has become stronger. There has been significantly more participation by the private sector although there has been no dramatic change in the total number of enterprises in the market, as has occurred in other regions (even after the enactment of the Enterprise Law). These changes have made market access easier, including for the poor. The gaps in prices paid to

the rich and those to the poor have been reduced. However, there is still considerable scope to further open markets in areas where products remain highly protected.

Market development is often associated with significant changes in the price for commodities and changes to the selling of goods. These issues are very evident with agricultural products. Instability and fluctuations in price and market impact more on the poor who do not fully benefit fully from more open markets. Government investment in infrastructure has partly helped rural people to access more economic and technological information. However, information is often not precise and timely and is not frequently updated to match with people's needs. In addition, the poor often do not have access to mass media, and even do not have enough money and knowledge to buy newspapers.

The research team holds that, in terms of such items as fruits and rice, unless processing and post-harvest preservation technology is developed, there will not be the conditions to greatly improve the life of farmers, particularly the poor. Meanwhile, the demand for products processed from fruits in the country is increasing more and more. The export market has not been fully exploited. The fact that there is no considerable change in the number of processing enterprises even after the enactment of the Enterprise Law is worth further study. It is clear that the Mekong Delta needs a more developed processing sector, which ensures more value added for the agricultural products, creates jobs, and makes contributions to help resolve producers' difficulties in selling their products.

In this regard, it is necessary to note the rapid development of the distribution and retail network of agricultural inputs and the purchasing network of agricultural products as well as the major role of traders. However, at present, due to the poor regulatory environment, some traders do not respect their purchasing and selling contracts with farmers. Information on product standards and quality measurements are not clear. Sometimes farmers do not know measurement methods leading to disagreement in transactions between farmers and companies, both state-owned and private one. The fact that the poor often have to buy seeds of high disease risks, pay higher prices, and be forced to buy on credit or with deferred payment at high interest rates has further increased their difficulties in production.

## **Recommendations**

In order to overcome the current constraints impacting on the rural market in the Mekong Delta, the study recommends that interventions and government policy address the following issues:

- Solutions to reduce seed production costs and to reorganise seed distribution channels so that the poor are better able to buy good seed at affordable prices;
- Reinforce and upgrade agricultural extension to better perform the function of disseminating market information to farmer. At the moment, agricultural extension workers mainly take the role of dissemination production techniques and do not pay sufficient attention to dissemination of economic information. Reform is particularly needed at the grassroots level.
- Establish market information stations (covering both technological and economic information) which are extremely necessary to help the poor access information. Combine traditional and modern information media, ensuring information to reach all targets, especially households of ethnic minorities and women;

- Promote implementation of Decision 80, which is seen as a bridge between farmers, businessmen, and technicians in production and business. Enhance the regulation of economic contracts.
- Increase funds for construction of rural marketplaces and other rural infrastructure, particularly in remote areas to help the poor have better market access. Ensure that all economic groups participate in decision-making;
- Better facilitate the development of product processing and preservation businesses to increase product values, assisting people to have higher market price based on more participation by actors, both state-owned and private ones;
- Gradually apply market-oriented risk insurance systems.

## **Annex 3: Monograph report – Human Capital**

# **Stage 2 Monograph Report**

# **HUMAN CAPITAL IN THE MEKONG DELTA**

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## EXECUTIVE SUMMARY

This report is the outcome of one of the four studies of the Mekong Delta Poverty Analysis Project and provides the basis for the formation of human resource development solutions for HEPR in the Mekong Delta.

Key findings of the study are as follows:

- Human capital<sup>8</sup> in the Mekong Delta, being understood as a collection of the existing knowledge, skills, abilities and competence of the population, is still relatively low although this region has relatively good agricultural and commodity production. Out of the population in the region, six percent are illiterate; 33 percent did not finish primary school; 14 percent finished lower secondary school; and eight percent finished upper secondary school. Therefore, only 77 percent of labour has basic primary education or lower. (GSO, 2001) Technical education is also very low with 83 percent of the labour force in the Mekong Delta have no technical training (GSO, 2001)
- Two thirds of representatives in the enterprise group held that improvement of workers' skill levels lags behind the development requirements of enterprises. Thus, to a certain extent, it limits enterprise development in their localities as well as negatively impacting on investment potential by both domestic and international investors. Most of the entrepreneurs responded that there is a need to change Vietnam's education and investment policies in order to improve human resource quality in the future.
- Employers argued that training institutions are not meeting the demands of the workplace. Education methods are also more oriented to theory than practice and to learning by heart rather than problem-solving methods. Graduates therefore often lack practical skills.
- The study highlighted that the skills and knowledge of the labour force have largely been gained through their informal means, such as their own study, rather than through formal training institutions. Many households, particularly agricultural ones, observed that going to school does not directly help their children's future job opportunities. When opportunity cost for sending children to schools is high (as children at the age of 10-14 can supply considerable labor) families are not eager to support their children attending school. This is the key reason why the rate of children who do not finish primary school in the Mekong Delta is the highest in the country.
- Khmer children tend to drop out schools earlier than Kinh and Chinese-origin children. The Khmer community shares similar difficulties as outlined above but to a higher degree.
- The poor have less opportunities to access training and information than average and better-off households. Decisions regarding the services provided by agricultural extension workers are mainly made by the People's Committee or organizations representative of the local mass organizations. The poor lack access into this decision making process. The services are therefore less likely to meet their particular needs.

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<sup>8</sup> Human capital is defined here as the knowledge, skills, abilities and capacities possessed by people. Some of these are innate but most require people to spend time, effort and money in order to accumulate and maintain them. Formal schooling is a part of human capital but it can be accumulated in many ways including education, on-the-job training, work experience, investments in health, extension programmes etc. It is defined as capital because the time, effort and money spent accumulating human capital have the characteristics of investment in ordinary capital. The investment is made in the hope of obtaining a return in the future.

## 1. INTRODUCTION

The generally low education level of people in the Mekong Delta is a major cause of hunger and poverty in the region. Although Vietnam has made a concerted effort to implement policies to improve human resource quality (such as reforms to education and health) and has achieved many good results, recent survey findings show that there are many differences in terms of levels of improvement between regions and population groups, particularly between the Mekong Delta and other regions in the country.

The most recent survey of the household living standards conducted in 2002 by the General Statistics Office (GSO) found that 52% of the population in the Mekong Delta had not finished primary-level education and another 31% completed their education at this level. This is compared to national rates of 39% and 27% respectively. The percentage of the Mekong Delta population who have undergone vocational training is less than half of the national rate (2.3% and 5.5%, respectively). The illiteracy rate in the Mekong Delta is still high at 6.1% as compared with the national rate of 4.6 %.

This study highlights that the low education level in the region is a hindrance to economic development. In order to address this issue, it is necessary to research the causes of limitations in human capital<sup>1</sup> development in the region and the impacts on poverty. In response to this need, the Mekong Delta Poverty Analysis Project (MDPA) was commissioned by the Government of Australia through the Australian Agency for International Development (AusAID). The aim of the MDPA project is to collect and analyse information on the extent and nature of poverty in the Mekong Delta, which would serve as a key basis for the Government of Vietnam, AusAID and other international donors to define their forthcoming interventions in the region.

## 2. METHODOLOGY

The project started its operations in October 2002 and comprised 3 stages:

- In Stage 1, the research team collected and synthesised existing provincial data to provide the basis for identification of major issues requiring further study.
- In Stage 2, surveys and studies were conducted to further clarify those existing issues and difficulties identified in Stage 1.
- In Stage 3, specific scenarios were designed to orient future supports and interventions.

This report is the outcome of one of the four studies in Stage 2, characterized as an initial basic socio-economic survey to provide the basis for the formation of human resource development solutions for HEPR in Mekong Delta.

### 2.1 Objectives and scope of research

#### *Objectives:*

- (1) To evaluate the quality of human capital in the Mekong Delta, to identify factors leading to weaknesses in human capital and their impacts on poverty in provinces, districts and communes in the survey.

- (2) To evaluate opportunities and obstacles to the poor in the development of their human capital

### ***Scope of study***

As an integral part of the MDPA, this study focused on in-depth analysis of four broad issues as follows:

- (1) Evaluating human capital based on data and information collected from the GSO and provinces in the survey.
- (2) Clarifying causes of children's school dropout rates
- (3) Looking at the legal framework, organizational and financial mechanisms in which human resource development decisions are made; identifying causes for low human capital in the Mekong Delta
- (4) Identifying opportunities and barriers to the poor in developing human capital. In this regard, special attention is paid to services such as information transfer and education available to the poor (including farmer groups and cooperatives). Other influencing factors will also be examined, such as family size and health, and relationship between human capital, income and expenditure of poor households.

## **2.2 Study area**

The study selected by the MPDA Program and leadership of the Mekong Delta provinces covers three provinces: Ben Tre, Bac Lieu and Long An. Long An Province is adjacent to Ho Chi Minh City, the major urban centre, and has relatively better development prospects in the non-agricultural sector. Meanwhile, Ben Tre and Bac Lieu have recently experienced rather rapid shifts in agricultural production mechanisms together with rapid development of fisheries production.

Selection of study locations was made so that each sample contained one better-off district/district town, one average and one poor district. In each district, three communes were selected as samples based on the same criteria. Lists of samples in the survey, classified in terms of poverty, are shown in the table below:

**Table 1. Classification of Poverty Level for Localities Covered by Survey**

<b>Province</b>	<b>District/ District Town</b>	<b>Better-off</b>	<b>Average</b>	<b>Poor</b>
<b>Bac Lieu</b>	Bac Lieu Town	Ward 3	Ward 7	Vinh Trach Dong hamlet
	Dong Hai District	Ganh Hao town	Long Dien Tay commune	Long Dien Dong commune
	Hong Dan District	Nhua Dua town	Ninh Quoi A commune	Loc Ninh commune
<b>Ben Tre</b>	Ben Tre Town	Phu Khuong ward	Phu Hung ward	Binh Phu ward
	Chau Thanh District	Tan Phu commune	An Hoa commune	Tuong Da commune
	Thanh Phu District	Giao Thanh commune	Dai Dien commune	Binh Thanh commune

<b>Long An</b>	Tan An Town	Ward 2	Khanh Hau commune	Huong Tho Phu commune
	Ben Luc District	My Yen commune	Tan Buu commune	Thanh Loi commune
	Thanh Hoa District	Thuan Nghia Hoa commune	Tan Dong commune	Thuy Tay commune

## 2.3 Data collection and analysis method

*Secondary data* was collected from surveys conducted by the GSO and by provincial statistics offices, Departments of Science, Technology and Environment, Departments of Labour, Invalids and Social Affairs, Departments of Education and Training, and Departments of Planning and Investment in the provinces in the survey. Available data related to Stage 1 of HEPR Program was also used in this study.

*Primary data* was collected by observation, informal discussions with local informants, group discussion, interviews with questionnaires, in-depth interviews, and case studies. Respondent groups and methods used in surveys are listed in the table below.

Information collected was documented and presented in survey reports by team leaders (see Appendices 1-7). This report summarizes findings from the analysis and comparison of secondary data and survey findings.

**Table 2. Respondents and survey methods for study**

<b>No</b>	<b>Respondents</b>	<b>No of Samples (1 province)</b>	<b>Total (3 provinces)</b>
<b>1</b>	Leadership		
	- province	<b>1</b>	<b>3</b>
	- district/district town	<b>3</b>	<b>9</b>
	- communes	<b>9</b>	<b>27</b>
<b>2</b>	Agricultural and fishery extension workers, veterinary specialists	<b>9</b>	<b>27</b>
<b>3</b>	School Board of Directors		
	- primary and junior secondary	<b>6</b>	<b>18</b>
	- vocational training	<b>2</b>	<b>6</b>
	Schoolchildren		
- primary and junior secondary	<b>27</b>	<b>81</b>	
	- vocational training	<b>3</b>	<b>9</b>
<b>4.</b>	Enterprises		
	- state-owned	<b>9</b>	<b>27</b>
	- non-state owned	<b>9</b>	<b>27</b>
<b>5.</b>	Households		
	- PRA (15 households/session)	<b>9</b>	<b>27</b>
	- interviews	<b>27</b>	<b>81</b>
<b>Total</b>		<b>114</b>	<b>342</b>

### 3. KEY FINDINGS

#### 3.1 Assessment of Human Capital in the Mekong Delta

##### 3.1.1 Labour force, Skills and Training in the Mekong Delta

- *Labour Force*

The Mekong Delta has particularly strong development of commodity production. Agriculture contributes 23% of the regional gross domestic product although this rate is decreasing. Data from the VLSS 2002 shows that hired labour in the agricultural sector accounts for nearly 25% of agricultural labour. This is second only to the South East area of Vietnam, which includes the rapidly industrializing areas of Ho Chi Minh City and Dong Nai. Technical and unskilled labour are the two most common types of hired labour in agricultural sector.

- *Education Levels*

The education level of the labour force in the Mekong Delta, based on awarded qualifications, is very poor. More than 83% of the labour force have finished just primary education or have no qualifications. The rate for the poor is up to 96%. While the market is quite favorable for technical workers, only 0.7% of the labour force in general and only 0.2% of the poor in particular are technically trained (See Table 3).

**Table 3. Education level of the poor and non-poor in the Mekong Delta**

<b>Education level</b>	<b>Non-poor</b>	<b>Poor</b>	<b>Total</b>
Without qualifications	51.3	70.3	55.7
Primary education	28.0	25.5	27.4
Junior secondary education	11.2	3.0	9.3
Secondary education	5.2	0.9	4.2
Technical worker	0.8	0.2	0.7
Vocational school graduates	1.6	0.1	1.3
Tertiary education graduates	1.9	0.0	1.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

*Source: Population living standards survey 2002, GSO, processed by MDP, Table 60*

- *Labour Skills*

The study undertook interviews with employers in the three survey provinces in the Mekong Delta. Two thirds of the representatives in the enterprise group held that the improvement of workers' skill levels lags behind the development requirements of enterprises. Thus, to a certain extent, it limits enterprise development in their localities and influences investment potential by domestic and international investors. Most of the entrepreneurs responded that they see the need to change Vietnam's education and investment policies in order to improve human resources quality. Small enterprises, which mainly use manual labour, were less concerned with their employees' education level. The issue of human resource quality was also not the first priority for quite a few communes and wards.

