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CEMA

UNDP Finland Embassy

*Impact of Program 135-phase II through
the Lens of Baseline and Endline Surveys*

Hanoi, Dec 2012

MAJOR PROGRESS

	Baseline	Endline	2010 target
ERADICATION OF POVERTY AND HUNGER			
Income-based poverty and inequality			
Poverty headcount (%)	57.50	49.25	30.00
Poverty gap (%)	23.50	22.36	
Gini coefficient	43.07	47.53	
EMPLOYMENT - INCOME			
Employment rate for individuals aged 15 - 60 (%)	95.92	95.95	
Underemployment rate (%)	67.05	50.27	
Wage and salaried work (%)	24.70	24.57	
Self-employment in non-farm sector (%)	11.84	5.61	
Self-employment in farm sector (%)	79.09	72.79	
Number of working hours per year for main job	1306.80	1659.52	
Annual Income from main job (thousand vnd)	7747.23	20292.62	
Income			
Per capital income (thousand VND/year)*	6,024.04	7,265.78	
Average income per capita/year > 3.5 million/year (%)*	30.88	41.13	70.00
Household income structure			
Wage, salary	19.54	23.92	
Agriculture, forestry and aquaculture	63.50	57.47	
Non-farm	5.32	4.73	
Others	11.64	13.88	
AGRICULTURAL PRODUCTION			
Agricultural infrastructures			
% annual crop land is irrigated	50.21	82.08	
% perennial crop land is irrigated	29.82	61.71	
Productivity of some main trees			
Rice productivity (ton/ha)	3.54	3.94	
Corn productivity (ton/ha)	3.13	3.36	
Cassava productivity (ton/ha)	13.41	12.14	
Poor households use market-oriented services			
% of rice traded	9.70	8.50	
% of other food crops traded	24.41	37.12	
% of industrial crop traded	39.62	51.83	
% households received agri extension support	32.18	49.34	
% of household paying for agri extension services	5.44	14.35	
% happy with the quality of the information	88.49	87.68	
INFRASTRUCTURE DEVELOPMENT			
Access to physical infrastructures (%)			

	Baseline	Endline	2010 target
Having transportation roads to villages	93.12	95.55	80.00
Having cultural post office	85.43	85.83	
Having small irrigation system	59.11	70.45	80
Having electricity (as alternative for power scheme)	82.19	95.14	100
Having healthcare stations	96.98	97.49	100
Having schools			100
Primary school	74.09	89.07	
Lower secondary school	63.97	81.38	
Upper secondary school	2.02	3.64	
Participation of household in infrastructure projects (%)			
Participation of household in selection meeting (1)	87.53	76.55	
Participation of household in selection meeting (2)	49.01	73.86	
Household agreeing selection of project (1)	98.17	95.57	
Household who voiced their opinions (2)	13.72	36.06	
Household opinion considered to select infrastructure (2)	8.15	25.75	
Satisfaction with the selection of project (2)	85.74	91.78	
Contribution of household to infrastructure project			
Household has contributed to the building of the infrastructure (%)	21.79	35.92	
Average amount of contribution in cash (1000 Dong)	12.24	135.42	
Number of labor days on average	1.07	6.27	
Ownership of infrastructure projects (%)			
Infrastructure projects where communes are investment owner	21.54	45.95	
Organization of public bidding			
Organization of public bidding (1)	51.28	54.21	
Household aware of public bidding (2)	18.18	27.49	
Satisfaction with infrastructure project (%)			
Satisfaction with the quality of infrastructure (2)	68.07	84.69	
% household benefiting from the infrastructure (2)	84.90	94.59	
CAPACITY BUILDING			
Communes having adequate capacity to manage the implementation of a program (%)			
Communes with Project Management Board	70.04	93.93	
using participatory planning	93.02	93.94	
with training plan	80.95	73.71	100% of
having with communication plan	84.52	90.35	commune/community
using new reporting format	34.42	38.16	will have adequate
Monitoring board qualified	38.38	29.97	capacity to manage the
Happy of household with qualification of supervision board	28.78	39.76	implementation of a
Open treasury account	29.41	39.05	program
Infrastructure project with an O&M plan	48.20	54.42	

