

Programme 135 - Sharing lessons on poverty reduction and development schemes for ethnic minorities in Vietnam

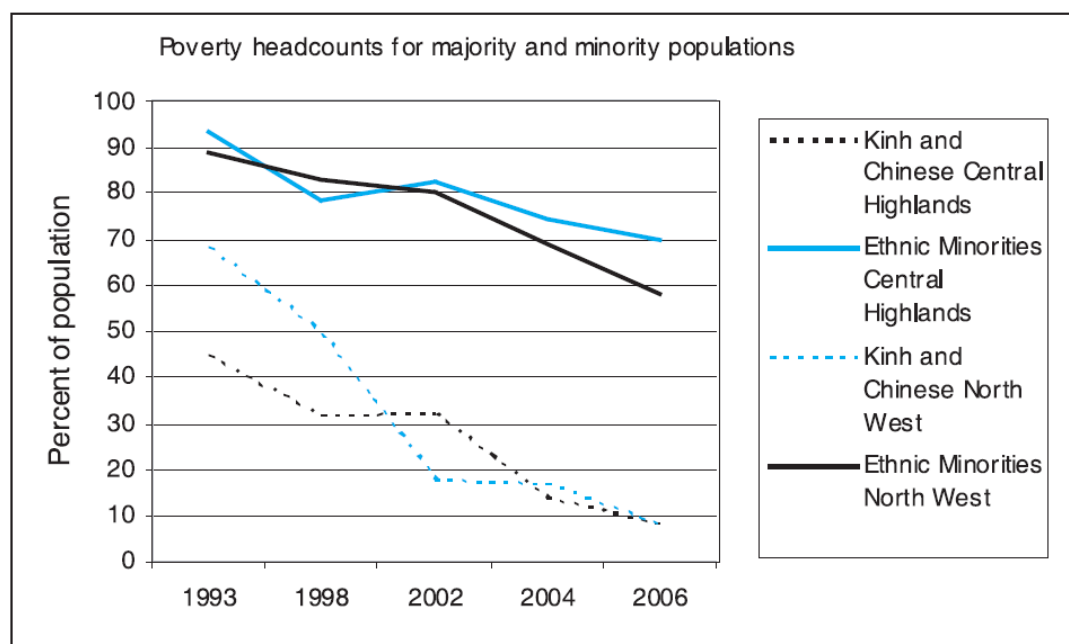
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I. Background

Currently 54 ethnic groups are officially listed in Vietnam, of which the Kinh account for approximately 86 percent. The other 53 are considered ethnic minorities. Most of them, except for the Hoa (Chinese) who are largely urban-based, are located in remote and mountainous areas and showing a persistently high level of poverty: Northern Highlands, Central Highlands and the Khmer group in the Southern part of Vietnam (Government of Vietnam, 2005; Baulch et al., 2002). The term “ethnic minority areas” thus implies the remote and mountainous regions above-mentioned (Government of Vietnam, 2005a).

Although Vietnam achieved at the national level remarkable economic growth and a high percentage of poverty reduction, such benefits are not evenly distributed across ethnic groups. While the national poverty rate was reduced from 58% in 1993 to 16% percent in 2006, over the last 13 years, the poverty rate for ethnic minorities has been declining at an average of 2.6% annually, against 3.4% for the Kinh majority. In 2006, only 10% of the Kinh were poor against 52% of the ethnic minorities. Although the latter represent merely 14% of the total population, they account for 44% of all poor and 59% of the poorest in 2006 (Government of Vietnam, 2004; Government of Vietnam, 2006; VASS, 2007; World Bank, 2007).

Figure 1. Poverty headcounts for the majority and minority populations



Source: World Bank (2008).

Numerous policies and programs have been specifically designed to assist ethnic minority development. They address a wide range of socio-economic issues targeted in different ways via a number of national targeted programmes such as the National Targeted Programme for Poverty

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Reduction, the National Targeted Programme for Rural Water Supply and Sanitation, the National Targeted Programme for Vocational Training, the National Targeted Programme for Energy Conservation and Efficiency; the National Targeted Programme for Employment; the National Targeted Programme for Climate Change; the National Targeted Programme for Prevention and Control of Social Evils and the Socio-Economic Development Programme for the Most Vulnerable Communes in Ethnic Minority and Mountainous Areas, also shortly called Programme 1352 (Anh, 2006).