Government authorities interviewed for the study responded that, although they are able to undertake their duties, they still lack the skills and knowledge needed in order to perform well in their work. Most of the entrepreneur respondents had not received formal training in management skills. Rather, they had developed the necessary skills based on actual experience. Managers in state-owned enterprises are often trained more formally than those in the private sector. However, the process of nominating government employees for training is not a familiar scenario for enterprises. They generally apply very strict application procedures. This both saves money and ensures that training has the most efficient outcome for the long-term. Private enterprises generally do not have funds for employee development.

### ***3.1.2 Evaluation of existing training programs***

Of the enterprises surveyed, 45% had estimated their human resource needs for the present as well as for their future. About 20% of the enterprises base their estimates on forecasts by their line authority. Professional training is very different between state-owned enterprises and private ones. The former often have training courses organized by their line authority (department/ministry level) and this authority decides the content of the training and selects the trainer(s). This kind of training is especially popular in banking, transportation, electricity, etc. The quality of these courses is evaluated at average-good level. Some enterprises responded that, as these courses equip employees to work under top-down instruction, the course quality is not high. Enterprises sometimes find the courses unnecessary but still participate in order to please higher authority.

In general, all the three levels of seniority within an enterprise (high, medium and low) participate in training. At the lower level, training is more frequent and is generally on-the-job coaching from those of higher seniority or by outside experts. The medium and high level employees often attend full-time courses conducted outside their organization. Evaluation by employers of graduates from schools, colleges, universities and even vocational training shows that the existing training system has major weaknesses – a problem experienced nation-wide, not just in the Mekong Delta region.

Nearly half the enterprises in the survey confirmed that senior level employees/managers are responsible for the development of junior employees, including identifying training needs and facilitating capacity development. Coaching of new employees by experienced staff is widely applied by private enterprises. The quality of this training is evaluated as good due to practical knowledge and experience of the instructors. However, this type of training cannot meet the requirements for modernization or production/business expansion into new areas.

When additional human resources are required to expand production, enterprises often approach outside sources such as the technology transfer sections of suppliers, specialized training institutions, foreign experts from donor programs and learning experiences from other organizations. The quality of this training is viewed as being variable, subject to the particular enterprises and training suppliers. About half of the enterprises in the survey have prepared materials to instruct their employees to perform their duties well.

- *Relationship between Training and Employment*

The surveys showed that enterprises select employees for skills training based on the following criteria (given in the order of decreasing information).

- Age
- The nature of his/her job
- His/her industriousness and desire for learning
- His/her qualifications, seniority or desire to make contributions to the enterprises (all are of equal importance)
- Ability to absorb new information.

In addition to that, as released by the enterprises in the region, their recruitment criteria are:

- Qualifications
- Experience

In terms of hiring staff, education and experience are important. However, two other important factors identified by the survey are relationships and health. This may be due to the fact that most of the production enterprises use unskilled labour, and therefore require healthy employees. Almost two thirds of enterprises have policies to attract and keep talented staff by giving appropriate remuneration, offering performance-based rewards, and by attention to employees' living and working conditions. Some opinions were given that enterprises do not have to pay much attention to unskilled labourers because the jobs are simple and such labour easy to find.

The study found that female labour in enterprises has peculiar difficulties, ranked in order of importance as follows: (1) being busy with their housework; (2) health conditions; and (3) limited education level.

### ***3.1.3 Vocational training***

Although the majority of enterprises agree that vocational training is necessary, they do not pay much attention to human resource strategies, nor do they develop linkages with local training institutions. This indicates that enterprises do not see the clear benefits or value of existing training institutions. Some complained that there is a lack of institutions for appropriate training, and they sometimes have to send their employees a long distance.

In general, there is very little coordination between the demands of industry and the supply provided by training centers. Activities and curriculum are not driven to serve practical industry needs. The most common type of training cooperation is when enterprises provide time off work for students to prepare their reports or graduation papers with the training center. Training institutions do not have a clear understanding of the training needs of industry. In general this has not been set as a goal at the training institutions. As a result, graduates of training centers find it difficult to find good jobs.

Enterprise representatives all commented that today's graduates have broad but not in-depth knowledge. Learners are influenced by education methods, which are more biased to theory than practice, and to rote learning. The low education quality is described as "too much imitation and theory". Graduates therefore often lack incentive and the skills to fulfill very simple tasks. In terms of career orientation, enterprises believe that it is necessary to encourage staff to choose what they like and what is appropriate to their ability so that they will keep going with that career all their life, and not to take examinations at colleges/universities "just" for qualifications.

### 3.1.4 Information and knowledge dissemination system

Despite the fact that per capita income in the region is much higher than the national average, the population in the Mekong Delta has a lower level of access to mass information than other regions. Table 4 illustrates this situation via the number of households who have televisions. In general, the rate of television-household users in the Mekong Delta is a little lower than the national one (67%).

**Table 4. The percentage of households having televisions, categorised by regions and types of households**

<i>Region</i>	<i>Non-poor Households</i>	<i>Poor Households</i>	<i>Overall</i>
Red River Delta	81.9	43.6	73.7
North East	77.9	31.2	62.2
North West	74.4	24.4	43.7
North Central	75.8	41.6	62.1
Coastal Central	76.6	35.7	67.0
Central Highland	80.8	39.1	61.7
South East	85.2	40.0	81.3
Mekong Delta	73.8	40.1	66.9
Whole country	79.0	38.5	68.7

Source: Population living standards survey 2002, GSO, processed by MDPA

### 3.1.5 Investment in Infrastructure

Over recent times, provinces in the Mekong Delta have made significant investments in the development of transportation and in the construction of education and healthcare centres. The road system is operational and connects district centres, district towns, commune crossroads, and commune centres. The water system is an important transportation channel. The school network at all levels in the Mekong Delta is similar to other regions in the country, and actually has rather high coverage. Sixty-five percent of the hamlets in the Mekong Delta have primary schools, the second highest rate in the country (the first is the Coastal South Central) and much higher than the national average of 54%. (GSO 2002, Table 25A). The percentage of hamlets having junior secondary and secondary schools in their geographical locality is also higher than the national average. (See Table 5).

**Table 5. School coverage in the Mekong Delta (percent)**

	% of hamlets having primary school	% of hamlets having junior secondary school	% of hamlets having secondary schools
Nation-wide	54.2	30.2	2.7
Mekong Delta	64.8	33.7	2.9

Source: Population living standards survey 2002, GSO, processed by MDPA, Table 25A, 26A, 27A



- *Uneven distribution of small scale infrastructure*

Schools and healthcare centres are not evenly distributed. There are few in the remote areas due to a shortage of teachers, doctors and nurses. Provinces have actively made investments in building more schools and classrooms family planning centres. This has resulted in less pressure in terms of basic facilities for teaching at primary level. However, this has not occurred in all areas. The survey of schools identified two schools which still run three shifts per day and 19 out of 92 classrooms still have water leakages. Due to poor maintenance, rural schools older than 10 years are often degraded. Facilities are poor and furniture is inappropriate to children's age.

- *Priorities for Government expenditure*

Among the investments by government, those in rural infrastructure (including building roads, electrical systems, health clinics and schools) are seen as most useful by the people, followed by health care service and credit for production development. Employment support and “job introduction” are ranked fourth, and much less favored than the top three. Technical support (including agricultural extension, technical instruction associated with loans, etc.) ranks almost at the bottom. (See Table 6). Public services (e.g. technical assistance, employment introduction) are not viewed as being as important by people as are investments in physical projects. This is a less than positive indicator for the development of human capital in the region.

**Table 6. Evaluation by Households of Government Support Services**

	Ranked by Household			Overall Rank
	Long An	Ben Tre	Bac Lieu	
Infrastructure	1	1	1	1
Healthcare	2	4	2	2
Credit, fund	3	2	3	2
Employment introduction	3	5	4	4
Emergency relief	5	3	6	5
Technical assistance	6	7	5	6
School-going encouragement, anti-illiteracy activities, etc (to encourage spiritual aspects)	7	6	6	7

*Source: Interviews of household groups in the three provinces in the Mekong Delta, MDPA 2003*

### **3.2 Causes of poor education levels in the Mekong Delta**

The Mekong Delta is not the poorest region in the country and its education infrastructure is at a relatively good level, yet its enrolment rate is one of the lowest in the country. In 1998, only 87.8% of the children in the 6-10 year old age group were enrolled, almost the lowest of the 7 regions (and only marginally higher than that of the North West, the poorest region in the country). In particular, the Mekong Delta has one of the lowest rates of primary education enrolment in the country (only 76.1% as compared with the highest rate of 96.5%

in the Red River Delta). The rate of children in the 6-14 year old age group who never go to school in the rural area of the Mekong Delta ranks third in the country. (GSO and The Vietnam Committee for Children Protection and Care, 2000).

Investments by households in the Mekong Delta in education are much less than those in other regions in the country and are not comparable to the average income in the region. Data from the VLSS shows that education-related expenses by non-poor households in the Mekong Delta made up only 3.3% of their total expenses. This rate is the lowest in the country. (GSO 2002, Table 8), For the poor, it is only 2.5% of total expenses, being the second lowest and only higher than the North West region in the Northern Highlands at 2.2%. This indicates that, in the Mekong Delta, investment in education is not given as much priority as in other regions. This is true not only in poor but also for average and better-off households.

**Table 7. Expenditure on health and education by region**

Unit : %

<i>Region</i>	<b>Poor Households</b>		<b>Non-poor Households</b>	
	<i>Expenses in healthcare</i>	<i>Expenses in education</i>	<i>Expenses in healthcare</i>	<i>Expenses in education</i>
Red River Delta	5.2	4.2	6.1	6.0
North East	2.7	2.9	4.5	4.8
North West	3.3	2.2	5.6	4.2
North Central	4.3	5.0	6.2	6.6
Coastal Central	4.4	3.6	5.9	5.7
Central Highland	4.5	3.5	7.2	6.5
South East	4.6	3.5	4.6	5.3
Mekong Delta	4.4	2.5	6.2	3.3
Country	4.1	3.9	5.4	5.7

Source: Population living standards survey 2002, GSO, processed by MDPA, Table 87

### **3.2.1 Economic Causes**

When interviews were conducted with school children in the three survey provinces in the Mekong Delta, 92% of the children in Long An said that the difficult economic conditions in their family led to their drop-out. Similar responses were provided by local teachers and government officials. Households quoted the following difficulties in their economic conditions that led to their children dropping out of school:

- Difficulty traveling, particularly in rainy season, to schools, which are far away from their house. 40% of households interviewed stated this difficulty
- Relatively high expenses for children who go to junior secondary schools or to a higher level. This is a burden for families with many children. A rough estimate shows that education expenses for a child attending one year of junior secondary schooling is 415 000 dong/year. At upper secondary level, it is 650 000 dong/year.
- Teachers receive poor salaries. Hence they have to do extra jobs to support themselves. Seventy-one percent of primary school teachers interviewed said they

had “off-teaching job and up to 53% for other levels. These rates do not vary between schools surveyed in all the three provinces. Holding two or more jobs is likely to impact on the quality of their teaching as there is less time for professional development or for implementing new teaching methodologies which require greater “non-classroom” time.

### 3.2.2 Low rate of return from formal education

The economic conditions in the Mekong Delta are better than many other regions in Vietnam. This led the research team to identify that, although the key cause of children's dropout rates in the Mekong Delta is related to economic reasons, there are other more complex issues impacting on decisions regarding education.

One of the reasons for the low rate of investment by households in their children's attendance at school is partly due to the fact that formal education is viewed as having limited positive effect. The VLSS shows that, with the exception of technical workers who are particularly valued in the Mekong Delta market, employees' qualifications do not have much influence on their pay. (GSO 2002) A college or university graduate may be paid only 20% higher than someone with primary education with reading and writing skills. The labour market does not differentiate graduates from primary, junior secondary or secondary schools, and in some cases secondary education graduates have received up to 13% lower pay than primary graduates. (Table 8) Rates of pay are influenced by other factors (good health to undertake hard work, experience, skills, etc) rather than school qualifications.

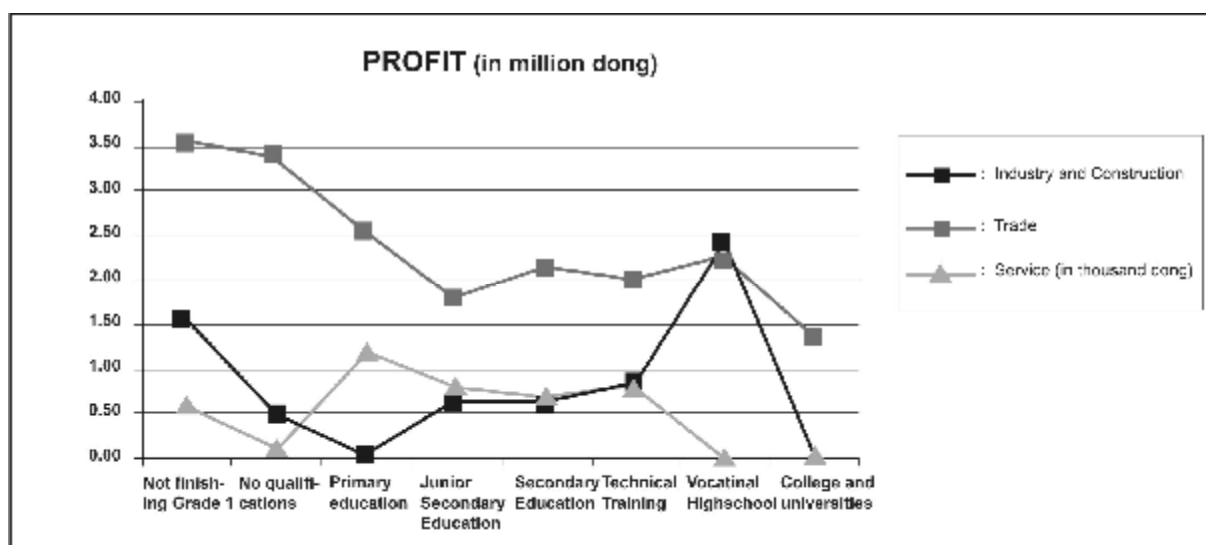
**Table 8. Average hourly payment to workers aged 15-60 in the Mekong Delta**

	Without qualifications	Primary education graduates	Junior-secondary graduates	Secondary education graduates	Technical workers	Vocational graduates	College or university or higher education graduates
Payment (in thousand dong)	3.4	5.7	5.3	4.9	7.1	6.1	6.9
Compared with that for primary education graduates (%)	0.61	1.00	0.94	0.87	1.26	1.08	1.21

Source: Population living standards survey 2002, GSO, processed by MDPA, Table 45

Similarly, statistics also show that qualifications of household heads do not have any impact on their business effectiveness in the Mekong Delta. As shown by Chart 1, business or production performance of households whose heads have no qualifications or have not finished Grade 1 is even higher than that of those whose heads have finished school or graduated tertiary education.