	Baseline	Endline	2010 target
Village and commune staff provided with appropriate skills and knowledge (%)			
Duration of training is sufficient	35.09	59.73	
Training practical & applicable	82.69	85.42	
Quality of the trainers (% good or very good)	79.53	90.06	
Supervision team trained before taking their role (2)	-	-	
Capacity strengthened with community participation (%)			
Organization of meeting to select project	86.41	85.61	Community capacity strengthened with community participation in supervision activities.
Participation of household in meeting (2)	49.01	73.86	
Households have members monitoring infrastructure projects	3.48	8.00	
Household received financial information (2)	11.57	21.33	
IMPROVED SOCIO-CULTURAL LIVELIHOODS			
Household access to education (%)			
School enrolment			
Gross enrolment rate at primary level	97.70	97.18	
Net enrolment rate at primary level	84.59	85.41	95
Gross enrolment rate at lower secondary level	74.12	70.95	
Net enrolment rate at lower secondary level	60.91	63.11	75
Gross enrolment rate at upper secondary level	42.80	38.43	
Net enrolment rate at upper secondary level	31.13	32.50	75
Household access to healthcare services (%)			
% of individual being ill or injured over the past 12 months	49.55	49.91	
Types of healthcare facilities used for medical treatment			
Health center (hamlet, commune, region)	54.85	45.67	
Hospital (district, province, national, other)	15.61	25.15	
Other facilities	29.55	29.14	
% exempted from health care fees			
Having free health care certificates	88.04	88.35	
Having no free health care certificates	11.96	11.65	
Household access to other key services (%)			
Water for drinking and cooking			
Piped, bought, and rain water	14.96	13.27	Over 80% of households use clean water
Drilled well, hand-dug well covered, protected spring sources	47.93	52.16	
Hand-dug well uncovered, unprotected spring sources	26.38	28.40	
River, lake, pond and other sources of water	10.73	6.17	
% of households using national power grid	68.57	83.60	80% of households have electricity
Types of toilets			50% of households use hygienic latrines
Flushed/Semi flushed toilets	3.72	9.14	
Suilabh	2.04	7.35	
Double vault compost latrine	5.37	15.53	

	Baseline	Endline	2010 target
Other types of toilets	46.08	34.82	
No toilet	42.37	33.16	
Using legal services			95% people in needs
% of household using legal services	24.07	28.78	receive the legal
happy with legal services provided	19.51	83.04	services

Notes: (1) refers to commune staff's assessment; (2) refers to households' assessment

** income adjusted to Jan 2012 price using CPI*

EXECUTIVE SUMMARY

Vietnam is one of the most successful countries in the world in terms of poverty reduction and economic achievement over the past twenty years. The poverty rate fell from 58 percent in 1993 to around 14 percent by 2008. Land and trade reforms are the major factors that contributed to high and sustained economic growth; these are the main reasons three of every four poor people escaped from poverty during this period. However, the rate of poverty reduction has slowed down over time. Most of the remaining poor households live in remote rural areas which are mainly populated by ethnic minorities.

To increase the opportunities for poor households to benefit from economic growth, the government introduced Program 135-II (P135-II): the largest and most important poverty reduction program targeted on the ethnic minorities and remote areas. The main objectives of P135-II are: (i) to reduce the poverty rate in the target areas to below 30%; (ii) to ensure that more than 70% of the households in the target areas have annual income per capita higher than 3.5 million VND; (iii) to improve agricultural productivity of the main crops; and (iv) to increase the net primary and net secondary school enrollment rates to at least 95% and 75%, respectively.

To achieve these objectives, P135-II was designed with four major support components: (i) agricultural production support through improving skills and training the ethnic minorities on new production practices; (ii) support to develop local infrastructure and to increase the households' access to that infrastructure; (iii) improvement of the socio-cultural life and access to public services; (iv) strengthening the administrative and professional capacity of local officials and enhancing their knowledge of investment and operations management. The total budget allocated for P135-II was about US\$ 1.1 billion for 2006-2010 period.

Baseline Survey and End-line Survey

In a substantial effort to evaluate the effectiveness of P135-II and to enhance the designs of future programs, the Committee for Ethnic Minorities (CEM), with the support of UNDP,

conducted a baseline survey in 2007 (BLS 2007) and an end-line survey in 2012 (ELS 2012). The large sample size (6000 households in 400 communes in 42 provinces), sound methodology in survey design, and systematic and professional evaluation procedure, these surveys provide the most comprehensive view of the socio-economic circumstances of ethnic minority peoples who face persistent poverty and other difficulties. In particular, these data sets (i) support measurement of the progress in poverty reduction and advances in socio-economic status of ethnic minority communities in remote mountainous areas of Vietnam over the past 5 years; (ii) allow rigorous analysis of progress in the socio-economic development of ethnic minority communities participating in P135-II; (iii) allow measurement of changes in key outcomes attributable to P135-II; and (iv) provide reliable quantitative baseline data for designing and measuring the progress of future government poverty reduction programs.

