

# VIETNAM'S POVERTY REDUCTION PROGRAMMES

## FROM 2003 TO 2008

### **I. Overview**

The Party and State of Vietnam always attach socio-economic development with the firm maintenance of the socialist orientation of the market economy towards the realisation of having “*a strong country with wealthy people living in a just, democratic and advanced society*” by strongly liberalising and developing production forces, improving the people’s living standard, accelerating the drive for poverty reduction and encouraging everybody to get rich legally and help others out of poverty and gradually become well-off. As such, poverty reduction is a key and consistent policy of the State, and one of the top priority policies of the Government of Vietnam.

The policy of State of Vietnam on poverty reduction is not only to meet the need of Vietnamese people but also to follow the trend of era, to suit with Millenium Development Goals, which have been proposed by the United Nations. Together with 188 Heads of State and Government, President Tran Duc Luong signed the Millenium Declaration (GA Resolution 55/2) in 2000, by which states are committed to implement 8 MDGs. This is an important international cooperation framework aimed at specific goals and closely related to poverty reduction.

Vietnam’s drive for poverty reduction has special relation to the implementation of the UN Millenium Development Goals. The government of Vietnam always attaches great importance and appreciates the strategic significance of the MDGs, especially Goal No. 1 on poverty reduction, which is viewed as the most critical and all-embracing goal that serves as an important basis for the successful implementation of other MDGs. The 8 MDGs has been translated in to Vietnam’s 12 Development Goals (VDGs) to bring them closer to Vietnam’s circumstances and therefore, better integrated into the country’s national and provincial socio-economic development strategies and Programmes.

Vietnam has constructed its Socio-Economic Development Strategy for 2001-2010, which provided the foundation to work out the “*Comprehensive Poverty Reduction Growth Strategy*” (CPRGS) approved in May 2001. This is a fundamental document that sets directions for the national Programmes and goals on poverty reduction and job creation on 5-year cycles, including specific clusters of projects and Programmes decided by the Prime Minister and assigned to relevant agencies.

In the recent years, the UN and Vietnam’s other development partners have recognized the impressive achievements in the implementation of the MDGs and the poverty reduction Programmeme in Vietnam. This is showed by Vietnam’s attainment or even overattainment of various goals, hence the possibility of accomplishing the remaining goals well before 2015. In accordance with

national poverty line, poverty rate has declined from 58.1% in 1993 to 14.82% in 2007. In accordance with international standard, this figure has shrunk from 58% in 1993 to 24% in 2004. As such, Vietnam has reached the MDG on poverty reduction ahead of schedule.

However, it should also be acknowledged a number of poverty reduction outcomes are yet truly stable. There are still a high number of households under or falling back under the poverty line in some areas. At the same time, the rate of poor household in accordance with the new standard also remains high. The people's lives in remote and disaster-hit areas remain difficult. In various ethnic minorities regions, the rate of poor household is high compared to national average. Some policies for the poor and poor households and regions are yet to be implemented well. Since the beginning of 2008, Vietnam faces some economic difficulties due to objective and subjective factors, hence the new hindrances in its current poverty reduction Programme. Therefore, Vietnam must make more efforts to achieve even progress in all goals, regions and communities and enhance the sustainability of the gained results. Vietnam's top priority is to undertake the Government's comprehensive measures to curb inflation, stabilise the macroeconomy, ensure social security and sustain growth. To date, the implementation of these measures has produced positive results shown in the important indicators.

Below are some key features of the legal and institutional frameworks, the national poverty reduction programme, the monitoring and assessment mechanisms and key contents of important poverty reduction projects and Programmes in 2003-2008.

## **II. Legal and Institutional Framework**

### **A. Legal Framework**

1. Directive No. 23-CT/TW of the Central Committee of the Vietnamese Communist Party dated 29/11/1997 on Leading the poverty reduction tasks requested the *"continuation of the effective implementation of the poverty reduction Programmes...so as to eliminate hunger-ridden households in principle and 10% of poor households by 2005"*.
2. Resolution of the 9<sup>th</sup> National Party Congress of the Vietnamese Communist Party in 2001 underlined the need to "implement poverty reduction Programmes with measures suitable to local conditions with a view to soon attaining the goal of having no more hungry households and significantly reducing the number of poor households. Investment in poverty reduction projects will be increased with more forms of credit to the poor to help develop their production and business... so that by the year 2005, there would be no more families suffering from hunger and only 10% of the households classified as poor".
3. The Comprehensive Poverty Reduction and Growth Strategy (05/2002);