**Chart 1: Average profit per one million dong of investment by households in various sectors, classified based on qualifications of household heads in the Mekong Delta**



Source: Population living standards survey 2002, GSO, processed by MDP, Table 35 A1-3

### 3.2.3 Lack of relevance of education and training

The above findings do not mean that education is unnecessary. Rather, that the skills and knowledge provided by the current education system is removed from what is required by production and business. Rather, this report highlights that the skills and knowledge for production and business have been obtained and accumulated through their private study rather than by going to school. As observed by many households, particularly the agricultural ones, school going does not directly help their children's future jobs. This is reflected in the response by households that "farming does not require high education". Actually, the message from households is "school qualifications are not useful in agricultural production". Economic reasons for not sending their children to school are often stated by households as "economic difficulties" yet the real issue lies in the education system's poor methodology and irrelevance to the needs of households in the region. This means it is difficult for parents to justify investing in sending their children to schools despite the fact that knowledge and education are vital for the region's development and in great shortage.

### 3.2.4 Opportunity costs

For households in the Mekong Delta where there is a strong labour market for unskilled work, opportunity cost for sending children to schools is higher than that in other regions as children at the age of 10-14 years can supply considerable labor. This is also one of the important economic reasons that make families fail to urge their children to attend school.

### 3.2.5 Social Causes

Households, school children and teachers also identified social causes as affecting children's school dropout in the Mekong Delta. These included:

- A general attitude which presumes that agricultural production does not require much education. This type of thinking is common in many groups of the population, particularly those who are poor and themselves lack education. The systematic weakness of education and training helps strengthen this prejudice.
- Generally low education levels in one generation affect the education of the next generation. Many schoolchildren stated that when they finish Grade 12 they will not go to a higher level as they have not known any one who has done any level higher than Grade 12. Their parents are unable to explain what post-Grade 12 levels entails;
- Families where parents have low education level or are busy with their work have little time or ability to provide a supportive learning environment. Children in such families are influenced by their parents' thinking, preferring income-generating pursuits than going to school
- For girls, early marriage and gender prejudice such as "women cannot have more learning than their husbands" have a considerable influence on their attitudes to school. Many parents and girls perceive that a girls' key career is getting married and there is no need for much education as high education can make getting married difficult.
- Khmer children tend to drop out of school earlier than Kinh and ethnic Chinese. Khmer communities in Bac Lieu share similar difficulties to those mentioned above but at a higher level. Most of the areas where Khmer people live are poor and in difficult conditions for economic development, having outdated and low levels of infrastructure (particularly for education). Economic conditions for Khmer families have shown slower improvement than of those of Kinh and ethnic Chinese in the region. Gaps in wealth, education levels and cultural differences are big barriers to Khmer children to go to schools.

### **3.3 Opportunities and obstacles to the poor in the development of human capital**

#### **3.3.1 *Employment opportunities***

- *Opportunities*

Popular opinion holds that non-agricultural activities can help the poor to escape poverty. In Bac Lieu Province, off farm employment is identified as the means by which poverty can be reduced to less than 7% by 2005. According to provincial and district officials, the two key sectors that can help the poor to escape poverty are fisheries and industrial handicrafts. For example, in 2002 in Bac Lieu, more than 18,000 jobs were created in these industries for eligible poor households.

- *Constraints to finding employment*

When asked about obstacles hindering the poor from finding employment, 86% of respondents in Bac Lieu said that difficult family conditions are the key reasons, followed by low education level (71% of the opinions), and individual spirit and effort by the poor (57%). There are few employment centres and their operation is not really effective. It is

estimated that 92% of the local people find their jobs via friends and relatives and only 31% via employment promotion centres.

Surveys show that young people in rural areas are more active in searching for jobs, yet what they manage to find is mostly unskilled labour. Officials estimate that the number of local people finding jobs in large cities (Ho Chi Minh City or Can Tho) or in export processing zones is not high (although they do not know the exact figure). These people do not intend to return to their home town/village after they have obtained certain skills or knowledge. However, the money they send to help their family monthly does provide some poor households with more funds to invest in increasing their agricultural production or to cover their living expenses.

Evaluation by poor households of the usefulness of support activities shows that investment in infrastructure and healthcare ranks the top, followed by access to credit. Employment introduction is often at the last rank in terms of usefulness (See Appendix 2).

### ***3.3.2 Access to Education, Training and Information***

During group interviews, households said that the biggest obstacle to learning and education improvement in their local area is the lack of information. This is due to low availability of television, radio and newspaper to the local people. In some areas, there is no electricity supply and the loudspeaker system is in operation just at district and commune levels, not down to hamlet.

- *Dissemination of Information*

As far as dissemination of information to commune officials is concerned, 92% of the respondent officials said that they had information on budget plans of the higher authorities. Among them, 61% accessed the information from formal written documents, 33% from meetings and mass media. In general, commune officials get to know district budget plans after the People's Council meeting early in the year.

- *Grassroots Democracy*

In terms of the grassroot democracy directive, 100% of the respondent commune officials said that they clearly understood its objectives. With regards to the content, 84% of officials replied that the basic content of the grassroot democracy regulation is "People know - People discuss - People do - People examine". 15% of officials said the basic content of the grassroot democracy regulation also includes such points as making public policies, regimes, budget revenue and expenditure, and facilitating the participation of people in all government activities at different levels, particularly in local infrastructure development works. Sixty-one percent said that the implementation of this regulation in their locality is rather good.

Officials were also able to identify some difficulties in the implementation of the grassroots democracy directive, including: low qualifications of local officials, particularly those responsible for political education; continuing low levels of awareness and understanding of most of people; focus on individual interests; low levels of understanding of the content of the grassroot democracy regulation, resulting in decisions to exclude certain issues from advocacy. Due to limited awareness of the process by the people, the implementation of the directive also faces delays. Therefore, in many local areas, instead of letting "People discuss"

the issue is tabled just for "People endorse". Consultation of the ethnic minorities is still very poor and limited by language barrier, particularly Khmer people.

- *Agricultural Extension*

Access by the poor to services of agricultural, industrial and fishery extension and to employment consultancy is much more limited than the non-poor households. When asked about their reasons for not participating in agricultural extension training, key reasons given by the poor are: (1) no time and (2) insufficient eligibility. The first reason is due to the fact that they have to first focus on basic needs and the second reason is that the enrolment criteria for training courses is often too restrictive. For example, it states that participants must be representatives of groups, must have land and funds.

In principle, agricultural extension centers are supposed to supply services to households. However, in reality, it is impossible for them to approach each individual household. Instead, these centers rely on the commune administrative agencies and other organizations to disseminate agricultural extension information. Therefore, there is a considerable gap between agricultural extension units and farmer households. Decisions on which type of agricultural extension services will be provided, and in what ways, are often made by agricultural extension centers with the agreement of or at the request of the People's Committee or organizations representative of the local mass organizations. The decision-making process gives little chance for farmers, particularly the poor and women, to voice their actual needs. Therefore agricultural extension services are narrow in focus and most of the farmers feel dissatisfied because their needs are not met in terms of service type, time and mode. The poor benefit even less from these services.

Surveys in communes show that poor farmers who do not have land or funds for production do not benefit from agricultural extension activities such as rice-shrimp model, high-yield cow-grass model, etc. These activities are for better-off farmers. Those who are nominated to participate in agricultural extension training courses are often representatives of groups, clusters or hamlets, and social organizations or have been awarded the title as "typical" and "advanced" producers/businessmen. The poor have little chance to be included in these representative groups.

- *Khmer*

As viewed by many households, market information is in great shortage, particularly for the poor and especially for the Khmer because a high percentage of the Khmer have low proficiency in Vietnamese language.

### **3.3.3 *Impact of family size and health***

Family planning initiatives have had positive influence over the health conditions of poor households. The number of households with many children has decreased. As a result, more care is given and the rate of children from poor families attending school at the relevant age is higher than before.

As far as healthcare service is concerned, households highly value the development and usefulness of healthcare services. However, some opinions hold that commune health clinics do not have effective performance due to limited professional skills, and are therefore failing to meet people's healthcare needs. In some areas, severe shortage of clean water influences the health conditions of women and children.

## **4. CONCLUSIONS AND RECOMMENDATIONS**

Human capital in the Mekong Delta, being understood as a collection of the knowledge, skills, abilities and competence of the population, is still at a relatively low level. This is despite the fact that the region has rather good development of agricultural production, commodity production and a strong labour market (mainly includes manual and low-skilled labour). In addition, many households have paid little attention to investment in education and training of their children, partly due to the existing education system which fails to meet practical needs both in terms of knowledge, content and education methods, and partly due to high opportunity costs when their children go to school.

The poor have little chance to access learning and capacity building opportunities. At the same time, the government's technical assistance is still poor and has not been oriented to addressing the needs of the poor.

To develop human capital in the Mekong Delta, the following measures are recommended:

### **1. Enhancement of vocational training**

- Support in-depth vocational training courses for those skills required by local enterprises - both in the public and private sector - to meet regional development requirements.
- Give priority to training and improving business and management skills for enterprises in the Mekong Delta
- Provide vocational training courses specifically for the poor and provide them with appropriate post-graduate job introduction.
- Include vocational training in secondary schools. To support this recommendation, there should be a strategy to invest in training vocational trainers for the Mekong Delta

### **2. Improvement of school education quality**

- Support innovations in training approaches, to encourage less rote-learning and more independent thinking by learners; to be open to learning from the experience of countries with advanced education systems; to provide education for all; and to develop a quality education focus, rather than focusing on achievements and qualifications at all costs.
- Re-orientate education investment to – libraries, laboratories, biological gardens, practice facilitators, practical subjects in close contact with the regional environment and life, information technology and internet.
- Develop a long-term plan to train teachers in practical subjects for the Mekong Delta

### **3. Enhancement of competence for HEPR workers**

- Develop greater understanding of participatory working methods and participatory planning skills.
- Enhancement and dissemination of the information and better facilitation for the poor to implement grassroots democracy rights.
- Decision making should be participatory with special attention to flexible organization in terms of time, location, and consultation modes in such a way that people who are poor or in difficult conditions, particularly women can make their voice heard.
- Develop agricultural extension activities that are specially designed to serve poor households' needs. To organize these activities, HEPR programs should directly consult poor households to understand their needs and desires.



## **Annex 4: Monograph Report - Khmer**

### **Stage 2 Monograph Report**

# **THE KHMER ETHNIC MINORITY IN THE MEKONG DELTA**

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On behalf of the research team

**Nguyen Ngoc De**

## EXECUTIVE SUMMARY

This report is for one of the four socio-economic studies conducted by the Mekong Delta Poverty Analysis Project - Stage 2. The aim of the study is to provide a basis for the development of directions to assist the Khmer poor in the Mekong Delta.

Key findings of the studies are:

1. In recent years, there have been significant changes for poor Khmer households. In response, the Hunger Eradication and Poverty Reduction (HEPR) steering committees must acknowledge and adjust their programs accordingly. Specifically, while traditional Khmer livelihoods in the Mekong Delta are still based on self-employed agricultural production (household economy), most of the poor Khmer households have little or have lost or mortgaged their land and consequently rely on income from selling labour in agriculture and providing hired manual labour in urban areas. This implies that HEPR-related assistance measures which target agricultural self-employed households are no longer as relevant to poor Khmer households, as they do not directly improve their main livelihoods, and are only efficient in the case of the average and better-off Khmer households.
2. The Khmer poor have few opportunities for employment, and those jobs available to them are mostly manual labour with low income. Few poor Khmer people are employed in local enterprises or sent overseas in the form of exported labour. Key causes are that poor Khmer people have low education levels and many of them are illiterate in Khmer as well as Vietnamese language. The rate of the Khmer poor who attend upper secondary school level is only one third of the Mekong Delta average and only one fifth at lower secondary level. Other obstacles to employment opportunities are lack of information and social relationship.
3. Though it is commonly recognised by provinces that there is a close relationship between Khmer poverty and implementing HEPR, the distinctive features of the Khmer poor have not been clearly identified nor given due attention in HEPR. Hence, many activities to develop production in order to reduce poverty have not addressed the specific needs of the Khmer poor. This partially helps to explain why the number of Khmer households who manage to escape poverty is still low.
4. Access of poor Khmer households to physical resources, including loans from official sources, infrastructure such as electricity, clean water, and sanitation works, is more limited than average and better-off households in the Delta. As far as preferential loans to support poor Khmer households are concerned, there are problems such as failure in collecting repayment due to lack of monitoring; misuse of loans by borrowers; and deferred payment of loans. These problems are often caused by the different and conflicting information supplied by organisations such as the banks, extension service and private intermediaries.
5. Vital services such as agricultural extension and job promotion do not really contribute to HEPR because they have not been targeted to the Khmer poor.
6. The Khmer poor have low exposure to commune-level government and have few opportunities to participate in community decision-making processes. To have better grassroots democracy entails an active approach by the local authorities to the poor.

