

**A Study of Perceptions and Responses to Poverty  
within the Vietnam-Sweden Mountain Rural Development Programme**

Prepared for Sida

By

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## Glossary

APR	Annual Progress Report
APO	Annual Plan of Operation
DARD	Department of Agriculture and Rural Development
FCP	Forestry Co-operation Programme
GoV	Government of Vietnam
IFAD	International Fund for Agricultural Development
HEPR	(National Target programme on) Hunger Eradication and Poverty Reduction 1998-2000
MARD	Ministry of Agriculture and Rural Development
MILS	Management Information and Learning System
MRDP	Mountain Rural Development Programme
MVND	Million Vietnamese Dong
PBO	Programme Board Office
PRA	Participatory Rural Appraisal
RFS	Rural Financial Services
Sida	Swedish International Development Agency
ToRs	Terms of Reference
VDF	Village Development Fund
VDP	Village Development Plan
VMG	Village Management Group
WB	World Bank

## Executive Summary

1. This study has been undertaken as input into an impending midterm review of the MRDP. The focus of the study was on the views of MRDP officials, as well as organisational procedures and practice, and how they relate to the capacity of the programme to effectively alleviate poverty. Opinions of households within MRDP villages have been solicited, but they were not the main focus, unlike the recently completed Participatory Poverty Assessment. The study report presumes a background knowledge of the workings of the MRDP. (See 1.1-3)
2. The field work for the study was undertaken in Phu Tho and Ha Giang provinces, and Hanoi, over a four week period in May-June 1999. The study team was made up of two sub-teams of one foreign and one local consultant, plus interpreters. The methodology of the study is detailed in Section 1. (See 1.4-6)
3. An analysis of the MRDP Programme Document shows a partial commitment to poverty alleviation. This is strongest at the levels of vision and overall end results and weakest at the level of outcome indicators for the specific programme components. (See 2.1)
4. Policy Framework papers show evidence of a developing concern about poverty alleviation, in the section addressing geographical expansion. However the policy on sustainability shows no concern about the impact on poverty achieved by the structures that are expected to be sustainable. The gender policy shows similar problems. (See 2.2)
5. Annual Programme Progress reports make very few specific references to poverty, poor households and poor people, suggesting that the programme has been working with a fairly simple and undifferentiated view of poverty, at best. There is no analysis based on geographic differences or duration of villages' involvement in the MRDP, two variables having potential important effects on the impact of the programme. The sections on MILS and Organisational Development hold the most promise for a greater focus on poverty. (See 2.3)
6. At the province project, level the Annual Plans of Operation show substantial variation in the degree of explicit commitment to poverty alleviation, with Phu Tho being the better of the two examples examined. In both provinces poverty focused indicators for individual programme components have not yet been developed. (See 3.1)
7. A policy encouraging more geographical targeting of poor areas was introduced in 1997. Opportunities for doing so were greatest at the village level (where decisions about inclusion in the MRDP are still being made each year); and least at the districts level, which were chosen in 1996. Targeting of poor villages has been variable at best, with some significant cases of exclusion of poor villages. Policy guidelines, as seen at the province level and below, contain conflicting criteria. More significantly, there is no transparency and accountability for the selection process. (See 3.2)
8. Four dimensions of the MRDP programme in the targeted villages have been examined: access by the poor, relevance to the poor, effectiveness in terms of poverty alleviation, and sustainability (see 3.3-6)
9. Subsidised inputs seem to be the most accessible of the programme activities, in terms of percentages of villages and households reached. This is then followed by credit, one purpose of which is to enable people to pay real input costs in the longer term. In both cases (and with land allocation), actual figures vary substantially across villages providing yet-to-be-utilised opportunities for lesson learning. The programme has analysed the nature of participants in the RFS in terms of wealth and gender categories, but has not yet analysed the nature of nonparticipants. Analysis of participation has been less thorough in the case of inputs supply and training. (See 3.3.1-3)
10. Subsidy policy has been revised to include more targeting of the poor, by differentiating mountain, upland and other areas, but in practice the main criteria in use now seems to be the number of years a village has participated in the programme. Within villages access is frequently determined by perceived "capability" to use the inputs. (See 3.3.4)
11. The annual planning and allocation process is complex and lacking in transparency. Geographic isolation, illiteracy and language differences reduce access to the process, and disadvantage women and ethnic minorities in particular. The proposed Village Development Funds have the potential to simplify the system considerably. (See 3.3.5)
12. Relevance of services to the poor has been examined in terms of four criteria: the type of service, the volume of assistance provided, the timeliness of the assistance, and the nature of the planning process. (See 3.4)