4. The National Target Programme on Poverty Reduction and Job Creation for the 2001-2005 period (Decision No 143/2001/QĐ-TTg, dated September 27, 2001);
5. The National Target Programme (NTP) for the 2006-2010 period (Decision No 20/2007/QĐ-TTg, dated 05/07/2007);
6. Resolution of the 10<sup>th</sup> National Party Congress identifying one of the socio-economic development goals for the 2006-2010 period as “reducing the rate of poverty in accordance with new poverty line to 10-11% by 2010”.
7. Resolution of the 2<sup>nd</sup> session of the 12<sup>th</sup> National Assembly (10/2007) emphasized the goal of reducing poverty rate to 11-12% by the end of 2008, i.e. 2 years ahead of the schedule set by the Resolution of the 10<sup>th</sup> National Party Congress. The Government also gave instructions to accelerate the implementation of poverty reduction Programmes and assigned each province and city with the task of reaching their own target by 2008.

## **B. Institutional Framework**

Poverty reduction is a multi-dimensional area, which requires a multi-disciplinary coordination at all levels. At the central level, the Prime Minister ratified the Programmes on Poverty Reduction and Job Creation for the periods of 2001-2005 and 2006-2010. Different ministries and agencies, as members of the Steering Board of the NTP on Poverty Reduction have worked closely with each other in the development of criteria, policies, Programme design and budget allocation plan as well as the management and evaluation of Programmes. The Government has tasked members of the cabinet with supporting and overseeing poverty reduction efforts at local level. The process has been conducted with the active support from the Central Committee of the Vietnam Fatherland Front and other civil society organizations such as the Farmers' Association, the Women's Union, the Veterans' Association and the Youth Union.

At local level, in most provinces, there are the resolutions of the Provincial Party Committee and People's Council and the Programmes and plans of the People's Committee detailing 5-year and annual targets on poverty reduction. Provincial authorities have appointed either full-time or part-time workers in charge of poverty reduction at commune level. There have been rather clear-cut decentralization and division of responsibilities between provincial and commune levels, as well as between different agencies of each level to perform these tasks. The role of civil society organizations in poverty reduction is also highlighted. In most localities, these organizations and businesses have been engaged in poverty reduction with practical projects, particularly the project to abolish makeshift houses. Provincial authorities have given priority to the allocation of resources to the most disadvantaged communes having high poverty rate, extremely poor infrastructure and backward production.

## **III. Poverty reduction programmes**

The Government of Vietnam has implemented different Programmes, including the construction of basic infrastructure, provision of production capital, free healthcare and education with a view to enabling the poor to rise over their difficulties. Poverty reduction Programmes in Vietnam, are normally comprehensive, long-term and successive, integrated in other socio-economic development Programmes like those on education, health and culture.

1. *Beneficiaries:* poor people and households, specially disadvantaged communes with priority given to female heads of households, poor ethnic minority households and poor households with people entitled to social protection. The beneficiaries concentrate in remote and mountainous areas, extremely poor rural areas, ethnic minorities, and areas with very poor education services and limited access to electricity and clean water.

The beneficiaries of the NTP on Poverty Reduction for the 2006-2010 period have been defined in accordance with Decision No 170/2005/QĐ-TTg, dated July 8, 2005 by the Prime Minister on the adoption of poverty line applicable for the 2006-2010 period. In urban areas, households with average income of less than VND 260.000/per capita/per month are considered poor. In the rural areas, households with average income of less than VND 200.000/per capita/per month are considered poor.

A screening of poor households is conducted annually for the purpose of categorization, for example of those rising over poverty, those relapsing into poverty, and new poor households. Households that have risen over poverty will be excluded from the Programmes. In case, due to different reasons, they relapse into poverty, they will be entitled to the same incentives as poor households.

2. *Policies and projects to help poor people in production and income generation:*

Policies on preferential credits: provide preferential loans for poor people who are able to work and in need of capital to develop production, generate income and drive themselves out of poverty. Each loan ranges between VND 4 and 7 million and not over VND 15 million. The loan period should not exceed 5 years. Both the loan and period should conform with the business and production cycles. The loan could be in cash or kind depending on each area and individual need.