Implementation and Decentralization of P135-II

The program has **succeeded in encouraging households to participate in local projects**. In 2010 around 85 percent of P135-II projects involved local selection meetings. The proportions of households aware of the meetings were 56.1 percent and 79.3 percent in 2007 and 2010, respectively. These figures first show an improvement in household awareness over the period 2007 – 2010, indicating better information dissemination at the village level. Nevertheless, there is still scope to improve the level of household awareness.

While the percentage of households who voice their opinions during project selection meeting nearly tripled from 2007 to 2010, the figure remained low at 36.1 percent in 2010. Most ethnic minority groups use their native language during group discussion while written guidance and relevant documents are written in the Kinh language. This language barrier prevents the ethnic minorities from feeling that they are able to express their opinions in a clear manner.

The program **fell far short of the target of 100 percent of the communes being investment owners** at the end of the program. However, with rigorous capacity building at the commune level, the number of commune-owned projects doubled by 2010, which demonstrates a significant improvement in the ability of communes to become investment owners. The percentage now stands at 45.9 percent. The majority of investment-owning

communes did not encounter any serious problems during the implementation process. The biggest problem encountered was slow disbursement of funds.

There was a **large improvement in households' involvement in Supervisory Boards**. The better-off groups and majority ethnics were more likely to be Supervisory Board members. Non-poor household members are 50 percent more likely to join Supervisory Boards than poor household members, and male-headed households were more likely to join than female-headed households. This phenomenon indicates the importance of engaging the most disadvantaged groups in every community-driven activity. In addition, the administrative capacity of the Supervisory Boards appears to be rather limited. More than 60 percent of respondents think that the members of the Supervisory Boards are not qualified for their tasks.

P135-II has done a **good job in attracting more local workers**. The percentage of households having members working for local infrastructure projects was around 30 percent in 2007 and in 2010. While the percentage of households getting paid doubled over the period 2007– 2010, it remains low (4.4 percent in 2007 and 9.1 percent in 2010). Most local workers work informally for infrastructure projects. This lack of formal responsibility by either the contractor or workers might affect the quality as well as the progress of any project. The number of households making contributions to infrastructure projects increased significantly (by 14.2 percent) over the period 2007 – 2010. The average value of household contributions to projects also increased greatly – by ten times. Thus, households have demonstrated their responsibility as well as their recognition of the importance of these infrastructure projects to their living conditions and livelihoods. However, one concern is that contributions could constitute a kind of direct taxation on poor households or might reduce the time they have available for other income-generating activities. This concern does appear to be valid as the contribution rate of the poor is relatively higher than that of the non-poor.

The potential impact of P135-II depends on the degree to which it enhances resource availability to target communes. This issue may be particularly crucial in the current study, in light of the possibility that the authorities at the province and district levels reallocate non-P135 funds from P135 communes to non-P135 communes to compensate the latter. While the P135-II communes did receive substantially more P135 funds than non-P135 communes, they also received much less non-P135 funds. As result, **the P135-II**

communes did not receive more funding than other communes. This undermined the goals of P135: to reduce the widening gap between P135-II communes and other communes, the gap between poor and non-poor households, and the gap between ethnic minorities and Kinh households.

The level of **satisfaction with project quality increased, with respect to both households and commune officers.** At the project inception in 2007, households and commune officers expressed different viewpoints regarding P135-II project quality. In 2007, commune officials were more positive about project quality than households were. The percentage of commune officials satisfied with project quality was 15.6 percent higher than that of households. By 2010, this gap had diminished to 4 percent; there occurred a convergence of opinions between households and officers with both groups having more than 80 percent expressing satisfaction with project quality.

Poverty and Living Standards of Ethnic Minorities

The poverty incidence among ethnic minorities decreased but still remains high. Nung, H'Mong and Tay were most successful in poverty reduction. However, the living conditions of the remaining poor households, especially the poor households of Thai and Muong groups, improved less. The majority of poverty reduction was achieved by income growth, but the rate of growth tended to decrease overtime. In addition, poverty reduction at the household level appears not to be sustainable, as a large proportion of poverty is transient: households may graduate from poverty, but then fall back into poverty over time. Kinh households are more likely to be transiently poor, while other ethnic households are more likely to be persistently poor.