13. Across provinces and districts there is significant variation in the models being tested, suggesting some concern about relevance to local needs. However within districts officials did not find it easy to differentiate the activities needed or undertaken by different villages (as part of their Village Development Plan), suggesting a more standardised package of assistance at that level. (See 3.4.1)

14. Within villages programme MRDP support to agricultural activities were most well suited to those with sufficient land and labour. Households needed to fit the models, not the other way around. Variations in preferences for credit reflect location (isolated versus accessible areas), availability relative to subsidy, variations in the conditions of provision and socio-economic-status. The relevance of training, as signalled by participation rates, has been masked by the widespread payment of attendance allowances. (See 3.4.1)

15. The largest discrepancy between supply and need is in the areas of infrastructure development. Within villages the volume of agricultural inputs and credit is in almost all cases less than needed. The exceptions are some mountain villages in the case of credit. Credit ceilings have enabled poor households needs to be met more effectively than in the case of subsidised inputs. In the cases investigated the value of input supplies has been highest in longer-term investments (tree crops versus cereal crops), apparently assuming the existence of no short-term problems in food sufficiency. Where data was available project investment (defined in monetary terms) seem to be disproportionately concentrated in older and less poor MRDP districts. (See 3.4.2)

16. The timing of input supply and credit provision is problematic for poor households. Inputs supplies arrive with very short notice. Credit is supplied months before inputs arrive, making any linkage difficult. The planning process functions primarily to meet the needs of the MRDP/DARD structure. (See 3.4.3-4)

17. The effectiveness of village level MRDP activities in alleviating poverty was judged by officials using a range of criteria, some more poverty focused than others. These included compliance with MRDP procedures, whether plans were implemented or not, survival rates of crops, yields, marketability of the produce concerned, greater subsequent demand for MRDP inputs, and changes in households wealth status. The delivery of inputs to villages has been the most systematically monitored of all aspects of performance, emphasising the input supply role of the programme. Wealth ranking information has been used, but less comprehensively and with less attention to periodic auditing of the underlying data. (See 3.5.1-2)

18. Explanations of achievement (or not) included capability / willingness to adopt new methods, isolation, and duration of project involvement. However, lack of capability should be reflection of the relevance of the assistance to the poor, not the worth of the client. Similarly, isolation is an initial constraint that the design of appropriate forms of assistance should be expected to overcome, not used as an excuse. (See 3.5.2-3)

19. Ensuring the sustainability of the credit provision process has been a major concern of the MRDP. There is an implied assumption that achieving impact on poverty via credit will be a long-term process. If so, the MRDP will need to invest in long term monitoring of access to the credit groups, and monitoring of changes in the rule structures governing those groups. (See 3.6.1)

20. Views on farmers' likely behaviour when input subsidies are withdrawn were varied. There is not yet any systematic evidence available to guide policy in this area. This despite the availability of data on villagers' input purchases from other sections of DARD. The main concern of the MRDP at the province level has been the sustainability of the input supply chain. Other important options such as expanding the role of the private sector as input suppliers have not yet been developed in MRDP policy papers.(See 3.6.2)

21. The main problem concerning the sustainability of institutional capacity to plan, implement and evaluate MRDP activities is the lack of existing capacity. Staff numbers in relation to villages covered are low, and there is a significant reliance on village and commune "volunteers". In the mountain areas, villagers' isolation and language differences exacerbate these problems. The current policy of expanding village coverage each year must heighten the existing problems of capacity. (See 3.6.3)

22. The summary section of this report reviews the findings and issues identified in the province studies. (See 4.1-8) Issues not already raised above are summarised below.

23. The MRDP can be seen as an inputs supply programme, an extension programme, a rural development programme or a poverty focused rural development programme. The latter would include extension as well as inputs, non-agricultural as well as agricultural income generation options, and basic service provision as well as income generation. The MRDP has some of all these elements. One issue is to what extent they would be better achieved by a wider partnership of organisations, versus solely through the current MRDP structure. (See 4.1.1)

24. There is a potential conflict between two views of the programme, as method development versus implementation. The latter seems to be dominant at the province level and risks reproducing established but inadequate government services. (See 4.1.2)

25. Official MRDP policy statements are one expression of how the programme is and should be seen. Within these, there is need for a more explicit and consistent emphasis on poverty alleviation, especially at the level of component indicators, and in all province project APOs. Individual officials' views are more diverse and often in contradiction with policy intentions. These can be used for more effective programme learning, and held more accountable, by more appropriate progress reporting. This would require more explicit judgements and analysis, and not just data. The proposed revision of the MILS system presents an opportunity to develop this capacity. (See 4.1.3-4)

26. *Within* villages, the policy on the selection of households has been less developed, but apparently aims at inclusion rather targeting. While the nature of participants has been analysed (e.g. in RFS), less attention has been given to monitoring nonparticipants, potentially the most marginal groups in a village. At the village level, basic records of *who* received / or participated in *what* and *when* need substantial improvement. (See 4.2.3)