Policies on production land assistance to the poor ethnic minority households: provision of land for production at a regulated quota to poor ethnic minority households that lack or no longer have land to develop their own production, generate a stable and then increased income to sustainably get out of poverty.

Projects on agricultural, forestry and fishery promotion, assistance for the development of trades: provide poor people with knowledge and skills of planning, appropriate production allocation, advanced technologies to develop their business and production, market products and generate stable income.

Projects on assistance to develop basic infrastructure for the especially difficult communes at the islands and coastal stretches: The Central budget would assist these areas with an average amount of VND 800 million a year under Programme 135.

Training projects: provide poor people with necessary skills to have stable jobs and increase income. Through short-term training courses, they can get employment in enterprises, especially the SMEs, or self-employed jobs, or to work abroad, thus sustainably reducing poverty.

Projects on expansion of poverty reduction models.

*3. Policies and projects to create opportunities and access to fundamental social services for poor people:*

Policies on medical assistance: to provide more convenient and equal access to medical services for the poor, thus minimizing difficulties and risks to them.

Policies on educational assistance: to provide equal access to school for poor children in order to improve the educational qualification of the poor.

Policies on clean water and housing: provide poor people, especially minority groups, access to land, houses and clean water to stabilize their lives and sustainably reduce poverty.

Policies on legal assistance: protect the legitimate rights and interests of poor people, ensure justice and equality in access to legal services; increase their awareness and knowledge on legal issues to observe the law and regulations, participate in economic development, reduce poverty and practise grassroots democracy.

The Project on Building Capacity for Poverty Reduction has two components: (i) training for staff to build their capacity on poverty reduction, thus increasing the effectiveness of poverty reduction programmes; and (ii) communication activities to enhance social awareness on the importance of poverty reduction as well as the Party's and State's goals and policies on poverty reduction.

#### **IV. Total resources for poverty reduction**

The total resources for poverty reduction, including Programme 143, Programme 135 and international projects for the 2001-2005 period amounted to VND 40,950 billion, in which VND 15,449 billion (or 37.73%) was from the Central Budget, VND 5,435 billion (or 13.27%) from local budgets, VND 5,501 billion (or 13.43%) from the domestic communities and 22% from the international community and organisations respectively.

According the Prime Minister's Decision No 38/2000/QĐ-TTg dated 2<sup>nd</sup> November 2000 and Decision No 42/2002/QĐ-TTg dated 19<sup>th</sup> March 2002, provinces can make decision on the decentralisation in budget allocation at provincial level. This allows provinces to be more active in effectively allocating and using the capital. There is relatively no difference in the allocated capital and the real spending in communes.

The budget utilisation from the Central to local levels is strictly controlled by the State Treasury system and therefore, capital loss is limited.

Building on the results gained in the 2001-2005 period, the NTP on Poverty Reduction and Socio-economic Development Programme (SEDP) for difficult communes in mountainous areas and ethnic minority areas for the 2006-2010 period (the Poverty Reduction Programmes) have been closely directed by the Government, the Prime Minister. With the strong determination and efforts of the Ministries, branches, social organizations, socio-political and occupational organizations, enterprises, particularly provinces and cities, the Programme's policies and projects have been well implemented. Resources have been channelled to the most difficult areas. In addition, People from all walks of life and the businesses have widely participated and supported the Programmes on poverty reduction, especially the movement to assist the poor and the "Day for the Poor" Fund, etc. These have made important contributions to the successful implementation of the poverty reduction programmes.

## **V. Supervision and feedback mechanism:**

Pursuant to legal stipulations, there are 3 levels of supervision:

1. At Central level: the National Assembly (NA), the Standing Committee of the National Assembly, the Nationality Council and other NA Committees
2. Local level: NA delegates, the People's Council (PC) of Provinces/Cities, Districts (including the Standing Committee of the People's Council, the other Committees of PC and representatives of PC)
3. Various levels of the Party committees and social organizations: Central Committee of Vietnam Fatherland Front; other organizations such as the Farmers' Association, the Women's Union, the Veterans' Association and Ho Chi Minh Communist Youth Union.