Based on the above mentioned findings, recommendations suggested by the research team to develop solutions for HEPR promotion in the Khmer groups, cover the following six areas:

1. Enhance access to employment opportunities and skills for the Khmer poor
2. Enhance capacity of HEPR steering committees, commune officials and mass organisation workers in areas where Khmer people reside
3. Assist the Khmer poor to participate in local, grassroots democratic processes
4. Increase access of Khmer poor to infrastructure and public services
5. Increase education opportunities for Khmer children
6. Develop efficient social support activities for Khmer people

## 1. INTRODUCTION

There are four ethnic groups in the Mekong River Delta, namely Kinh, Khmer, Hoa and Cham. After the Kinh, the Khmer are the second largest ethnic group in the Mekong River Delta, especially in Soc Trang, Tra Vinh and Kien Giang provinces. The poverty rate of the Khmer is markedly higher than that of the Kinh and the Hoa. In recent years, the number of Khmer households escaping from poverty has been limited, whereas the rate of households falling back in poverty has been higher than that of other ethnic groups. Therefore, it is important to study the causes and work out sustainable poverty reduction solutions for the Khmer, thus making active contribution to poverty reduction overall in the Mekong River Delta.

The Mekong Delta Poverty Assessment Project (MDPA) is sponsored by the Government of Australia through AusAID. The aim of the MDPA project is to collect and analyse information on the extent and nature of poverty in the Mekong Delta, which would serve as a key basis for the Government of Vietnam, AusAID and other international donors to define their forthcoming interventions in the region.

The Project commenced in October 2002 and was implemented in three phases:

- (1) Research teams collect and synthesise existing provincial data.
- (2) Research teams conduct detailed field studies of key issues identified in Stage 1.
- (3) MDPA compiles a report detailing options to guide future intervention

This study is one of the four studies of Phase Two, acting as a baseline socio-economic survey to help provide background for developing the directions of interventions to assist the Khmer poor.

## 2. METHODOLOGY

### 2.1 Objectives and Scope of Study

**Objectives:** This study is aimed at assessing the causes of poverty in Khmer communities in order to identify opportunities for and obstacles to growth and economic development among these communities. One of the emphases of this study is to identify obstacles to employment opportunities of the Khmer people.

**Scope of Study:** As a part of the Mekong Delta Poverty Assessment Project, this study pays special attention to analysing four groups of problems related to poverty and poverty reduction measures, which are:

- (1) Natural conditions, customs and practices having influence on poverty and HEPR in Khmer communities.
- (2) Approaches to implementation of HEPR programs and their impacts on poverty in Khmer communities as well as existing problems within these programs
- (3) Opportunities to escape poverty and barriers to development for poor Khmer households, including access to knowledge, skills and information, resources, social safety net, etc.
- (4) Participation by the Khmer poor in grassroots democracy and community decision-making process.

## 2.2 Study Area

The study covers three provinces: Tra Vinh, Soc Trang and Kien Giang. Eighty percent of the Khmer population in Vietnam reside in these provinces. Hence the communities in these localities have the social establishments typical of the Khmer. For this reason, the results of the study on status and causes of poverty of the Khmer in the three study provinces can be representative of the Khmer in the Mekong Delta.

## 2.3 Methods of Data Collection and Analysis

**Quantitative research.** The research team have mainly utilised data available from the 2002 Survey of Population Living Standards conducted by the General Statistics Office (GSO). Though certain biases might be seen in survey findings due to sample collection, the impact is negligible on the conclusion in comparing the situation of Khmer people with that of other groups in Mekong Delta. The second important source of data that the research team have utilised is from reviews by relevant authorities in the three surveyed provinces.

**Qualitative research.** The key methods were group discussion and in-depth interview with Khmer people. In each province, the research team also conducted discussions with the relevant government departments and authorities and members of HEPR steering committee and Ethnic Boards. This enabled the team to select one representative provincial town and two districts where there are many Khmer people; one district which is poor; and one district which is relatively better-off in socio-economic development. In a similar manner, in each provincial town/district, two typical communes/wards were selected as the location for surveys, based on the above mention criteria.

In each selected commune/ward, the research team conducted group interviews with 3 groups of households: one poor, one average and one better off (including both male and female household members). In total, in the three provinces, 487 households were involved in group interviews (Table 1)

**Table 1. Survey areas and samples, 8/2003**

Province	District/Town	Commune/Ward	Number of people participating group discussions	Number of households surveyed
Sóc Trăng	Sóc Trăng Town Mỹ Tú Mỹ Xuyên	Ward 5 and 10 Phú Mỹ, Phú Tâm, Viên An, Đại Tâm	150	72
Trà Vinh	Trà Vinh Town Châu Thành Trà Cú District	Ward 1, 6 Lương Hòa, Hòa Lợi, Ngọc Biên, Phước Hưng	166	72
Kiên Giang	Rạch Giá Town Châu Thành Giồng Riềng	Vĩnh Lợi Ward, Phi Thông Minh Lương, Minh Hòa Ngọc Chúc, Bàn Thạch	171	72
<b>Total</b>			<b>487</b>	<b>216</b>

To examine rural-urban differences, the research team interviewed households in the district township level of administration. The team conducted in-depth interviews with four better-off Khmer households, four average Khmer households and four poor Khmer households. Totally, 216 households were interviewed in three provinces.

Data and information collected were analysed and processed. Feedback was collected from surveyed provinces via workshops and/or feedback letters.

### **3. MAJOR FINDINGS**

#### **3.1 The Current Status of the Khmer in the Study Area**

##### ***3.1.1 Natural Conditions and Traditions***

According to the latest statistics from GSO, there are around 1.05 million Khmer people living in the Mekong River Delta, accounting for 6.49% of the total population of the area (which is estimated at above 16 million). The Khmer live in eight provinces, namely Soc Trang (28.9% of the province's total population), Tra Vinh (approximately 30%), Kien Giang (12.9%), An Giang, Bac Lieu, Can Tho, Vinh Long and Ca Mau (Department of Localities, 2002; GSO 1999, Department of Ethnic Minorities KG 2003).

The Khmer are one of the four ethnic groups (Kinh, Khmer, Hoa and Cham) inhabiting for a long time in the Mekong Delta. The Khmer village (called *phum*, *soc*) is usually located on high lands (called *giong*), with a Buddhist Pagoda in the centre. The village residential area is clearly identified and subject to little change.

The Khmer households usually live in clans, which have an impact on community decision-making. Community life is highly active. The Khmer have the tradition of mutual affection and mutual help in different conditions.

Buddhist and other traditional festivals play an important role in the Khmer's social life. The pagoda is the village socio-cultural centre, where community festivities, meetings, recreation and learning activities are held. The monk's opinion is highly regarded. The Khmer believe that donations to the pagoda and offerings to monks will bring happiness, which is why they often donate a large portion of their assets to the pagoda and to monks. Spending on festivities and construction and maintenance of the pagoda is a significant part of the total expenses of a Khmer household. The Khmer celebrate eight traditional festivities in a year, of which the three most important festivals are New Year (Chôl Ch'năm Thmây) held in mid April, Pardon to the Deceased (Phchum Ben, or Đônta) in mid- September and Moon Worship (Ok Ang Bok) in late October (Toan Anh and C.L. Giang, 2002).

The Khmer have their own language and script. In the majority of schools with large Khmer population there are programs with Khmer language instruction. The rate of pupils taking these programs is now significant. Previous generations did not have access to learning Khmer, as it was not part of the public school curriculum. The Khmer have special traditional affection for culture and arts, especially singing, and they highly respect spiritual values.

##### ***3.1.2 Livelihood and Income***

Traditionally, the Khmer earn their living by agriculture. The majority of Khmer farmers apply old cultivation methods, resulting in low productivity and low output. Despite moving from rice monoculture to the present polyculture and rotation of crops, the area for

secondary crops is limited and productivity is still below the average. Only a small proportion of households are efficiently utilising recent advances in agriculture.

The majority of Khmer households are subsistence and are less familiar with the market economy than Kinh in the same area. There are significant barriers that influence the motivation and incentive of subsistence households to learn new farming techniques aimed at productivity improvement. Khmer communities are quite closed, which influences their institutional arrangements with external agencies. This limits information exchange, interrelation and mutual learning between the Khmer and the Kinh communities. Since they are not familiar with market economy management, they incur high cost and low profit margin. Many of the Khmer, especially the poor and women, cannot speak fluent Vietnamese, making their information access and exchange even more limited.

Table 2 summarises the findings from a survey on income of 70 poor, average and better-of Khmer households in Tra Vinh province. At the current time, the average annual income of a poor household is estimated at about 6.3 million VND; an average household at 13 million dong; and a better of household at 29.3 million dong.

The structure of income described in Table 2 shows that self-employed agricultural production is no longer the main livelihood of the Khmer poor. Over 81% of the total income of poor households comes from off-farm activities, trading and hired labour (on-farm and off-farm). Thirteen percent of the income is from other sources (other than self-employed agricultural activities). Rice production, animal husbandry and secondary crops contribute less than 6% of the total income. These findings correspond to the findings from the Khmer Poor Household Income Survey conducted in Kien Giang province, in which 77.2% poor households earn their income mainly from hired labour and 15.7% from agriculture, forestry and aquaculture. However, this labour market is usually restricted to within the Khmer community. The poor supplement their subsistence household economy with small amounts of money made from working during harvest time or digging ponds for aquaculture.

**Table 2. Income sources of Khmer households in Tra Vinh**

Source of Income	Poor	Average	Better-of	General sample
Rice	3.1%	29.0%	40.6%	32.6%
Fruit trees	0.0%	1.7%	2.9%	2.2%
Secondary crops	0.1%	2.4%	4.3%	3.2%
Husbandry	2.4%	12.3%	18.3%	14.7%
Aquaculture	0.0%	0.2%	1.5%	0.9%
Fishing	0.0%	0.6%	0.1%	0.2%
Agricultural hired labour	18.5%	5.0%	1.1%	4.4%
Off-farm	43.7%	10.8%	2.0%	9.7%
Trade	19.2%	19.7%	7.3%	12.1%
Salaries	0.0%	6.4%	11.0%	8.4%
Others	13.0%	11.7%	11.0%	11.4%

*Source: Survey of 72 Khmer households in Tra Vinh, MDPA August 2003*



The understanding that the Khmer poor households have shifted from self-employed agricultural production to other economic activities or hiring out labour is very important to poverty reduction. This situation implies that poverty reduction support measures aiming at agricultural production and self-employed farmer households are no longer appropriate to Khmer poor households, as they cannot directly improve their main livelihood. Instead, farmer household-targeted support measures are effective only for better-off and average households.

Unlike poor households, the Khmer average and better-off households earn their livelihood mainly from agriculture. Rice production and animal husbandry are the major income sources, making up 59% of the total income of better-off families and over 41% of average households' income. Better-off households earn higher income from agriculture.

Economic activities of average and better-off households are significantly more diverse than those of the poor. Whereas the poor household earns their living mainly from hired-out labour, the average or better-off household usually has multiple sources of income – rice, secondary crops, fruit, animal husbandry, trade activities or salaries. For this reason, better-off and average households are less vulnerable to natural calamities or market fluctuations.

### 3.1.3 Assessment of Poverty in Khmer Communities

Reports from the eight provinces with high Khmer population in the Mekong River Delta in 2001 identify the number of poor Khmer households at 64,894. This accounts for 32.19% of the total number of Khmer households in the region (Department of Localities 3, 2002). This figure is significantly higher than the average poverty rate of the Mekong River Delta of 24% (GSO, 2002). GSO's Household Living Standards Survey is not aimed at estimating the poverty rate of different ethnic groups, but it does give an indication that the poverty rate among the Khmer in the three surveyed provinces is significantly higher than that of other groups (Table 3). In general, Khmer poor households account for around a third of the total poor households in these provinces. The findings of MDPA survey in three provinces of Soc Trang, Tra Vinh and Kien Giang also confirm this situation.

**Table 3. Results of Sampling Survey of Poverty Among the Khmer in Comparison with Other Ethnic Groups in Three Provinces of the Mekong Delta**

Unit: %

Province	Poverty rate in total Khmer households	Poverty rate in the total number of households of other ethnic groups	Overall poverty rate	The proportion of Khmer Poor in total number of poor households
Soc Trang	55.1	30.7	36.7	36.6
Tra Vinh	45.6	27.4	32.3	38.2
Kien Giang	53.0	16.2	22.3	39.1

Source: GSO, 2002

The average income gap between the poor and the better-off household is five to six fold (MDPA's Survey in Tra Vinh and Kien Giang). The poverty rate of the Khmer is significantly higher than that of other ethnic groups and the rate at which the Khmer escaped from poverty

is low. In some localities it is significantly lower than the average. For instance, the poverty rate of Soc Trang province reduced from 64.4% in 1999 (of which 36.7% households were poor and 27.7% suffering from food deficiency) to 28% poor households and no households with food deficiency in 2002. However, the poverty reduction rate among the Khmer was insignificant, remaining at 43% in 2002. In 2001-2002, 7,204 poor households escaped from the poverty; of which, however, were only 565 Khmer households (7.8%) (Soc Trang Department of Statistics, 2003).

The sustainability of poverty reduction of Khmer communities is also lower than the average, and the number of Khmer households falling back to poverty or newly identified poor is higher than in other ethnic groups. The provinces' governments agree that poverty reduction among the Khmer people has become a focus in provincial poverty reduction objectives.

The major factors that influence the Khmer's poverty, according to experienced HEPR officials in the Mekong Delta, include:

- **Lack of employment and low-income employment due to lack of training.** The survey in Tra Vinh shows a high rate of unemployed time among the Khmer. Around 40% of the idle labour force has to seek employment far from their residence. Very few poor people could find employment in local enterprises or be selected for export labour. This is due to their lack of education and their illiteracy in both Khmer and Vietnamese languages. They also have poor oral ability in Vietnamese. The rate of trained labour is very low. In the survey of Khmer households in Kien Giang, the average education attainment of heads of poor households is forth grade, and that of average and better-of households is fifth grade. According to provincial statistics, only 0.2% of the Khmer have technical and professional qualifications.
- **Land shortage and landlessness.** Overall, about 30,000 Khmer households in the Mekong River Delta (16% of the total Khmer population) have no access to farming land. These households earn their livelihood by hiring themselves out as seasonal labour, and their employment is unstable. The majority of poor Khmer households have little farming land. This situation is confirmed in surveys of three provinces of Soc Trang, Kien Giang and Tra Vinh.
- **Lack of access to credit and lack of expenditure management skills.** Many poor Khmer households have difficulty managing household spending and have limited access to credit. This leads to indebtedness, high-interest debts and early sale of agricultural produce at low price.
- **Poor infrastructure of Khmer commune, village and household.** This situation results in high costs of travel and annual maintenance of houses. Circulation of goods is difficult and farm produce such as rice and shrimp are under priced. However, inputs for production and consumer goods are overpriced. Poor infrastructure also increases damage risks of natural disasters (floods, typhoons).
- **Lack of information on markets and new farming seeds and techniques, lack of trading network with intermediaries, families with many children, diseases that restrict household members from work or education, and shortage of labouring jobs** also have large influences on poor households.