While the implementation of the National Targeted Programme for Poverty Reduction at national level is in the hands of the Ministry of Labour, Invalids and Social Affairs (MOLISA, 2007), Programme 1352 (aiming at reducing poverty in ethnic minority areas, a particular concern of government agencies, donors and civil society (Baulch et al., 2002)), is under the responsibility of the Committee for Ethnic Minority Affairs (CEMA). This agency works through wide programmatic interventions under Programme 135, covering 1,874 communes in 45 provinces out of 64 nationwide provinces with a total budget of US\$1 billion for Phase II of 2006 – 2010 (Thuat and Quan, 2007).

II. Programme 135 - Socio-economic Development of the Most Vulnerable Communes in Ethnic Minority and Mountainous Areas in Vietnam

2.1 Rationale

Programme 135 (P135) was established in 1998 to implement government policies targeting the most vulnerable communes, promoting production and access to basic infrastructure, improving education, training local officials and raising people's awareness for better living standards and quality of life.

The rationale for establishing P135 was to help people in ethnic minority and mountainous areas overcome poverty, narrow the income gap with other communes in other districts and provinces and eliminate risks for social instability. P135 was designed to address the different causes of poverty particular to ethnic minorities such as: low capacity; small landholdings; lack of knowledge, skills and market information; health problems; large family size; unemployment; and vulnerability to risks (including social problems). Other typical causes contributing to poverty among ethnic groups include: (i) low start level, location in the most impoverished areas of the country with under-developed markets; (ii) mainly subsistence agriculture using traditional practices; (iii) population sparsely distributed over wide areas and increasingly complex migration issues; (iv) degradation of the environment; (v) poor and unsustainable infrastructure; (vi) low literacy rate, education problems and unskilled human resources.

2.2 Programme formulation – listening to ethnic minorities

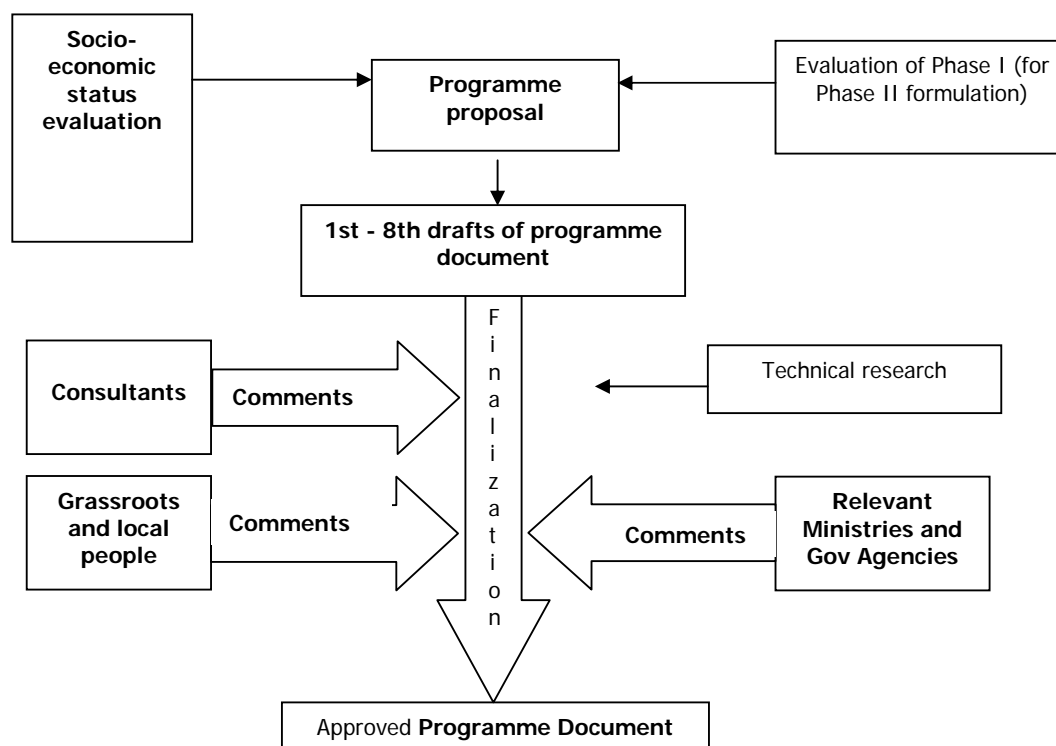
P135 was designed in 1997 and approved in 1998 by the Government for a period of seven years. A second phase was formulated in April 2005 and approved in January 2006 for the programme to continue until 2010. The Ministry of Investment and Planning (MPI) and the Committee for Ethnic Minority Affairs (CEMA) researched and designed both phases of P135 in coordination with relevant ministries and government agencies.