In regard to the foreign-sponsored projects, the mechanisms are as follows:

- Central project office (usually locating in Ministry of Finance and Ministry of Planning and Investment): takes charge of synthesizing, reporting and working with foreign partners, providing inspection at localities 2-3 times per year
- Provincial Project Management Unit (PMU): the unit which directly implements projects at provincial/district/commune level has to submit monthly/quarterly/annual reports to the central project office and foreign partners.
- Independent auditing agencies: signs the contracts with the provincial project management units on auditing budget and assets.

\* *Example:* Supervision function of the Ethnic Council (for poverty reduction projects)

*a. Legal foundation:*

- Article 94 of the Constitution of the Socialist Republic of Vietnam, Article 2 of Statute of the Nationality Council define the oversight function over the implementation of laws, decrees and policies on ethnic minorities and the socio-economic development plans, programmes for the mountainous and ethnic minority areas.

- Article 27-36 of the Law on Oversight: the Nationality Council performs its oversight function under the Regulation of Standing Committee of the National Assembly (SCNA) on oversight, takes part in oversight teams organized by SCNA for thematic oversight activities (3-4 themes/year, including urgent matters in the concerned mountainous and ethnic minority areas).

*b. Oversight procedures:*

- Advanced notification to agencies of oversight, making document request on the content to be oversighted (Article 19, Statute of the Nationality Council);

- Inform oversight plan to People's Council, Provincial NA Delegations of provinces and central cities for coordinated oversight (Article 34).

- 5 concrete steps: (i) design annual oversight plan (identifying the content, subject, scope, duration and co-ordinating agencies); (ii) organize meetings to deploy oversight plan, announce the localities to be oversighted; (iii) set up the working groups (to construct the oversight outline, templates, list of required documents from the locality; to consolidate and analyse data; to prepare report to the Standing Committee of the Nationality Council); (iv) organize oversight teams to the localities with the participation of members of the Standing Committee of the Nationality Council, departments of the local People's Council, provincial NA delegation and related social organisations; (v) consolidate, prepare the oversight report, convene final oversight assessment meetings, finalise the report to the SCNA for submission to the session of the National Assembly.

*c. Oversight forms:*

- Organization of meetings: applied to Central agencies. Before the oversight campaign in the locality, the Nationality Council requests these agencies to elaborate on the issues to be oversighted (as mentioned in the above-said annual plan).

- Written response: requesting the concerned agencies to provide the written explanation over unclear matters relating the oversight contents.

- Direct on-site oversight and surveillance.

## **VI. Major contents of important poverty reduction programmes**

### ***A. Comprehensive Poverty Reduction and Growth Strategy (CPRGS)***

This strategy was adopted by the Vietnamese Government in May 2002. It is undertaken by the Interministerial Committee headed by the Ministry of Planning and Investment (MPI) and assisted by the Poverty Taskforce (PTF)

comprising of the Government, donors and non-governmental organizations operating as a technical consultation and assistance team. During the drafting of the strategy, the Vietnamese Government carried out wide consultations with Ministries, branches, bilateral and multilateral donors, private sector, socio-economic organizations, civil organizations, some poor communities and especially development agencies in the UN system such as UNDP, UNICEF, as well as the WB, IMF, ADB, JICA, DFID and SIDA etc. This has been a source document for the World Bank to consolidate its new Country Assistance Strategy (CAS) and serves as the foundation to form the PRSC and PRGF of IMF.

The CPRGS focuses on the following 7 targets:

- Speed up rapid and sustained economic growth, ensure social progress and justice, maintain food safety, create jobs, narrow the development gap between regions and ethnic minorities;
- Create an equal business environment for enterprises (State-owned, private and FDI), encourage the development of small and medium enterprises;
- Continue to carry out structural reform (enterprise reform, budget, banking, credit and financial institutions, trade liberalisation, implementation of AFTA and WTO commitments, income growth, consumer goods market development);
- Speed up public administrative reform (institutional and administrative reform, improvement of accountability of the public sector and accessibility to public services, etc.)
- Encourage human resources development; improve access to healthcare services and education, protect the environment, contain the spread of HIV/AIDS, promote gender equality and improve the living standards of ethnic minority groups;
- Reduce vulnerabilities, enhance capacity of vulnerable groups, expand the social protection and safety network targeting the poor; improve disaster preparedness;
- Develop a set of qualitative and quantitative indicators to measure socio-economic development and poverty reduction (taking into account the gender dimension and diverse groups in society) in order to monitor and assess the implementation of the Strategy.