### ***3.1.4 Existing poverty reduction programs and their impacts on the poverty of the Khmer people***

The Government of Vietnam has many policies, programs, and projects for poverty reduction objectives in Mekong River Delta, mainly aimed at poor ethnic people, including:

(1) Economic policies: tax exemption and reduction for agricultural land use (implemented since 2001); support for ethnic households in difficulty, policies for price and fee subsidy; provision of preferential credit.

(2) Program No 135: infrastructure construction projects in 195 ethnic villages and areas, 43 projects to build inter-village centres in ethnic areas, projects for stabilisation and development of agricultural and forest production in combination with processing and marketing of agricultural products; training of commune and village cadre. There are also resettlement projects in some areas.

(3) ODA projects

(4) Policies to give priorities and support to the poor in education and training: identify students for pre-universities, universities, colleges, vocational high schools; exemption and reduction of tuition fees and free offering of notebooks for poor pupils of villages in special difficulties.

(5) Health care: provide health insurance cards, free offering of iodine salt and medicine for the poor of villages in special difficulties; exemption from and reduction of hospital fees for the poor.

The implementation process of policies, programs, and projects for poverty reduction differ from province to province. The results are also different. However, there are common impacts and limitations that derive from poverty reduction work, which are:

#### **Impacts:**

- In householders' opinions, HEPR programs and projects for rural infrastructure, capital support, and job creation have generally had an impact on the well-being of the poor. The wealth ranking of all households (poor, average and better-off) has increased. In particular, Program No 135 has improved the quality of life in many poor villages and for those in special difficulties. However, many more villages, such as coastal areas in Soc Trang and Tra Vinh, lack access to infrastructure and within these communities there are disadvantaged groups in Khmer communities whom are outside the reach of the national programs. Since rural infrastructure has been improved, the influence of natural calamities, flood, drought, and epidemic diseases has also been reduced. Inhabitants have better access to markets, schools, and hospital than before.
- Access to preferential credit for production development via Banks for the Poor and NGO micro-credit projects has promoted increased production for some households. These households usually have been able to develop their external links with the Kinh or are marriages between Khmer and Kinh or Hoa. Projects to provide funds for cow, shrimp and crab raising in salted water and coastal areas, or combination of rice and fishing, are successful examples.
- In areas which have established aquaculture processing factories, Khmer women have been employed in low paid manual positions. This has helped to increase household income. However, these factories are few and, in general, there is little development of industries. Therefore services in rural areas attract a large number of female workers, including Khmer women. This form of employment has contributing to the stabilisation

and improvement of living standards of Khmer households and poor people. However, Khmer workers usually have manual and low paid jobs.

However, HEPR programs have also exposed some limitations:

- Although all provinces have acknowledged the close relation between poverty reduction for poor Khmer and poverty reduction in general, the specific features of Khmer poor have not been clearly identified, and not received due attention in the implementation of HEPR activities. Many activities for poverty reduction are designed for local production and development work and have not addressed the specific needs of the Khmer poor. For example, most poor Khmer have no or little land and work mainly as hired labour so that they can take little or no benefit from policies of agricultural tax exemption and reduction, price and fee subsidy, or supporting activities like provision of credit or product purchase contracts. This partially explains why the number of Khmer poor who escaped from poverty in all surveyed provinces is insignificant, despite a fairly good HEPR achievement in general.
- There has been insufficient collection of data on poor Khmer people. Information on supporting activities and analysis of their impact has also been weak, although some provinces that are better at implementing this work than others. No province has collected data on the poor classified by gender so it is difficult to identify and address specific issues of Khmer poor women.
- Awareness of the importance of poverty reduction work has not been widely disseminated among poverty reduction steering committees, especially at village level, and among poor people and other social classes. Poverty reduction has not been considered a focus in some areas so that implementation has met many difficulties. The instructions given by poverty reduction steering committees at different levels is still unspecific, and lacks analysed assessment of specific, synchronous and suitable solutions for each group. Supervision, monitoring and support work are irregular.
- There is no specialised cadre responsible for implementation of poverty reduction programs and there is a lack of close coordination among agencies in deploying poverty reduction programs and investment projects. Responsibility for particular programs among authorised agencies and organisations at different levels is not clear. This leads to inefficiencies in implementation poverty reduction programs.
- The ability of poverty reduction officers to appeal to mobilise and support the poor in project building is still at low level. Consultants for local authorities are few and lack the ability to recognise problems and propose solutions for specific situations. In addition, implementation of policies for the Khmer people is slow.
- Access to access government and NGO funded capital is low. As there is a lack of close and synchronous connection between credit provision, technical assistance, household economy management capacity promotion, infrastructure development and market involvement, funds borrowed from these sources have not been efficiently utilised. In many cases, loan repayments cannot be collected due to lack of monitoring and misuse of loans by borrowers. The type of activities supported by these loans have not been carefully scrutinised (eg support for traditional Khmer crafts such as weaving bamboo products) so that there is difficulty in identifying markets for product consumption (for example).

## 3.2 Opportunities and factors influencing the development of poor Khmer households

### 3.2.1 Knowledge and Skills, Access to Public Services, Training and Information

- **Adult and Child Education**

Table 4 summarises the educational standard distribution of inhabitants in Mekong River Delta in general, and those of Khmer people in particular. Overall, the percentage of those who have never gone to school or who have not got the primary school certificate is very high among poor Khmer people – more than 2/3 of the total population. This rate is nearly 1.5 times higher than that of Mekong River Delta area overall. While the illiterate Kinh still can communicate in Vietnamese, illiterate Khmers cannot communicate in Vietnamese and cannot read Khmer script, and therefore their ability to communicate with the wider community, especially with authorities and official organisations, is seriously affected.

The high illiteracy rate is the main factor affecting access to vocational training for the poor Khmer, and making it difficult to find a stable job.

Ethnic boarding schools at provincial and district levels play an important role in the improvement of education and professional skill levels for children of poor Khmer households. Operation of this school system results in a higher rate of Khmer poor among upper secondary and vocational technical graduates compared with that of the Mekong River Delta overall. However, the rate of Khmer poor who attend upper secondary school level is only equal to one third of the Mekong Delta average and one-fifth for lower secondary level.

**Table 4. Education of the Khmer in the Mekong Delta**

Unit: %

Education level	Mekong Delta	The Khmer in the Mekong Delta	The Poor in the Mekong Delta	The Poor Khmer in the Mekong Delta
No qualification	55.7	72.5	70.3	75.6
Primary	27.4	19.8	25.5	20.2
Lower-secondary	9.3	5.1	3.0	2.0
Upper-Secondary	4.2	0.7	0.9	1.4
Technical workers	0.7	0.8	0.2	0.8
Vocational high school	1.3	0.7	0.1	0.0
College, University	1.4	0.4	0.0	0.0
Total	100.0	100.0	100.0	100.0

Source: Living Standards Survey 2002, GSO

In recent years, the enrolment rate at every level in the Mekong River Delta has improved dramatically, including that of Khmer children. An encouraging trend in that the female enrolment rate among Khmers at all educational levels is at least the same, and at some levels even higher, than that of Khmer boys. (Department for Statistics, 2002) However, there is a large gap in enrolment between poor and non-poor children.

Education of poor Khmer children, especially those from seasonal migrant households is a pressing matter, which requires special attention. All reports show the number of poor children quitting school after primary level, or even before completion of primary level, is growing. To illustrate this, the group interviewed in Soc Trang Town (Group 3, precinct 5) reported that 60-70% of poor Khmer children quit school to work just after graduation of primary school. Interviews in Tra Vinh (at Hoa Loi and Luong Hoa village) provided the same picture.

GSO Living Standard Survey shows that the rate of children at 10-15 years of age who have to work in poor Khmer households is higher than that of other ethnic groups. The total working hours of poor Khmer children is also higher than those of poor children in other groups. This characteristic greatly affects the study ability of poor Khmer children.

The lack of Khmer teachers or teachers who can speak Khmer language, and weak teaching capacity of teachers, especially of those who teach Khmer and Vietnamese language, are other obstacles that restrain the educational results of Khmer children in all provinces.

- **Access to Extension Services**

The agriculture-forestry-fishery extension (in short, extension) network of MARD is still limited. Extension centres have been set up at provincial and district level only, but not all districts have an extension centre. Therefore, Khmer people have very limited access to the extension system. Pilot extension activities are carried out only in selected communes.

For poor Khmers, opportunities to access and attend extension training courses are rare. This is partly due to education and language barriers, but also due to the restrictive selection process which prioritises the selection of community representatives (from hamlets and clusters, farmer associations, mass organisations, and successful farmers) in order to have efficient and faster transfer of knowledge and information. Apart from some training courses that are specially aimed at poor households and women, in general, extension training courses are not for poor Khmer people, especially poor Khmer women.

Moreover, for the majority of poor Khmer households who have no or little land and capital for agricultural production and earn their living from hired work, extension training is not relevant. It can be said that extension programs have not had much impact on the livelihoods of poor Khmer.

- **Job Training and Promotion Services**

Vocational training and job promotion systems in provinces play an important role in training and introducing thousands of people to work abroad, or in local enterprises, or big industrial centres such as Ho Chi Minh City. This includes the programs run by the Departments for Labour, Invalids, and Social Affairs (DOLISA) which are responsible for state management, state and private training and job introduction centres. However, Khmer people, especially the poor ones, have no access to these kinds of services due to the following reasons:

- All schools and training centres are located either in cities and towns, which makes training, living and travelling costs unaffordable for the rural poor.
- Educational standards of the poor are normally very low so that they cannot meet the prerequisites to enter training schools and centres.
- Information on training courses is not widely disseminated to rural young people and rural residents, especially to Khmer villages.

Ethnic minority vocational boarding schools are the major institutions that provide vocational training for Khmer youth. However, they often lack facilities, equipment and training capacity and are unable to meet admission and training demands.

- **Market Information**

Market information and access to mass media facilities by Khmer households remains limited. The VLSS (2001) in Soc Trang shows that, in Khmer households, there is only one colour television set per 10 households, 1 black and white television set and a radio per every 6 households. The poor are more vulnerable to market changes and high risk in production and business.

### 3.2.2 Access to Resources and Infrastructure

- **Agricultural Land of Khmer Poor Households**

The rate of poor Khmer households who have lost land or lack land for cultivation is fairly high. Previously, they were provided with land to carry out production, but due to poverty and inefficient production, they have had to sell or mortgage land. Out of 20,000 poor Khmer households in Tra Vinh province, about 3,000 are landless, and over 6,000 others mortgaged their lands.

Table 5 summarises the results of survey on average cultivation land area of Khmer households in Tra Vinh province. It is clear that land accumulation processes are in progress. Differentiation by land within Khmer communities is emerging as a major issue. On average, each poor Khmer household has a land area of about 800 m<sup>2</sup>, of which 600 m<sup>2</sup> is field, and 200 m<sup>2</sup> is residential area. Poor households do not have garden land. Many poor households do not have any land to cultivate or grow produce for their own use. Better-off households own an average land area of 2.02 ha including 0.21 ha of garden and 1.71 ha of field. The average household owns 1.06 ha. Better-off households own more residential and garden lands, which are much more valuable than the marginal pieces of land often owned by poor households.

**Table 5. Average households' land areas by economic ranking.**

Unit: ha/household

Type of Land	Poor	Average	Better-off	Overall
Residential	0,02	0,06	0,10	0,06
Garden	0,00	0,06	0,21	0,09
Field	0,06	0,95	1,71	0,90
Total	0,08	1,06	2,02	1,05

Source: Survey of 72 Khmer Households in Tra Vinh, August 2003.

The same picture can be seen in Soc Trang Province. In surveyed villages, 98-100% of Khmer land owning households have accumulated more than 1 ha, meanwhile poor households own only small amounts of land for production

Land leasing is also popular. In Kien Giang, there are 618 poor households leasing land from others to carry out production, and 526 poor households offering their land for lease. The households giving their land for lease are mainly the elderly, invalids, people in poor health or people without the skills to work the land.

Policy of lending to the poor for land redemption is not a long-term solution. The active and sustainable solution is economic reforms and job creation for poor workers who have only small amounts of land or are landless in order to provide employment and stable income.

- **Access to Credit**

Official credit sources available to poor Khmer people are Banks for the Poor; credit and job creation projects within the national program for poverty reduction; government and non-government or international funds sponsored via DOLISA, Department of Ethnic Minorities, (DEMMA) and public organisations such as the Women's Union and Farmers Union. Annual credit outstanding for poverty reduction objectives accounts for billions of Vietnamese dong in each province. However, only the Tra Vinh Bank for the Poor has data that differentiates the credit activities of poor Khmer households. Tra Vinh Bank for the Poor has made 9,880 loans to households to increase agricultural production, with total credit outstanding of 29.6 billion dong. Of these, 3,503 loans were to Khmer households (or 35% of the total number of loans, which is approximately equal to the percentage of poor Khmer households within the total number of poor households in Tra Vinh) with the total credit outstanding of 8.5 billion dong (29% of the total credit). The average loan is worth 2.43 million dong.

Results from the survey of 72 Khmer households in Tra Vinh show that poor households find it more difficult to access official credit sources than the average or better-off households. (Table 6) Out of 24 poor households surveyed, only 50% received loans from official sources, while the rate for the average and better-off households is 75%. The reason for this discrepancy is not that poor households do not need credit, as 20% of surveyed households have received private loans with the average amount of 0.82 million dong/household and an interest rate of 6.3% per month. Some households are reported to borrow at the rate of 15-20% per month, or borrow in the form of "borrow now, pay later". For example, money is borrowed at the beginning of the season and repayment may be after harvest (Table 6).