In both phases, the process involved local need assessments and widespread consultations with stakeholders, especially local ethnic groups. Accordingly, a broad consensus was reached in the design, approval and implementation process. To design the second phase, CEMA - with

² The Reference Number of the Prime Minister's Decision on the Approval of the Socio-Economic Development Programme for the Most Vulnerable Communes in Ethnic Minority and Mountainous Areas.

technical assistance from UNDP - organized hundreds of consultations with local officials and ethnic groups, consultants, specialists, relevant ministries and government agencies and donors. Eighteen national and international studies and in-depth technical consultancies were carried out to provide input for the design of Phase II which also benefited considerably from the UNDP-Government joint evaluation of the first phase.

Figure 2. P135 formulation process



Source: Thuat and Quan (2007).

2.3 Programme 135's Objectives

P135's overall objectives (in both phases) are: i) to radically accelerate production and promote market-oriented agricultural development; ii) to improve in a sustainable manner the socio-cultural life of ethnic groups in the most impoverished communes and villages to narrow the gap in living standards among Vietnam's ethnic groups and regions; and iii) eradicate hunger in the targeted areas and reduce the poverty rate to below 30%.

P135 has a set of specific, measurable and outcome-oriented objectives and targets in line with the MDGs and Vietnam's own national development goals (the VDGs)

Summarized by components, they are:

Production development: to upgrade skills and develop new production techniques among ethnic minorities so that by 2010 more than 70% of such households will have an average annual income per capita of over 3.5 million VND.

Infrastructure development: To ensure that all communes have the basic infrastructure needed to improve living conditions, production development and incomes, including roads, irrigation, schools, health clinics and electricity.

Capacity-building: to provide commune staff and village leaders with skills and knowledge to manage poverty reduction activities, including legal skills and investment knowledge; to strengthen the capacity of communities and create favourable conditions for them to participate more effectively in the monitoring and supervision of interventions in the area.

Improvement of socio-cultural living standards: to ensure access to basic social services including clean water and latrines, health services, primary and secondary enrolment, and universal and free access to legal assistance to those in need.

2.4 Target beneficiaries and geographic coverage

P135's first phase, implemented with total government funds of over VND 9,142 billion (US\$ 571 million) from 1998 to 2005, focused primarily on developing village, communal and inter-communal infrastructure. From 2006 to 2010, the program was extended to agricultural production, capacity-building and improved livelihood.

Target beneficiaries are the most impoverished and disadvantaged ethnic minorities and mountainous communes and villages, defined through specific criteria that include population size, remoteness, poverty rate, existing basic infrastructure, education and health indicators (enrolment rate, child and maternal mortality rates, etc.). Based on these criteria, local governments conducted assessments and selected such communes and villages in a transparent, democratic and participatory manner.

In the first phase, 2,410 most vulnerable communes were selected as program beneficiaries, representing nearly one-fourth of all communes nationwide and 15% of the total population. Of these, 671 communes were assessed to have completed the program objectives, and in 2006 the second phase targeted a further 1,920 communes, including those from the first phase plus additional communes that have been re-zoned. In 2008, 2,500 were added. Such inclusion is reviewed annually based on the criteria, and from 2008 onwards those intervention sites that meet P135 targets will graduate from the program.

2.5 Programme Activities

Activities in support of market-oriented agricultural production and income generation include: agriculture, forestry and fishery extension; establishment of demonstration models; distribution of agricultural inputs; and equipment and extension services for post-harvest and processing activities.

Local infrastructure development includes: inter-village and village-to-commune roads; small irrigation schemes; construction or upgrading of schools and boarding facilities for students and teachers; construction or upgrading of commune health care centers; markets; community halls; and clean water supply systems.

The capacity-building component includes training activities targeting commune and village officials to strengthen the knowledge and skills they need to manage and implement P135 and other socio-economic development programs: participatory planning; monitoring and reporting; financial management; grassroots democracy and local governance; gender; communication; other topics specifically related to P135 activities. Training is also provided to grassroots communities. Under this component, funds are allocated for provinces to design their own training activities to meet local needs, including study and exchange visits.

Programme activities under the improved livelihood component include: support to housing and clean water and sanitation facilities; campaign on the delivery of social programs and services; school feeding; training of ethnic minority teachers; Vietnamese language for ethnic minority pre-schoolers; financial support for ethnic school boarders; free legal services.