***B. The National Target Programme on Poverty Reduction and Job Creation for the 2001-2005 period (Prime Minister's Decision No 143/2001/QĐ-TTg issued on September 27, 2001)***

**1. Objective:**

- To reduce the poor household rate (according to the new standard) to below 10% in 2005, i.e. 1.5 to 2% per year (approximately 280 to 300 thousand households annually); prevent the recurrence of chronic hunger, ensure basic infrastructure in the poor communes;



- Create a 1.4-1.5 million new jobs per year, reduce unemployment rate in urban area to 5-6%; increase working time ratio in rural area to 80% in 2005.

**2. Content:** 3 components:

- ***Poverty reduction projects***

- The “Credit for the Poor” Project aims at strengthening production and business activities
- Projects for guiding the poor to do business, extension programs in the agriculture, forestry and fisheries sectors.
- The project to build models of hunger eradication and poverty reduction in extremely difficult areas (such as ethnic minority areas, coastal areas, uplands and border areas, islands, safety zones, remote areas of the Mekong River Delta).

- ***Poverty reduction projects for the communes not covered by Program 135.***

- The project on Infrastructure development for the poor communes.
- The project on Agricultural production support and career development in the poor communes.
- The project on Training and Capacity Building for local governmental officials who are involved in the hunger eradication and poverty reduction activities and those are working in the poor communes.
- The project on Resettlement and New economic zones for poor communes.
- The project on Resettlement for poor communes.

- ***Projects on Job creation***

- The project on credit for small projects through the National Fund for Employment.
- The project on Strengthening and modernizing the capacity of employment service centres
- The project on studying and analyzing labor markets in Vietnam and establishing an information network system of labor market.
- The project on Training and improving skill of employment staff.

***C. The National Target Programme on Poverty Reduction for the period of 2006-2010 (Prime Minister’s Decision No.20/2007/QĐ-TTG issued on July 5, 2007)***

## **1. Objectives:**

### **a. General objectives:**

To accelerate the poverty reduction drive, to reduce relapsing into poverty; to consolidate achievement of poverty reduction, to create opportunities for households which are out of poverty to get rich; to improve step by step the living and production condition in extremely poor, disadvantaged communes; to raise the living standard of poor households, to reduce the gap in income and living standard between urban and rural areas, plain and mountainous areas, rich and poor households.

### **b. Specific objectives:**

- To reduce the poverty rate down from 22% in 2005 to about 10-11% in 2010;
- To increase the income of poor households by 1.45 times as against 2005;
- 50% of poor households in the island and coastal areas would be able to get out of this situation by 2010.

## **2. Beneficiaries:**

Poor people, households, extremely poor and disadvantaged communes. Priority is given to poor households headed by women, of ethnic minority background, having members entitled to social protection policy like the elderly, the disabled, or children with special circumstances.

## **3. Main targets that should be achieved by 2010:**

- a. For the specially difficult communes at the island and coastal areas, it is necessary to develop all the essential infrastructure;
- b. 6 million turns of preferential credit to poor households;
- c. Pushing up agriculture-forestry-fishery promotion activities, 4.2 million turns of poor people to benefit from technological transfer and technical assistance;
- d. Vocational training fee reduction and waiver for 150,000 poor people;
- e. 100% of the poor would be provided with free medical insurance cards from the State. Their medical check and treatment would be covered by the Health Insurance or exempted or discounted as per regulations;
- g. Tuition fee and other charges reduction and waiver for 19 million poor students, including 9 million of those in primary schools;
- h. Capacity-building courses will be provided to 170 thousand poverty reduction workers at all levels, of whom 95% are from the grassroots level;
- i. Assistance to abolish 500 thousand makeshift houses will be extended to poor households;
- j. Efforts will be made to provide free legal services to 98% of the poor in need.

## **3) Solutions:**

a. Continuing to raise the awareness and determined will of poor households, communes of striving for getting out of poverty, rising to get rich; strengthening the capacity of poverty reduction workers; to highlight the responsibility of all levels, branch to implement the Programme; enhancing the participation of citizen and supervision of elective agencies, political and social organizations.

b. Programme cost:

Total source of capital for poverty reduction is about VND 43,488 billion, including:

- Central budget: VND 12,472 billion (28.68%);
- Local budget: VND 2,260 billion (5.2%);
- Communities mobilization: VND 2,460 billion (5.66%);
- International mobilization: VND 296 billion (0.68%);
- Credit: VND 26,000 billion (59.79%).