**Table 6. Results of Survey of Credit Activities of Khmer Households in Tra Vinh**

Source of Credit	Indicators	Poor	Average	Better-of
Government and official organizations	Number of debtors	12	18	18
	Rate of debtors of the total surveyed households (%)	50%	75%	75%
	Average Amount (VND million/household)	3.77	7.24	11.78
	Term (month)	13	12	15
	Interest (%/month)	0.45	0.64	0.75
Private	Number of debtors	5	0	0
	Rate of debtors of the total surveyed households (%)	20%		
	Average Amount (VND million/household)	0.82		
	Term (month)	6		
	Interest (%/month)	6.30		

Source: Survey of 72 Khmer Households in Tra Vinh, August 2003.

- **Access to rural infrastructure**

*Electricity:* Surveyed provinces have similar rates of electricity coverage - around 50-60% of households. The electricity network is developing fairly fast, especially in Soc Trang, where it has reached all communes. However, the rate of poor households consuming electricity is still low due to the fact that poor households cannot afford the installation costs - including connecting wires, electricity meter, installation labour cost, or electricity cost payments. In Soc Trang province in 2001, 53.4% of Kinh households and 76.4% of Hoa households were using electricity, while the rate for Khmer households was only 36.8%. The rate of poor households using electricity for living purposes was 26.6%. In surveyed areas in Kien Giang, there are only 10-30% poor households using electricity. Poor households, who often cannot afford to install a separate electricity line to their house, connect electricity from their neighbour and then pay a higher electricity price than the one charged by the electricity company. With such limited budgets, poor households in general use electricity for lighting purposes only, and not production.

*Transportation:* In the framework of programs to build village group centres, Program No 135, and other development programs and projects have improved rural transportation in all provinces, bringing benefits to all inhabitants. Roads for transportation are considered by the poor as the most useful of all infrastructures. In some provinces, such as Tra Vinh and Kien Giang, inhabitants have contributed hundreds of thousand of working days and invested money, together with the State, to construct and repair inter-village, inter-site roads, bridges, and irrigation works.

*Clean water and environmental sanitation.* The number of households having access to clean water in Tra Vinh has improved recently. Eighty-seven percent of communes have clean water for more than 50% of their population. In Kien Giang, only 1.5% of the households use tap water, 22% drilled and dug-well water and 73% use water from rivers, ditches, lakes and ponds. In general, the percentage of Khmer households accessing sources of clean water is lower than that of other ethnic groups. Table 7 summarises the findings of the 2001 household living standards and economy survey related to the use of safe water sources and sanitation toilets by various ethnic groups in Soc Trang province.

**Table 7. Rate of households using safe water sources and sanitation toilets in Soc Trang province**

Unit: %

Water sources, toilets	Total	Divided by ethnic groups			
		Kinh	Khmer	Chinese (Hoa)-origin	Others
1. Households using tap water	9,14	9,74	3,06	32,58	15,58
2. Households using drilled-well water	50,16	49,07	52,10	53,18	39,68
3. Households using rain water	5,01	4,19	7,35	2,76	6,35
4. Households using water from rivers, lakes and ponds	35,70	37,00	37,47	11,48	38,10
5. Households having their own toilets	80,05	84,82	69,14	78,87	71,43
6. Households having their toilets meeting sanitation requirements	24,09	25,39	15,41	52,46	30,16

*Source: Survey on household living standards and economy (1-10-2001)*

Up to 53.26% of the poor households in Soc Trang province use water from rivers, lakes and ponds. In the Khmer cluster in Ward 10, Soc Trang Town, bordered by Dai Tam Commune of My Xuyen District, about 5-6 households share one drilled well, but the water is of poor quality and is often salty in dry season. Clean water and environmental sanitation are one of the pressing issues for Khmer regions where there is high risk for spread of epidemics.

- **Housing**

Most of the poor Khmer households live in temporary houses made of cheap materials such as thatch and bamboo (estimated to cost around 3.7 million VND per house in Tra Vinh). A survey of 72 Khmer households in Kien Giang province shows that 100% of the households in the poor group and 29% of the average group are living in this type of house. The survey of 72 Khmer households in Tra Vinh province showed similar findings - 71% of the poor households and 38% of the average households live in temporary houses. No poor households have permanent houses.

Table 8 summarises findings of the survey on household living standards and economy conducted in 2001 related to housing conditions of various ethnic groups in Soc Trang province. Of the Khmer households, nearly 67% have temporary houses and only 1.5% have

permanent ones. In such conditions, the housing support policies for poor Khmer households which are being conducted by provinces are of great importance.

**Table 8. Housing conditions by ethnic groups in Soc Trang province**

Unit: %

<b>Ethnic group</b>	<b>Permanent house</b>	<b>Semi-permanent house</b>	<b>Column-support house</b>	<b>Temporary house</b>
1. Kinh	2,79	16,89	23,55	56,78
2. Khmer	1,53	10,72	21,08	66,67
3. Chinese (Hoa)-origin	12,61	35,98	23,17	28,24
4. Others	9,80	13,73	21,57	54,90

*Source: Survey on household living standards and economy in Soc Trang Province (1-10-2001)*

### **3.2.3 Access to social safety net and risk minimisation possibility**

- **Access to health care services**

The healthcare system in provinces includes commune/ward health clinics, district hospitals, provincial general hospitals, and provincial oriental medicine hospitals. In all the three surveyed provinces, 100% of the communes have a health station. The policy of issuing health insurance cards to the poor, including poor Khmer households, has been being implemented since 2001. Selection of eligible poor is done by the population in the relevant hamlet and then submitted to relevant local governments. Soc Trang province is in the process of issuing cards to more than 300,000 poor households and Kien Giang province has issued nearly 142,000 cards.

Tra Vinh province has been issuing poor household books since 2001. Those households who have this book will have access to free health care services, while other households who are registered as poor but do not have the book will be partially exempted from hospital fees.

Programs of health examination, treatment and free medicine distribution for the poor and women have been carried out within the framework of Program 135 and family planning programs (in Tra Vinh). Campaigns on popular disease prevention and health care for the poor do not have wide coverage. However, due to limited resources, these activities have not been done frequently and have not been able to meet health examination needs, particularly regarding disease treatment for the poor.

Table 9 reflects the findings of the survey of health care expenses paid by 72 Khmer households over the last 3 years in Tra Vinh. The rate of poor households with members suffering from serious diseases and having to be treated at health care clinics/hospital is considerably higher than that of the average and better-off households. This is easily explained by the poor living and working conditions, environmental sanitation, nutrition and healthcare of poor households. In addition, interviews show that access by poor households to public healthcare benefits is more limited than that by average and better-off households. These more prosperous households have better relations with the officials who make the decisions about who receives health benefits. During the last 3 years, on average, each poor

Khmer household annually has to pay 1.76 million VND for their health examination and treatment, which is equal to 28% of the total income of this group. It is a very large amount for the Khmer poor and is a contributing factor to poverty.

**Table 9. Health care expenses, divided by household group, paid by Khmer households in Tra Vinh for the last 3 years**

	Poor	Average	Better-off	Total
Number of households having their members suffering serious diseases for the last 3 years	14	6	4	24
Patients/household	0,58	0,25	0,16	0,33
Total annual healthcare expenses/household	1.766.364	844.210	1.936.471	1.455.106

*Source: Survey of 72 Khmer households in Tra Vinh, August 2003*

- **Support based on ethnic group policy and natural calamity relief**

Ethnic Minority Committees at the provincial level have programs to support Khmer people's production and life in general, and particular support is available to Khmer people in extremely difficult conditions, in accordance with ethnic group policy. Activities within the framework of these programs include financial support to buy clothes mosquito nets and blankets; domestic appliances such as TV and radio to receive vital information on changing weather conditions; loans to develop production; exemption for contribution to local initiatives such as the rural development fund and defence and security fund; storm and flood prevention fund; and essential item subsidies (such as ionized salt, notebooks, medicine, seeds/seedlings, breeders). In addition, emergency relief activities in case of natural disasters help many families to overcome these difficult periods.

### ***3.2.4 Participation of the Khmer poor in commune-level decision-making process***

Group interviews conducted in all the three provinces show that exposure of the poor to local commune government and mass organizations is rather limited and less than that of the average and better-off households. The Khmer, particularly the poor and women, rarely have the chance to meet commune/ward administrators except when officials come to the villages for dialogue. Khmer people often have low understanding of the organisational structure and apparatus of their commune/ward. Their exposure to local administration is limited to the level of their own cluster via meetings with officials or activities and training in agricultural extension clubs. Factors influencing this situation include:

- Average and better-off households have better access to information and to the government system. They usually watch news on mass media and are updated on news relating to daily life, government laws, and “grass roots democracy” decrees and regulations. Meanwhile, the poor usually lack education, information facilities and do not understand existing regulations and administrative procedures. Hence, the poor usually

feel uncomfortable in contacting the local government and if that is the case, find it more difficult to meet the required procedures.

- Some poor Khmer people travel far as migrant labour. This feature has not been taken into account by government authorities, mass organizations or extension agencies in organisation of meetings, consultation, or extension of information dissemination in localities. Therefore, in some areas, these poor people are neglected, missing their opportunity to get involved in the local decision-making. This is an important factor, especially in activities that have significant impacts on the poor and poverty reduction, such as household consultation to implement construction of infrastructure, social welfare works, selection of poor households and poor households eligible for health insurance. In general, activities aimed at grassroots democracy are not yet diversified and flexible enough to suit the poor in terms of time, location or information contents.
- For those Khmer people who are illiterate or not proficient in Vietnamese, especially women, language barriers remain a big obstacle in communicating with administrative agencies.

#### **4. CONCLUSIONS AND RECOMMENDATIONS**

The percentage of households in poverty from the Khmer ethnic minority is much higher than that in the Kinh, Hoa or Cham ethnic groups. This situation can partly be explained by the geographical location of Khmer communities. Often these communities are on marginal soils or in areas with limited access to infrastructure. Additionally, Khmer social institutions, especially religious customs, can have an impact on poverty reduction within Khmer communities. Khmer people take their spiritual life very seriously. The financial and in-kind contributions which households make to the pagoda are often a major expense and for poor households it substantially reduces their potential to escape poverty.

A growing trend within Khmer communities is the household differentiation between wealthier households with land and poor landless households dependent on labouring for low and unstable incomes. One consequence of this shift is that the poor are unable to access credit because they do not have sufficient collateral to qualify for bank loans. HEPR programs have limited benefit because they are focused on supporting household agricultural production.

Women in Khmer communities are particularly disadvantaged. They lack access to health centres and natal care. Some women did not attend school and are either illiterate in or have very little knowledge of Vietnamese language. This language barrier also affects their participation in local decision-making in the villages and communes. Most officials are Kinh and have little knowledge of Khmer language and customs. Khmer women have very little awareness of the village and commune organisation structure and so are limited in knowledge of how to access the state system and understand what resources and services are available. Compared to the previous generation, a much higher percentage of girls attend school but the quality of this education is low and there is a tendency for girls to be taken out of school after primary school to work in low paid manual jobs.

A significant problem in Khmer communities is the lack of reliable information that would create the opportunities for Khmer communities to take advantage of economic opportunities. In primary schools there is a lack of Khmer teachers or teachers who can speak Khmer. The capacity of language teachers in communes in the Delta with large Khmer populations is weak and a major barrier for the young to develop the knowledge base necessary to adopt new technologies. Khmer communities lack information transferred

through the agricultural extension system. Local officials rarely select Khmer people to attend the training courses and give preference to prosperous Kinh households or village representatives. Language barriers and low knowledge levels are additional obstacles for Khmer in accessing extension services.

To promote sustainable HEPR in Khmer communities, it is necessary to coordinate two types of solutions to meet: (1) short-term needs of poor Khmer households for them to escape poverty; and (2) longer-term benefits to overcome distinctive limits (such as language skills, education levels, capacity to integrate into the provincial and regional community)

### **1. Enhancing access to employment and skill opportunities for the Khmer poor**

- Support occupational training courses particularly for the Khmer, with priority given to members of households who are poor and/or landless, and provide access to employment opportunities after the relevant course. Work with the Buddhist monks, the spiritual leaders of communities, to encourage economic incentives; employment promotion organizations; labour exporters; enterprises and big farms in the province to pay special attention to employment introduction and to recruit Khmer labourers.
- Enhance availability of timely, appropriate information related to employment and courses within the Khmer community via television and radio programs in Khmer language. Other methods include loudspeaker systems in areas of Khmer people and notifications via network of local governments, mass organizations and cluster workers.
- Invest in and provide guidance so that ethnic minority secondary boarding schools achieve significant development in their vocational training. This should become their key orientation.

### **2. Enhancing capacity for HEPR steering committees, commune officials and mass organisation workers in areas where Khmer people are residing**

- Workers involved in HEPR in areas where there are Khmer people need more knowledge and understanding of participatory approaches and participatory planning skills for their locality. They also need improved HEPR-related information collection and storage
- Conduct more research and information exchange activities for HEPR officials at provincial and district levels to enhance their understanding of features of the poor Khmer's livelihoods, difficulties, and needs as well as their desires, based on which advice can be made to the province in order to have more appropriate and effective HEPR policies for Khmer people.

### **3. Encourage local grassroots democracy and better facilitation of the Khmer poor to implement grassroots democracy rights**

- Government in areas where Khmer ethnic groups are living need to pay more attention to making public administrative procedures and distributing information to poor people about the structure of the political system, roles and duties of the positions at commune people's committees and councils, and responsibilities of stakeholders in the implementation of grassroots democracy regulations.
- Participation is required in decision-making. Special attention should be paid to organising community meetings which are flexible in terms of timing, locations, and consultation modes so that poor Khmer people or those in difficult conditions, particularly women, can participate.