Households incomes in the target areas increased by around 20 percentage points from 2007 to 2010, which is a much lower growth rate than the national average (about 50%). Households at low income levels experienced lower income growth rates than households at high income levels income. As a result, income inequality among households in the Program 135-II communes increased. The Gini index increased from 43.0 in 2007 to 47.0 in 2012. Inequality among Kinh households as well as among ethnic minority households also increased during this period.

Households in the P135-II communes **rely largely on agricultural income**. Nearly 60 percent of total income of the households is from agricultural activities. However, we begin to see a transition from farm to non-farm activities. The share of income from wage tends to increase overtime, albeit at a slow rate. The share of non-farm income in total income was very limited, at around 5 percent. The proportion of households having wages increased from 47.7 percent in 2007 to 53.7 percent in 2012. Kinh and non-poor households were more likely to have wages than ethnic minority and poor households.

The typical housing conditions improved for all types of households. The per capita living area increased from 13 m² to 18 m² during the period 2007-2012. The proportion of households living in permanent houses also increased. However, **access to clean water and hygienic latrines remains very limited**, which is a serious problem. Only 13 percent of ethnic minority households have tap water, while the corresponding figure at the national level was 27 percent in 2010. Only about 30% of households had access to hygienic latrines.

There was an **improvement in the access to electricity** in the Program 135-II communes. The proportion of households with electricity increased from 68.6 percent in 2007 to 83.6 percent in 2012. However, compared with the figure of 98 percent of households nationwide, the electricity coverage in the Program 135-II communes remains low. Access to electricity varies substantially across ethnic minority groups.

The living standards of both Kinh and ethnic minority households have been improved by increased ownership of durables: 70.9 percent of households had a telephone in 2012 and nearly 70 percent of households had a television. The percentage of households having a motorbike increased from 43.8 percent to 66.2 percent. Both the poor and non-poor, and all the ethnic minority groups are experienced increases in motorbike ownership.

Impact of P135- II on Outcomes

P135-II has **had positive impacts on several important outcomes of the ethnic minority households**, including productive asset ownership, household durables ownership, and rice productivity. Among higher-order outcomes, they enjoyed positive impacts in income from agriculture, household total income, and household per-capita

income. A particularly important result is that poverty among minority households in treatment communes declined significantly more than it declined in comparison communes. Finally, minority households enjoyed a reduction in travel time to health facilities, relative to households in control communes.

Statistically significant positive impacts were recorded for non-minority households for their household durables index and for their corn, cassava, and industrial crops productivities. While industrial crop productivity increased, the share of land allocated to industrial crops decreased. Perhaps both results were driven by taking the least-productive land out of industrial crops production.

Non-minority households are better off than minority households in several very important respects. In particular, non-minority households have higher incomes and higher school enrollments. For both of these, there is evidence of improvement for minorities. Minorities' incomes increased, but not as much as non-minorities. Minorities school enrollments also increased, and by larger percentages than for non-minorities.

School enrollment is critically important to households and their communities. Enrollment rates of minority children are lower than those of non-minorities, especially for upper-secondary school. However, enrollments improved among households in treatment and in comparison communes. In all cases but one, enrollments in treatment communes increased more than in comparison communes, but the impacts were not statistically significant.

Conclusion and recommendation

The budget allocations of P135-II communes and other communes were not statistically significantly different. While P135-II communes did receive substantially more P135 funds than the other communes received, they also received substantially less non-P135 support. The reallocation non-P135 funds created a major difficulty for identifying P135 impacts and very likely resulted in underestimating the program impacts. These issues should be addressed and monitored in **future programs to ensure that the funds will be allocated to target groups and that future programs do not affect the decisions of local authorities on other resource allocations.**

P135-II achieved significant success in fostering a participatory approach to implementation, with remarkable corresponding progress in decentralization. These changes represent large improvements compared to the first phase of P135 and other programs. Beneficiary households participated in every stage of the project including selection, implementation, supervision, and contributions to the operation and maintenance funds. Financial transparency also improved to a certain extent.

The target of 100 percent of communes becoming investment owners has not been achieved and this is still considered a highly challenging task. In addition, commune-owned projects still face problems such as slow funds disbursement and weak capacity. Participation in project supervision and operations and maintenance activities received the least attention. Thus, the need remains for local communities to be equipped with sufficient information, knowledge, and understanding to execute each activity. These issues should be considered and addressed in designing future programs.