The directly Programme cost is about VND 3,456 billion, including: central budget: VND 2,140 billion; local budget: VND 560 billion; communities mobilization: VND 460 billion; international mobilization: VND 296 billion.

Budget from existing integrated policies is about VND 40,032 billion (such as credit, assistance budget for health, education, production and residential land, housing and clean water for ethnic minority people), of which the central budget contributes about VND 10,332 billion.

c. Mechanism:

- According to the mechanism of multiple sources: apart from assistance from the central budget, which is about VND 12,742 billion; it is required that at least 1% of the local budget to be allocated to this programme. It is also necessary to mobilize companies, communities, households and individuals, international assistance from multilateral, bilateral and non-governmental organizations;
- In allocating the financial resources, it is necessary to give priority to communes in mountainous, island and coastal areas which have high poverty rate in terms of number of subjects and disadvantageous indicators of each region.
- To facilitate the participation of the people in the development and implementation of the Programme with the view to ensuring democracy and transparency.
- The State continues to provide direct financial assistance to the poor for education and vocational training (fee reduction and waiver directly to trainees or training institutions) as well as healthcare expenses (provision of health insurance cards).
- Continuing to decentralize administration at local level, especially at commune level in managing poor households and implementing the Programme;

- Monitoring and evaluation base on establishing the suitable criteria system at all levels. Localities have to conduct self-monitoring and self-evaluation in combination with the oversight and evaluation of ministries, branches, People's Councils at all levels, consultative, scientific and independent organizations, as well as the oversight by communities.

***D. Typical programmes, projects in the framework of the National Target Programmes on Poverty Reduction for the periods of 2001-2005 and 2006-2010***

**1. Programme 135** – the 2<sup>nd</sup> phase of the social and economic development Programme for communes in mountainous and remote areas with special difficulty from 2006-2010 (according to Prime Ministerial Decision No. 135/1998/QĐ-TTg)

*a. Beneficiaries:*

The ethnic minority communes with special difficulty in remote and mountainous areas.

*b. Objectives:*

- To develop production and to transfer the production structure. In 2010: over 70% of households will obtain an average income per capital of over 3.5 million VND per year; poor households could use assistance services in the direction of market-driven production;
- To develop infrastructure. In 2010: over 80% of communes have motor road to village centres, have small-size irrigation works and electricity for residential areas; 100% of villages have schools, classrooms and semi-boardings schools meeting local needs, health clinics with adequate facilities; 100% of communes become investment owners for the projects; the infrastructure brought about by the programme is well maintained;
- To strengthen capacity of local and community staff. In 2010: 100% of commune/community staff to be qualified for administrative management to implement the Programme; capacity of the commune and village staff are strengthened; over 70% of ethnic minority people in the age of 16-25 participate in short-term vocational training.
- Improve the people's socio-cultural life: 100% of poor households receive assistance from public services and social policies; 100% of policy beneficiaries have investment assistance.

*c. Budget:*

- Total budget of this Programme in the second phase is about VND 1,600 billion, VND 3,000 billion per year are invested in over 1,600 extremely disadvantaged communes and almost 2,500 villages in zone II (temporarily stable zone).

- In the component for Production Development Assistance, an average of VND 3 million/household would be spent to provide fertilisers, seeds and breeds as well as raw materials for production development.

*d. Results:*

- Under the Programme the first phase (1998-2005), with VND 10,000 billion of total budget, more than 25,000 communal infrastructure facilities were built and put into operation, contributed to significant change the face of mountainous rurals, improved the people life.
- 300/500 communal centres were built and put into operation with VND 2,500 billion of total budget. The Programme also helps plan and rearrange 120,000 households in the area.
- In localities, 2,500 classes were opened, with 217 thousands trainees, thus helping build the capacity of local workers; many communes invested and implemented projects as the owners.

**2. Programme 134** (since 2004)- Programme providing assistance of production land, residential land, housing and clean water to poverty-stricken ethnic minority communities with special difficulty (in accordance to Decision No. 134/2004/QĐ-TTg).