- Support should be given to improve professional capacity of commune and cluster workers in areas where Khmer ethnic groups are living so that they can handle people’s needs more quickly and effectively. A special focus should be made on training Khmer cadres.
- Enhance training in and knowledge of political and social aspects, household economic management, and technical expertise to senior pagoda monks who, in turn, will pass this on to their communities

#### **4. Increase access of Khmer poor to infrastructure and public services**

- Organise diversified agricultural extension transfer techniques that are appropriate to the economic conditions of each group of households. It is necessary to prioritise certain agricultural extension content and to promulgate knowledge which addresses the needs of poor Khmer households, e.g. popular knowledge and skills in agriculture, household management and loan investment. Agricultural extension centres can disseminate agricultural extension knowledge and information to Khmer people more widely via private agricultural input sellers.
- Train and build capacity of local Khmer people who are directly involved in agricultural and fishery extension in each population cluster. Attention should be paid to training in agricultural/aquaculture technology and household economic management content to monk heads in Khmer pagodas and encourage them to participate in dissemination of the agricultural extension knowledge and information to people
- Make consideration to improve health insurance payments to the Khmer poor (and the poor in general), so that patients can have treatment at the closest possible healthcare points instead of going to the “right one” as assigned in the system.

#### **5. Develop education for Khmer children**

- Expand networks of ethnic minority junior and senior secondary boarding schools at district and provincial town levels, increasing the number of nominees to these secondary schools, as well as vocational training, technical skill preparation and tertiary institutions. There are policies to employ Khmer school and university graduates.
- Conduct information campaigns to encourage the full enrolment of Khmer children at all levels; reduce dropout rates of Khmer children from poor families by instigating education support policies for the poor and by exempting them from local education contributions. Support should be given to develop kindergarten education in communes/wards where there are many Khmer people.
- Develop long-term education plans to train Khmer teachers who can teach kindergarten classes, Khmer language, and Vietnamese culture at schools located in areas where Khmer people are residing.

#### **6. Develop efficient social support activities for Khmer people**

- For timely support in cases of natural calamities, urgent disasters, commune emergency support funds should be set up from state budget and community contribution. Ethnic committees can participate in this support to stabilise the socio-economic situations of poor ethnic minority households.





**Annex 5: Study - The capacity of officials and local government**

**Stage 2 Monograph Report**

**THE CAPACITY  
OF OFFICIALS AND LOCAL GOVERNMENT**

## **Introduction: the context**

Poverty in Vietnam reduced significantly in the 1990s. In rural areas, the main reason for this achievement was decollectivisation and the redistribution of land. Households were given user rights to land, and their labour directly benefited household incomes. During the 1990s, the allocation of land user rights certificates to rural households was a massive transfer of wealth, which effectively targeted the poor. The result was a rapid increase in agricultural production that helped millions of households to escape poverty. However, at the start of the present decade the rate of poverty reduction has slowed.<sup>9</sup>

The Hunger Eradication and Poverty Reduction (HEPR) programs protected many from extreme poverty and real hunger but broad-based solutions were redundant and needed replacing by solutions focusing on specific problems. Defining poverty has shifted from a focus on “poor communities” to “the poor within communities”. At national as well as local levels there were growing concerns about improving the well-being of disadvantaged groups. There were specific barriers and opportunities for these groups, and addressing these required strengthening the capacity of local institutions and officials to enable them to conduct effective poverty assessments, targeting and implementation strategy development, as well as monitoring and evaluation. This development required underpinning by efficient localised management of resources with transparency and accountability in local budgeting, and local participation in major decisions about budget planning.

The trend towards increased decentralization amplifies the need for local cadres trained in modern poverty reduction methods, and capable of operating decentralised systems in a disciplined manner.<sup>10</sup> Provinces with more inefficient administrations and less-friendly business procedures will be left behind, as their private sectors will be less dynamic and create less employment. Disparities between rich and poor areas will increase. A larger fraction of public expenditure will be funded from local revenues and therefore richer provinces, districts and communes will be able to spend more on infrastructure and social services than their poorer counterparts.

## **Local issues**

In the Mekong Delta, there were significant differences in social, economic and geographic conditions across the region. During the last decade, several provinces were split to form new provinces with new administrations and new communes established where the population was too large to be effectively administered by one commune leadership. Some factors were more important in some areas and less important in others. For example, provinces with a large proportion of Khmer people, such as Soc Trang, had different issues to resolve than provinces with a large population of landless households, such as Dong Thap. In addition there were major differences within any particular area depending on factors such as gender, ethnic group, age and history of settlement. The most vulnerable groups included displaced poor within communities that had been resettled, landless and migrants, ethnic minorities, women, the aged and young, and newly established households.

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<sup>9</sup> In five years (1993-1998), the poverty rate fell from 58% to 37%, a decline of 21 percentage points. In the following five years, the decline was only about 8 percentage points (GSO, 2003)

<sup>10</sup> For a comprehensive study on the impact of decentralization in Vietnam, see: ADUKI, 2003.

To respond effectively to these emerging issues, the poverty reduction program in the communes needed strengthening in four areas. Firstly, commune leaders needed to perceive that pro-poor activities would provide them political benefits and sustain continuous public commitment to achieving pro-poor goals using scarce public resources.<sup>11</sup> Secondly, commune officials needed the capacity and the methodologies to target groups such as the socially isolated and the poor in remote areas who had slipped through surveys for national poverty reduction programs. Effective targeting depended on the active participation of these groups in the development of poverty reduction activities. Thirdly, commune officials needed to manage their local poverty reduction program so that it accorded with centrally determined targets and plans. At a local level, officials needed to ensure that major decisions about resource allocations were participatory, transparent and accountable, so that the community continued to support the process. Quality monitoring and reliable impact evaluation after implementation go a long way to maintain local commitment.<sup>12</sup> Finally, commune officials needed the capacity to coordinate external and internal relations, and direct resources from these different sources in the most efficient and effective way. These resources could come from line ministries, such as the Ministry of Planning and Investment (MPI) and the Ministry of Labour, Invalids and Social Affairs (MOLISA), international non-governmental organizations (INGOs) and from local sources such as formal and informal community-based organisations and contributions from wealthier households.

## **Present Targeting Mechanisms**

Most of the national programs for HEPR were managed by MOLISA, with the exception of the Socio-Economic Program for Communes Facing Difficulties and Remote Areas or Program 135, which was established under the supervision of MPI and implemented by the Committee for Ethnic Minorities and Mountainous Areas (CEMMA). To administer these programs, provinces and districts established Poverty Reduction Boards (PRB) made up of officials from relevant departments. At the commune level, a HEPR committee was formed from local officials, and wealthy and prestigious households in the commune.

In 1998, the Government of Vietnam announced its Hunger Elimination and Poverty Alleviation Program or Program 133 with MOLISA having responsibility for implementation. MOLISA officials surveyed every household at the commune level using both quantitative and qualitative techniques, which provided a basic picture of poverty in the villages. The survey only looked at cash income required for minimum needs, given own-use production. In practice, many households were missed during the MOLISA surveying. For example, recent migrants were not entitled to go on the register and ethnic minority groups often lived in remote areas that were out of reach of officials.

In 1998, Program 135 was initiated with a focus on infrastructure. At its inception, the program covered 1715 communes with 147 in the Mekong Delta. In 2003, there were 2325 communes in the program or 26% of the total number of communes nationwide. Embodied in Program 135 was the decentralisation of program planning and management to the commune level, a move also aimed at transferring resources directly from the central government to the commune. Using participatory methods, commune officials were to ensure that all members of the community had a voice in deciding priorities in infrastructure.

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<sup>11</sup> See Lucian Pye 1979 and 1985 for discussion about the relationship between political will and political culture.

<sup>12</sup> See David Easton 1965a and 1985b for discussion on the importance of effective monitoring and feedback to decision-makers.

This was very innovative compared to the previous formal practice of communes and districts preparing project proposals and submitting them to provincial levels of line ministries for approval by the provincial Department of Planning and Investment. In practice, decentralisation of the planning and management of Program 135 has only reached the district level<sup>13</sup>. Provincial and district level officials commented that the knowledge and management practices of commune officials were not sufficient to have control over the implementation of a national program.

In the Mekong Delta, to identify the poor, provinces used variations of the same formal procedure. In general, however, village leaders and leaders from village level mass organisations produced a list of candidate households for program assistance. Leaders reviewed last year's list of poor households and assessed newly impoverished households. Village leaders finalised the list and submitted it to the commune HEPR committee, which reviewed and aggregated the lists from villages. The committee submitted the list to the district PRB. A team of district officials from the PRB, the commune HEPR committee, and village leaders visited each household and assessed income using the MOLISA poverty line. Once a final list was compiled the commune HEPR committee reviewed the list for at least 15 days before it was formally submitted to the district and provincial PRBs. Poor household certificates, which permitted the poor to access the different assistance items in Program 133, were issued by either the province or district PRB. The process usually took a minimum of three months. Temporary residents were only considered eligible for selection after six months continuous residency in the village. The poor were neither allowed to participate in the selection process nor told the criteria for selection. Many commune officials were not clear of the formal selection process, and perceived that the commune HEPR committee, including households with local economic and social power, was the most effective way to target poor households. The poor assessed that while the majority of poor in extreme poverty (lacking food security) received certificates, less than one half of poor households in general poverty received certificates.<sup>14</sup>

## **Social Barriers to Effective Poverty Reduction in the Communes**

Power relations shape processes of organisational change in the Vietnamese countryside. Villagers form a multiplicity of social relationships, which coalesce in relation to organisational means to form broad institutional networks of power. Social power can be variously categorised, for example into political, ideological, economic and coercive. Authorities may resort to one form or the other to bring about institutional change or the adoption of policy<sup>15</sup>. The relationship between authorities and villagers was never straight forward, but drew upon different sources of social power to create intersecting networks. How networks of power were organised determined to a large extent how programs, such as Programs 133 and 135, are implemented.

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<sup>13</sup> This possibly explains that while MDPA conducted fieldwork, it was evident that the level of growth at the district level was far greater than in the communes. In many district centres, business activity was growing quickly and public investment in infrastructure was substantial. The economic gap between district and commune appeared to be increasing very rapidly.

<sup>14</sup> MDPA fieldwork in many provinces, for example Cai Nuoc district, Ca Mau and Thap Muoi district Long An. Also see: UNDP-AusAID Regional Poverty Assessment in the Mekong Delta.

<sup>15</sup> See: Michael Mann, 1991, for discussion on social power.

Present methodologies to implement national HEPR policies are seen as being limited in their response to emerging crosscutting issues within communities.<sup>16</sup> At the inception workshop, provincial leaders identified the following:

Provinces have implemented national programmes for some years with notable successes but the practical results in improving the livelihoods of poor households are very limited. Leaders identified that new methods are needed to resolve poverty issues; and that these methods need flexibility so that they can be applied for each province and for areas and specific groups within provinces.

The MOLISA poverty line has limited application, and a reliable method is needed to assess poverty in the communes.

For long-term sustainable poverty reduction, it is necessary that poor households be given the opportunity to take the initiative and not remain passive waiting for government support.<sup>17</sup>

A central issue in sustainable poverty reduction is strengthening the capacity of local officials who have responsibility for poverty reduction. The question remains, however, as to whether this can be sufficient to ensure disciplined delivery within a decentralised system.

The implementation of the “one-door” policy to simplify local administrative procedures has had limited impact. During discussions in communities, it was evident that many of the poor and non-poor were not aware of the legislation. Commune officials often commented that the reform required much organisational change and were unsure of how to go about this.<sup>18</sup> Officials also suggested that many procedures, such as land registration, cooperative and business registration and household registration books, remain under the control of the district administration. Moreover, the implementation of the “one-door” policy affected established power relationships.

Implementation of national policy across the Mekong Delta was not synchronised, which limited the sharing of experiences and developing collaborative problem resolution strategies between provinces or for the region. For example, An Giang has been proactive in developing its own poverty reduction strategy. In 1992, the province established a HEPR

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<sup>16</sup> On one hand, officials were expected to be dynamic, taking the initiative in opportunities and forward looking, on the other hand they were expected to make changes according to strict political parameters set by central authorities. Central authorities provide HEPR training for provincial officials but sessions remain in general terms and officials were expected to implement policy according to their specific local conditions. For example, in July 2003, central authorities conducted a regional conference in the delta for state officials entitled, “The Mobilisation of Public Forces in the Mekong Delta”. Reminiscent of the previous era of central planning, officials were reminded to be guided by the “four togethers” principles in their activities – eat, live, work and speak common language with the people. Officials were reminded to follow the “four not” principles: do not listen to those who speak against national unity, do not believe missionaries who promote unauthorised religions, to not be tempted by social evils, and do not follow people who incite public disorder. *Tuoi Tre Newspaper*, 15.7.03.

<sup>17</sup> In Long An, one HEPR official commented that poverty reduction was 60% dependent on national programs and 40% on the efforts of the poor (Long An Provincial Profile, MDPA, 2003).

<sup>18</sup> MDPA background visits to communes in many provinces, for example, Luong Hoa Lac commune Tien Giang and Dinh Hoa commune, Kien Giang.

board with an office within the provincial People's Committee (PC).<sup>19</sup> During the next decade, the provincial PC extended the HEPR network to the commune level. At provincial and district levels, HEPR officials hold several offices but at the commune level there were specialised officials dedicated to HEPR. In 2003, all 142 communes and wards in the province had an official responsible for HEPR (An Giang Provincial Profile, MDP, 2003). In contrast, in the neighbouring province of Dong Thap only 22 from the 139 communes had officials responsible for HEPR.<sup>20</sup> District and provincial officials participate part-time in the HEPR Board established in the late 1990s. Their allowance from the state was only 135,000 VND/month, which provided little motivation to actively participate in the program (Dong Thap Provincial Profile, MDP, 2003).

In the provinces there were still many incidences where policy was implemented by officials according to political and economic benefits with little or no transparency or accountability. For example, some officials wanted to increase their prestige and impress higher authorities rather than focus on improving the well-being of the poor. In Bac Lieu, in order to mobilise finances to seal 15 kilometers of road, commune officials forced people to contribute regardless of their economic status. Commune officials did not conduct a public meeting to discuss details of the project or mode of payment as prescribed by law. Contributions were fixed at 59,000 VND/meter of road that passed through each household's property. Accordingly, some households were to pay 12 million VND. Commune administrators "advised" people to mortgage or sell their land if they could not pay. People who did not pay or were too poor to pay were placed under custody in the commune. On the 16 July, 2003, commune officials reported to district and provincial authorities that they were the first commune in the province to complete their section of the road due to the joint efforts of the commune authorities and villagers.<sup>21</sup> (*Tuoi Tre Newspaper* 24.7.03).