27. While there is some evident diversity in programme activities across districts, if not so at a lower level, the province level projects do not yet have the capacity to identify what activities are the most appropriate to peoples' needs in what location. This is of special concern in the high mountain areas whose conditions differ substantially from that of the midland areas where the programme originated. (See 4.3)

28. The current annual planning process is clearly inappropriate to the needs of poor households in the MRDP villages. The proposed Village Development Funds have the potential to make the process much quicker and more locally sensitive to need. Risks that will need to be managed include: subsequent partitioning of VDF funds into categories of concern to DARD, lack of transparency of fund management at the village level, and lack of prior agreement that the aim of the fund is effective poverty alleviation. (See 4.4)

29. The structure of MRDP progress reports at the district and province level, reflects programme strategy. At present it is focused on inputs, dis-aggregated by type of activity, with negligible geographic dis-aggregation. A poverty-focused programme would be more focused on outcomes, dis-aggregated by groupings of people (e.g. villages, communes). One important difference between villages is that between new, current and phased out villages. While expenditure information is provided, it is not yet possible to relate this aggregate measure of activity to changes in peoples' lives in different villages. (See 4.5.1-2)

30. The gender policy of the MRDP is more developed than its policy on poverty alleviation. What has yet to be developed is a poverty perspective on the gender policy. Business Promotion activities have been identified which are specifically in women's interests, but their relevance to poorer women seems less visible. At present gender equity and poverty alleviation appear as a parallel but unrelated programme objectives. (See 4.5.3)

31. The present policy on phasing out of MRDP activities (agricultural inputs, credit, staffing support) from villages, is not linked to project performance, or impact on poor peoples' lives, in any way. The policy needs to be revised such that phasing out is linked to observed poverty alleviation achievements within a village, not a universal pre-set time scale. The phasing out of subsidies in individual villages itself needs to be related to the performance of the FRS in the same village, since it is expected that the savings and credit facilities will enable households to pay the real costs of agricultural inputs. (See 4.6)

32. Sustainability is clearly a major concern at the PBO level, especially in relation to subsidy and credit use. The downside of this concern is a real risk that the project under-invests in having sufficient impact on people's lives in the immediate term. If significant changes are made to people's lives, this does not by definition require a sustainable supply of the same level of external investment thereafter. The one area where it is recognised that there is a need for more intensive investment is in capacity building at the commune and village level, especially in villages where the programme will become centred on the operation of VDFs. Further afield, it is evident that within the whole MRDP structure there are serious resource limits, limiting what the staff concerned can hope to achieve. If the current policy of expanding into new villages each year was suspended, more intensive investments could be made into existing MRDP capacity. (See 4.7)

33. Section 5 of this report lists 12 recommendations arising out of the study. Readers should refer directly to that two-page section.

## 1. INTRODUCTION

## 1.1 Origins of the Study

This study has been commissioned by Sida, with the intention that it will be used as an input into the mid-term review of the MRDP, scheduled for September 1999. Initially, it was proposed to undertake a study on the actual impact of the programme in reducing poverty in the mountain areas where it operates. It was realised however that such a study would require considerable efforts and resources, principally due to the lack of readily available information on the effects of programme activities at the local level, especially the high mountain villages that entered MRDP since 1996. It was therefore decided to reduce the ambitions of the study. Instead the study would be a critical examination of *how MRDP at a programmatic level seeks to address poverty and how the staff and other actors at different levels perceive this issue as well as the opportunities and constraints for responding to it through the programme's various activities.*

Because this study has been undertaken as an input into the midterm review of the MRDP, it has been presumed that readers will have some background knowledge of the MRDP. A descriptive overview of the programme has therefore not been provided.

## 1.2 Objectives

The Terms of Reference for the study specified the following objectives:

1. "Identify the nature of the MRDP's strategy (ies) for poverty alleviation. The assessment should be based on an analysis of formal programme documents and policy statements as well as take account of informal and implicit views of staff and other actors involved in the programme. It should further distinguish between strategies based on inclusion, targeting and differentiation of needs."
2. "Examine the extent to which these strategies and policies are reflected in the procedures and implementation practices of programme activities at different levels, as well as whether the implementing units have the knowledge basis and working methods required to ensure that these activities respond to the needs of the poor."
3. "Based on the above supplemented with other studies and project experiences, undertake an independent assessment of the feasibility and appropriateness of MRDP's approaches and operational practices of meeting the needs of the poor."
4. "Provide recommendations on possible changes in programme orientation and practices to make it more effective for poverty alleviation."
5. "In the process, develop a methodology for analysing partner organisations' perceptions and responses to poverty that may be of use to Sida in other settings."