The living standards of households in P135-II improved in every measured respect for all ethnic groups. Housing and sanitation conditions also improved for most ethnic groups. However, poverty remains high, and the living standard of the households in these communes is still very low compared to the national average. The poorer households experienced lower income growth rates than the better-off households, thus the gap between poor and non-poor households in these communes continues to widen. Therefore, further support for poverty reduction in these communes is still needed in the coming years.

P135-II significantly improved the living standards of certain beneficiary households in the targeted communes. While the program impact on income and poverty of the Kinh & Hoa ethnic groups is neither large nor statistically significant, it has large and statistically significant impacts on the income and poverty rates of ethnic minority groups. Thus, the program successfully targeted the most disadvantaged groups in the P135-II communes. The P135-II communes were generally worse off than non-P135-II communes in 2007, indicating that the program targeting was accurate.

P135-II only **partly achieved its targets**. It reduced the poverty rate from 57.5% to 49.2%, though the target rate was 30%. Only 41% of households have annual income per capita of over 3.5 million VND, while the target is 70%. Net primary enrollment and lower secondary

enrollment in the targeted communes did improve but are still far behind the goals (85.4% compared to 95% and 70.9% compared to 75%, respectively). In addition, progress toward achievement of the targets varies among different ethnic groups. While sustained improvements in income and poverty were found in Tay, Nung, Dao, and H'mong groups, less improvement was seen among other ethnic groups, especially the Thai. The fact that program benefits were not equally distributed among different ethnic groups suggests that **future support to these communes should be better designed to account for the specific conditions, needs, and culture of each ethnic group.**

Appendix

Figure 1. Income per capita per year (thousand VND)