*a. Beneficiaries:*

Ethnic minority communities with special difficulty

*b. Objectives:*

- Each ethnic minority household will have a minimum of 0.5-hectare of milpa field, 0.25-hectare of single-crop wet paddy field or 0.15-hectare of double-crop wet paddy field for agricultural production.
- Each ethnic minority household in rural areas will have a minimum of 200 m<sup>2</sup> of residential land. The Khmer ethnic minority households residing in the Mekong River Delta will have a separate policy.
- Construction assistance for homeless poor ethnic minority households.
- Assistance of 0.5 tons of cement for each ethnic minority household to build water tank to keep rainwater or provide VND 300,000 to dig water wells for ethnic minority households living scatteredly in rocky mountainous areas where water resources for daily use are difficult to find. In regard to small mountainous villages having more than 50% ethnic minority inhabitants, the central government will cover 100% of construction costs in providing central water supply systems. For small mountainous villages containing between 20-50% of ethnic minority inhabitants, the central government will cover 50% of these construction costs.

*c. Budget:*

- About VND 4,474 billion will be provided by the central government budget. Local administrations, under current regulations, are allowed to supplement not more than 20% of the costs covered by the Centre.
- Beneficiaries: Poverty stricken ethnic minority households enduring hardship
- Implementation: the Central Government shall decentralise the implementation to the provincial and central cities. The Ministries of Planning and Investment and Finance are the agencies to compile, report and channel the budget allocation to the provinces and central cities through the development assistance or agriculture banks.

*d. Results after 2 years:*

- An average of VND 6 million of assistance per household has been extended to approximately 340,071 households (total amount: VND 2,040 billion)..
- Land support of VND 5 million/hectare for 1,400 hectares for 67,640 households with a total spending of VND 7 billion.
- Land support of VND 5 million/hectare for 31,542 hectares for 71,194 households with a total spending of VND 158 billion.
- Assistance in construction of water supply system with VND 400,000/household for approximately 153,142 households with a total cost of VND 61 billion.
- Assistance in construction of central water supply system with VND 350 million/project. 3,378 projects have been constructed with a total cost of VND 1,182 billion.

### **3. Policies and Programmes in support of the minority peoples in specially difficult areas (2001-20006)**

*a. Beneficiaries:* The minority peoples in the specially difficult areas

*b. Objectives:*

- Providing financial support of VND 1.5 million to each household of the minority people in specially difficult areas through direct investment, provision of seeds and breeds, blankets, mosquito nets, food and production tools, etc... Specifically speaking: VND 1 million/household go to seeds and breeds and VND 500 thousand to mosquito nets, food and production tools.
- From 2007, such assistance and support has been shifted to the direction of providing them with loans worth of VND 5 million/household and at 0% interest (Decision 32/QD-TTg). For the Khmer people having no farming land, the policy has been implemented under the form of quick agricultural restructuring to extensive farming in order to minimize the idle time.
- Providing skill trainings and creating jobs for the poor Khmer people.
- Upgrading their houses and providing them with cultural and social services, especially in remote areas.

*c. Results:*

- The average food consumption per capita increased from 250 kg (2003) to 350 kg (2005)
- The poverty rate decreased at an average of 3-5% annually.

**4. Poverty Reduction Project in the Central region of Viet Nam (from April 2002 up to present) assisted by the ADB and the Ministry of Agriculture and Rural Development.**

*a. Beneficiaries:*

All poor households in Central Viet Nam (all communes with 50% poor households, communes in specially difficult condition on the basis of the criteria of 135 Programme, poor households in those communes with an average income of VND 4-5 billion as set out by national criteria.)

*b. Objectives:*

- Building road in communes and villages (local people contribute 5%).
- Carrying out pilot model on animal husbandry and cultivation (local people contribute 10-20%). If the model succeeds, it shall be expanded (the people will contribute 40% at the time in the form of capital or infrastructural bases (rearing facility, farming area, pond,..))
- Providing training on farming, husbandry skills and loan of VND 10-20 millions with commercial interest.
- Assisting in development of production and business plan.
- Providing credits.

*c. Budget*

- ADB provided US\$ 43.09 millions, accounting for 56.7%, in 8 years at an interest of 1%.
- DFID provided US\$ 16.45 millions, accounting for 21.6%.
- The Government provided US\$ 15.2 millions, accounting for 1.7%.

*d. Results:*

Up to now, the Project has supported 65,000 households with 350,000 persons, especially the poor households of ethnic peoples in the remote and mountainous areas of the Central region.