In Ca Mau, there were many cases where land regulations were not implemented according to the law. Some local officials and their relations took control of land and leased it to farmers. These farmers paid 2 million VND/hectare/season regardless of whether it was a good or bad season. Transactions between officials and tenant farmers were often oral, which left the farmers vulnerable to exploitation, especially poor migrants who were not registered locally. There were many cases where officials expelled farmers, not allowing them to reap their crops. (*Tuoi Tre Newspaper* 14.4.03).

The reliability of statistics and reporting was a significant problem in all provinces in the Mekong Delta. This situation has been discussed extensively in other sections of the MDP Final Report. However, a practical example was in Tien Giang Province where the provincial leader expressed frustration at not receiving credits from state banks.<sup>22</sup> According to statistics, Tien Giang has the lowest number of poor households in the region. However, he commented that this was not because there were a small number of poor households in Tien Giang but due to unreliable reporting. For example, according to provincial reports, the

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<sup>19</sup> For information about the provincial HEPR program see: *An Giang Newspaper*; 7.7.03. Mr. Nguyen Minh Nhi, chairman of An Giang PC, provided practical examples of implementing the famous proverb "If you give a fish to a poor person – you will help for one day, if you give a fishing rod - you will help for a lifetime".

<sup>20</sup> Both provinces have high percentages of people in poverty compared to other provinces in the delta

<sup>21</sup> After this situation was made public, Bac Lieu PC directed Gia Rai district administration to organise urgent meetings with villagers. Bac Lieu PC also reviewed methods to solicit contributions for infrastructure and established regulations to ensure that the situation did not reoccur.

<sup>22</sup> This section draws on an article in *Thanh Nien Daily*, 26.3. 03.

province had 4.2% of total households below the poverty line in 2002; the province “strives for” 3.4% in 2003 and will reduce this percentage to nil in 2005. He commented that these statistics did not represent the real situation, and as a result a large number of poor households had no access to credit because access was conditional on collateral.

Moreover, he commented that there was a situation where provincial and district officials were concerned that their prestige or political position would be affected if reports did not indicate “impressive achievements in poverty reduction and central targets”. The distorted statistics from these reports were then incorporated into provincial programs and projects, and reported to ministries. As a result Tien Giang was considered to have achieved great gains in poverty reduction, which excluded it from the list of funding priorities. This situation, according to local authorities, will have to be reported to the central government, but how to report it would not be simple.

During discussions, the provincial vice-chairpersons noted the present low capacity of local officials, and that it would take much training to increase their capacity to the level necessary to impact on emerging crosscutting issues. Most commune and district officials had a low educational level and many were trained during the centrally planned period (See: Annex 1).

In Ben Tre province, the Vice-Chairman commented that the knowledge base of local officials was too low to effectively carry out present poverty reduction initiatives.<sup>23</sup> At an annual district workshop,<sup>24</sup> the provincial Vice-Chairman criticised the poverty reduction board of one district for not taking advantage of economic opportunities, being solely reliant on instructions from higher echelons, and for lacking creativity in their approach to poverty reduction strategies. Consequently, improvements in the well-being of the poor had been very slow. The Vice-Chairman continued to say that district and commune officials did not understand the livelihoods of the poor or how to help them.<sup>25</sup>

The range of barriers that limit the implementation of poverty reduction programs was significant. The level of discretionary power of local officials resulted in the exclusion of disadvantaged groups in the community. Some local officials decided distribution of service and resources based on factors such as kinship or increasing their prestige.<sup>26</sup> This has a great impact on the access of the poor to the resources and services necessary to improve their well-being.

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<sup>23</sup> Based on feedback during research team field monitoring.

<sup>24</sup> MDPA participated in this workshop.

<sup>25</sup> During the workshop, MDPA discussed the MOLISA poverty line with provincial officials. They commented that some communes in Thanh Phu district had nearly 30% poverty using the MOLISA poverty line. If a practical poverty line were used, for example 200,000VND/person/month, then the poverty rate would be about 60%.

<sup>26</sup> A group of Khmer women in Go Quao district, Kien Giang reported that the Kinh in the commune were given far greater access to communal lands than Khmer and that local irrigation construction was usually on Kinh land, which significantly influenced the Khmer community's food security.

## Opportunities for Effective Poverty Reduction in the Communes?

The key opportunity for change was the awareness by the leaders of the 12 provinces in the Delta that change was needed concerning the capacity of officials, and their willingness to do something about it. During discussions with the Vice-Chairperson of each of the provinces, they acknowledged that they needed practical solutions to poverty reduction in this new era where the definition of the poor had shifted from a broad community perspective to groups within communities.<sup>27</sup> With this new definition of poverty, methods needed to be more flexible and take into account the nuances between different poor groups.

Another important opportunity was recent innovative national policy and laws to promote poverty reduction and local participation in this process. Vietnam's CPRGS was approved by the Prime Minister in May 2002. The strategy was intended to be a practical action plan for poverty reduction and economic growth within the broader framework of the Ten Year Socio-Economic Development Strategy and Five Year Socio-Economic Strategy. It has two strategic objectives (i) creating an environment for growth and (ii) sectoral policies and measures for the poor. The CPRGS was a wide-ranging document. To implement the strategy, the Government of Vietnam (GoV) will need to prioritise critical issues, increase the capacity of officials and improve institutional arrangements in the public investment programme.

Recent national policies, such as the Grass Roots Democracy Decree and the "One-door" public administration reform, were in place to increase the responsiveness of local government to the needs of villagers. These policies provide a legal framework for change in local relations and for the negotiation of resources and services premised on a legal/rationalistic basis, rather than the range of complex institutional arrangements that presently characterise local power relations.

The main policy instruments for the Mekong Delta were Resolution 173 of the Government, which outlined the socio-economic development targets for 2001-2005, and Resolution 21 of the Politburo on socio-economic development, national defence and security of the Delta region.<sup>28</sup> Resolution 173 included the following targets:

- An annual GDP growth rate of 9.8%, in which agriculture, forestry and fish-breeding have the average growth of 6.0% a year, industry and construction increase to 13.5% a year, and services increase to 10% a year.
- By 2005: GDP will comprise 45.5% a year from agriculture, forestry and fish breeding; 22.5% a year from industry and construction; and 31.5% a year from services. The annual income per capita is expected to be over US\$550.
- Provide jobs for 1.8 – 2 million during the five-year plan with an average of over 350,000 people a year.
- By 2005: no household will live with hunger and the poverty rate will be around 7.0% a year; the problem of lack of nutrition for children will decrease 22% – 25% a year; provide electricity for 70% – 80% of rural households; provide clean water for 75% – 80% of urban households and over 60% of rural households; increase the standard of local bridges.

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<sup>27</sup> These discussions occurred during visits by MDPA to each of the provinces as part of liaison and consensus building work. These discussions also included the topic of how to define poverty at the local level and factors causing poverty.

<sup>28</sup> See reference to Resolution 21 in *Can Tho Newspaper* 24.4.03, *Bac Lieu Newspaper* 27.4.03, *Nhan Dan* 25.4.03, *Saigon Liberation Newspaper* 25.4.03.



- To increase by 85%-90% the number of under-5 year old children who go to kindergarten before going to primary school; increase by 95%-97% the rate of children who attend primary school at the right age; increase by 78% – 80% the rate of lower secondary school children who attend at the right age; increase by 42% – 45% the rate of high school children who attend at right age; increase by 10%-15% the enrolments of students in vocational high schools; expand enrolments of new students in colleges, universities by 60 – 70 students per 10,000 people; and increase local vocational training by 20% – 25 %.
- To invest and construct residential clusters to ensure safety in flood prone areas and people do not have to relocate; to provide medical care for people in all villages; to ensure children in flood prone areas were able to continue their study during the flood season; assist the community to be more proactive even during the annual flood conditions.
- To improve and strengthen the well-being of ethnic minorities, especially the Khmer; to implement HEPR programs and targets; to provide jobs and land for production; to provide instruction on work practices and simple technology; and support the poor and households on the social assistance list by providing housing.

Implementation of this policy framework occurred in a milieu of decentralisation. Decentralisation in Vietnam has concentrated on the allocation of functions and financial management from central to local government. National programs for poverty alleviation, such as Program 135, were initiated by the central government to provide local administrative units with significant funds for basic rural services. Presently, district administrations manage the finances for these programs and decide how to divide resources between communes. Commune officials were believed to lack the capability to effectively manage the programs. The strengthening of the capacity of commune officials would create the environment where higher authorities had the confidence to devolve the administration of national programs to commune officials, which would increase their effectiveness.

International donors, such as AusAID and the World Bank, focused on local government issues and poverty reduction. Their specialised and financial support provided an opportunity for provincial leaders to utilise external sources of technical capabilities and resources that may not be available locally or were in limited supply. For example, in Can Tho, the World Bank has replicated a system developed in Ho Chi Minh City that promoted a scorecard system to evaluate local government service delivery for the poor. The aim of the scorecard system was to receive feedback from service recipients, so that local authorities could use the information and data for self-assessments, and increase transparency and accountability in service delivery<sup>29</sup> (*Can Tho Newspaper*, 14.6.03). UNDP has initiated an evaluation of Program 133 and Program 135. The results of this evaluation would be crucial to increasing understanding of the strengths and weaknesses of these programs, and so new strategies could be developed to respond to the new poverty paradigm where the poor can be more effectively defined as groups living “within communities” rather than a focus on “poor communities” per se.

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<sup>29</sup> Preliminary results from this project in Can Tho have not been released. It will be interesting to review how the project was implemented, what feedback came from poor households and how this information was incorporated in local strategy development.

The most important opportunity for developing the capacity of local officials was the political will of the leadership of the 12 provinces in the Mekong Delta. They understand the causes and practical consequences of poverty in their provinces and how the new face of poverty was a disadvantaged group within communities. Provincial leaders demand detailed methods to respond to emerging issues. It is their political will that will help reshape policy, and consequently improve the well-being of the poor.

## Conclusions

In the early 1990s, government policy was largely able to meet political goals of legitimisation through defining itself as both pro growth and pro poverty-reduction through general economic development measures. However, a decade later this was no longer possible as the characteristics of poverty changed significantly. Most of society benefited from the country's generally high economic growth but disadvantaged groups benefited less and the rich benefited much more. Disadvantaged groups included the landless, migrants, ethnic minority groups, the elderly, and women and children. Regions with high populations of ethnic minority groups had high levels of poverty compared to other regions. In the Mekong Delta, nearly 1 in 4 of the population was in poverty. In this new era where the focus of poverty reduction will shift from community based strategies to specific strategies targeting groups, the capacity of local officials to respond to this shift and effectively adopt new strategies remains a core issue facing poverty reduction this decade.

There are many constraints to this:

- Effective targeting, monitoring, evaluation, and planning are very complex tasks and require a high level of knowledge and understanding.<sup>30</sup>
- Many commune officials do not yet have the capacity to understand how to change their organisation to make it more effective and efficient in local poverty reduction.
- Discretionary power of HEPR officials significantly affects decision-making. Factors such as kinship, increasing prestige or political position, impact on the implementation of programs.
- Provincial, district HEPR officials are usually part-time and lack experience in modern poverty reduction methods.
- Most communes do not have an official responsible for HEPR and rely on officials from DOLISA to resolve their poverty reduction problems. This results in general responses to problems, such as small credit systems or programs to repurchase land for the landless, which had limited impact and excluded some groups within communities.
- Village and religious leaders have no or limited input into decisions about HEPR implementation, even though their local knowledge would provide insights into prevailing conditions and the causes of poverty in their locality.
- HEPR officials at all levels do not receive an allowance for their work or the allowance was very small. The result is that there is little incentive for officials to prioritise their HEPR work.

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<sup>30</sup> The vice-chairman of Soc Trang commented that effective HEPR was more difficult than other provincial department work because of complex social and economic relationships it involves and how these relationships affected strategies to help people in poverty.

- HEPR officials have an extensive mandate but the resources to respond to this mandate were limited. In addition to a lack of human and financial resources, officials lack facilities, equipment and transport means.
- Lack of infrastructure limited access to isolated communities and poor households in remote areas by officials.
- HEPR officials lacked knowledge that would help them implement their mandate. For example, in communes with a large population of Khmer, many officials were not conversant in the Khmer language, which had a significant impact on officials' outreach and the Khmer community's access to resources and services.
- Often sources of information provided to officials are inconsistent or were unreliable. For example, the Bank for the Poor, extensionists and small businesses each promoted different strategies for the poor to escape poverty. Many local officials do not have the experience or knowledge to differentiate information, and decide what information was useful for problem resolution within their local context.

**Annex: Educational Level of Commune People's Councils and People's Committees, 1994-1999**

<b>Educational Level</b>	<b>People's Councils</b>	<b>People's Committees</b>
Illiterate	0.6%	0.6%
Primary	10.2%	5.6%
Junior Secondary	46.4%	39.9%
Without Political Training	54.4%	42.4%
Without Training of State Management	83.6%	69.3%
Without Professional Training	85.2%	82.2%

*Source: To Chuc Nha Nuoc (State Management), No. 4 (2001): 2.*

**Professional Level of Commune Officials in the Areas of Office Work, Finance and Accounting, Legal Matters, and Land Management, 1994-1999**

<b>Educational Level</b>	<b>Office Work</b>	<b>Finance and Accounting</b>	<b>Law</b>	<b>Land Management</b>
Primary Education	7.5%	6.2%	4.7%	4.8%
Junior Secondary	35.5%	33.1%	27.8%	40.2%
Without Political Training	69.3%	58.7%	58.7%	67.4%
Without Training in State Management	73.4%	84.5%	85%	85.7%
Without Professional Training	70.7%	79.9%	59%	85.1%

*Source: To Chuc Nha Nuoc (State Management), No. 4 (2001): 2.*