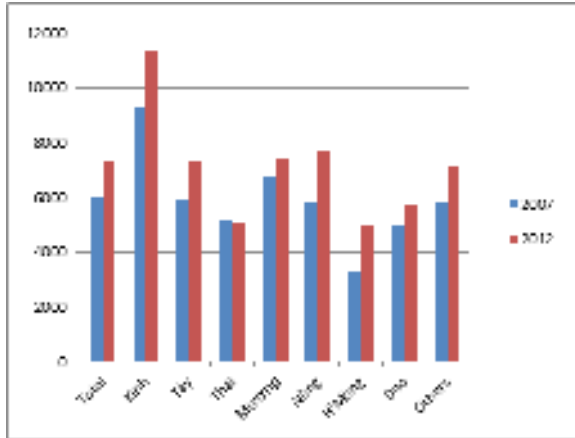


Figure 2. Poverty rate

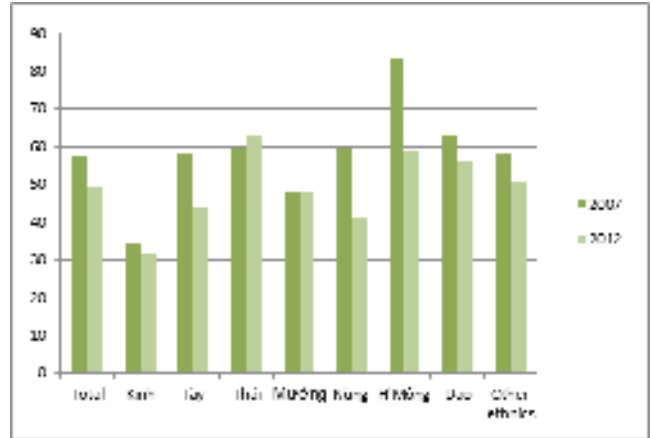


Figure 3. Percentage of households used electricity

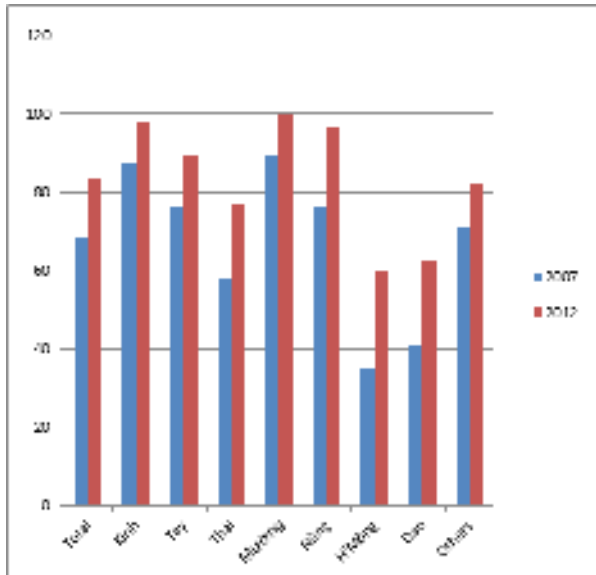


Figure 4. Percentage of households received social allowances

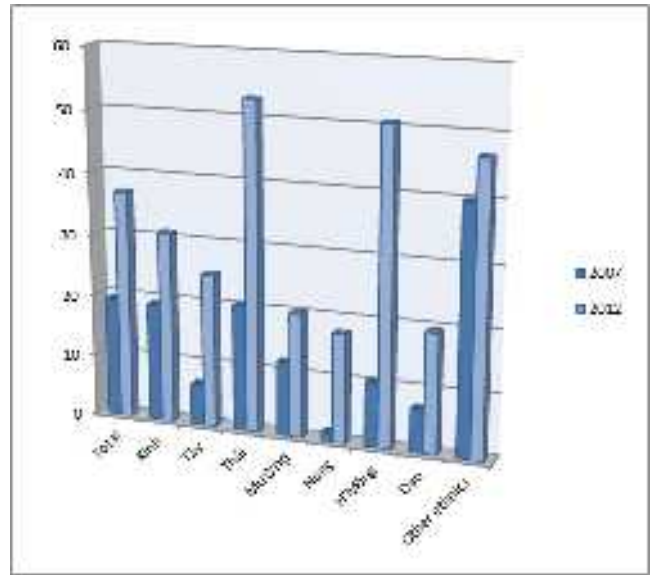


Figure 5. Proportion of annual irrigated land(%)

Figure 6. Number of working hours per year

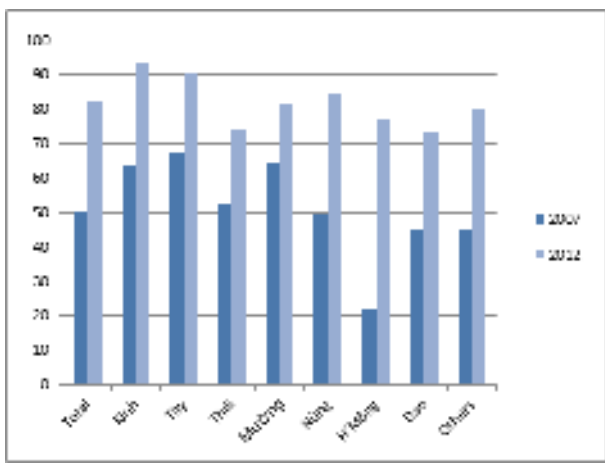


Figure 7. Percentage of labor working as wage earner

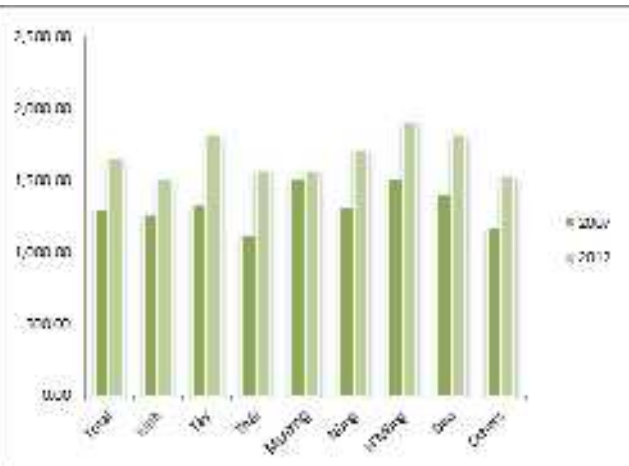
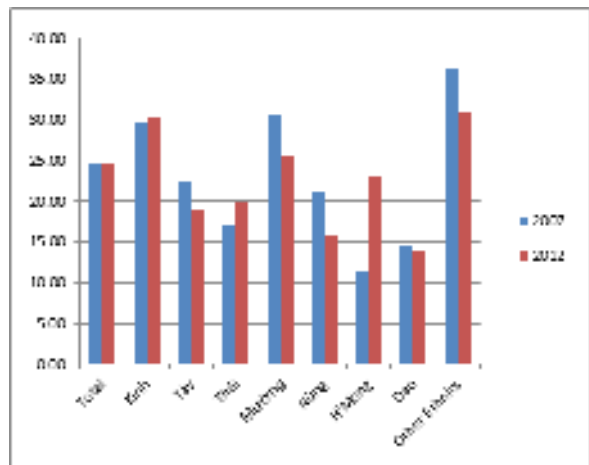


Figure 8. Rice Productivity (ton/ha)