The second phase of P135 also includes a number of cross-cutting activities derived from lessons learned in the first phase and from other similar large-scale poverty reduction programmes in Vietnam. These include:

- A monitoring and evaluation system that includes an impact assessment methodology with baseline, mid-term and final impact surveys and an improved reporting system;
- Emphasis on decentralization with the goal of 100% decentralization of the program management to communes by 2010;
- Pro-poor budgeting with allocation of funds directed to communes based on the poverty incidence and other criteria determined by the provinces;
- Application of participatory principles in planning, monitoring and evaluation processes at the commune level and strengthening of commune ‘people’s supervision committees’;
- Increased transparency of financial management, including quarterly financial reports, fund-flow maps and rigorous auditing;
- A communication strategy focusing on behavioral change linked to programme objectives.

III. Lessons learned and identification criteria of good practices

P135 is not a standalone traditional project of the donor but a programme of the government of Vietnam. Its implementation is subject to the wider Vietnamese laws and regulations. Therefore, any improvement of the P135 performance has great opportunities to be scaled up into the bigger expenditure of Vietnam that is state budget funded programmes/ activities.

The GOVN’s strong determination and commitment to poverty alleviation, coupled with the special concern showed by the Communist Party, all relevant bodies and the population in general are the most significant factors for the success of P135. While making efforts to ensure that mainstream economic growth is pro-poor, the GOVN has recognized that additional work is needed to accelerate socio-economic development in the most impoverished ethnic regions, so that the poor in general and poor ethnic minorities in particular can catch up with the majority and actively participate in and benefit from mainstream development. This is reflected in Vietnam’s VDGs, a ‘nationalized’ version of the MDGs which include not only the MDGs but also goals specifically targeting ethnic minorities. P135 is an additional effort to realize this dual pro-poor strategy and achieve the VDGs. Serving as a channel for additional state budget transfers to the most impoverished villages and communes, its resources are allocated within the framework of national socio-economic development planning and budget allocation, making that framework even more pro-poor.

P135 with four components aims to realize the basic human rights: rights to education/ social healthcare, better living standard, better information for villagers etc. The programme provides schools, infrastructure, small-scale irrigation projects, animal and plant varieties etc to help the ethnic minority people to have better life. Difference in Phase 2 compared with phase 1 is the introduction of participatory approach in programme implementation (from planning to implementation to monitoring and evaluation).

P135 is recognized popularly by GOVN and donors as having an **effective and clear targeting strategy with simple and clear development targets** in line with the MDGs. P135 applies a set of simple participatory criteria to identify and publicly announce the targeted villages, communes and households and its simple and clear targets have been widely communicated to all stakeholders.

P135's effectiveness in terms of achieving expected results is due to a **simple, transparent, result-based and pro-poor resource allocation process**. During the first phase, a flat sum of VND500 million (US\$33,000) was allocated to each targeted commune. This formula of equitable distribution of limited resources has the benefit of being simple, clear and transparent. In the second phase, as P135 gets more complex in terms of program content, the central government and provinces need to develop clear and equitable mechanisms for diversified budget allocations to communes and villages based on specific poverty and socio-economic criteria and performance results to ensure that allocations are result-based, pro-poor and meet the diverse needs of villages and communes.

Decentralization and participation with adequate matching support in capacity development at local levels are keys for effective management in the implementation of P135. Commune and village levels should be the real programme 'owners'. Improvement in local participation in decision-making on the implementation of P135 is attributed to both the Ordinance on Grassroots Democracy Decree and P135's strong support in strengthening local capacities.

As a major national program linked to the national Socio-Economic Development Plan, **P135 has created very little additional administrative burden, as it relies on existing GOVN systems for management and implementation**, including financial management and monitoring. This arrangement also helps avoid the creation of extra mechanisms to implement and manage P135 and provide better opportunities to coordinate P135 activities with mainstream socio-economic development plans.

The GOVN and donors' strong commitment towards moving forward the agenda of aid effectiveness in Viet Nam, plus P135's impressive past achievements and ambitious but feasible design for the second phase provide a unique chance to synchronize **donor support** in rural development and poverty reduction projects and programmes at local levels **along the national programme**. The donors' targeted budget support of US\$330 million to P135 not only helps GOVN mobilize necessary resources but also helps reduce transaction costs and improve the synergy of GOVN and donor efforts for national ownership and leadership, enhancing national systems and the capacity of GOVN to effectively manage its national programmes and plans to achieve the MDGs.

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