The full text of the Terms of Reference is available in Appendix 1.

## 1.3 Assumptions

This study has made at least two assumptions. Firstly, it assumes the importance of how programme implementers, especially the staff at provincial and district level, perceive and interpret the strategies and policies of MRDP regarding poverty. Their views are important because they are likely to have strong influence on the programme's approach to poverty in the field, regardless of whether they are "right" or "wrong" in the eyes of others, or official policy papers. Secondly, with large organisations implementing programmes such as the MRDP, what is also important is their *capacity to know* what is taking place on the ground: who are the poor, what are their needs and how they differ from others, what is the programme doing, who is benefiting and how. If that capacity is not present then the risk of unexpected negative outcomes is higher, and the possibility of replicating any successes is limited.

This approach is different to that recently taken by the Participatory Poverty Assessment in Lao Cai province, which has focused directly on eliciting and understanding the views of MRDP's clients: poor rural households. Ideally, the two studies should be complementary.

## 1.4 Sampling

The study made use of a stratified purposive sample. At the Hanoi level two MRDP provinces were sampled out of five (Phu Tho and Ha Giang). Within each of those provinces two districts were sampled out of a total of 18 (8+10). Within each of the four districts two communes were sampled, and within each of those communes two villages were sampled. The total sample consisted of 2 provinces, 4 districts, 8 communes and 16 villages. Programme Board Office (PBO) and MRDP Advisers selected the provinces. The selection of districts was made by Province MRDP officials. Communes and villages were selected by the officials above each of those levels. The study team requested that the choice of locations should reflect the most important differences within those areas, in terms of what the MRDP officials thought most important.

At the province and district level four differences were embodied in the choices. Phu Tho province has large areas of lowland whereas Ha Giang province has a high proportion of mountain areas. Phu Tho is close to major cities such as Hanoi, but Ha Giang is much more isolated from urban markets. Although both areas are populated by a large number of ethnic minorities, Phu Tho has a much higher percentage of Kinh people. The predecessor to the MRDP programme was based in Phu Tho province, but it is in areas like Ha Giang that the MRDP was expected to extend into, from 1997 onwards. Within each province the same four criteria were used to select the contrasting districts (Bac Quang and Hoang Su Phi in Ha Giang, Doan Hung and Thanh Son in Phu Tho).

In practice, in the field, Hoang Su Phi district was replaced by Quan Ba district. The latter was more isolated, and was significantly less advanced in terms of MRDP achievements, when compared with Bac Quang district.

At the commune and village level the most significant differences between sample areas were very similar to those at the district level (e.g. isolation, ethnicity), but with more explicit contrasts in terms of the perceived levels of poverty (See Section 3). In some cases, especially in Ha Giang, the range of choice was limited by the small number of MRDP villages in the selected communes. In one case the alternative was too isolated to be visited within the time available. A list of the communes and villages sampled during this study is given in Appendix 2.

The aim of this sampling strategy was not to enable generalisations to be made about the average situation in the MRDP, but to identify through contrasts some of the diversity of programme experience, how the programme was managing that diversity and any implications for effective poverty alleviation.

## 1.5 The Study Process

The study took place in April-May 1999. The study team consisted of four members, making up two sub-teams:

- Dr. Richard Davies<sup>1</sup>, Social Development Consultant; Dr Nguyen Xan Nguyen, Economist; and Nguyen Hoang, Interpreter
- Dr. Lasse Krantz, Social Anthropologist; Nguyen Nhat Tuyen, Sociologist and Gender Issues specialist; and Nguyen Sinh, Interpreter.

The study went through five stages:

1. Background reading and planning (1 week)
2. Interviews with MRDP officials and advisers and others in Hanoi (1 week)
3. Field visits to two MRDP provinces by two sub-teams (2 weeks)  
Davies et al to Phu Tho province  
Krantz et al to Ha Giang province
4. Interviews, synthesis sessions and feedback sessions in Hanoi (1 week)
5. Preparation and circulation of draft report

Broadly defined, five forms of inquiry were used:

1. Analysis of MRDP documentation, at Hanoi, province, district, commune and village level. This included an examination of some of the systems generating this information.
2. Interviews with MRDP and related officials at the Hanoi, province, district, commune and village level. These made use of:  
Semi-structured interviews, focusing on pre-identified and emerging issues.  
Ranking and sorting exercises, looking at perceived differences in poverty and programme success.
3. Interviews with household members in MRDP villages. The main purpose was to triangulate information obtained from village and commune level MRDP officials.

4. Feedback meetings with district, province and Hanoi MRDP officials and advisers. The intention was to give officials an opportunity to correct and comment on initial findings.

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Mr Pham Thuc, Project Director – MRDP, Phu Tho Agriculture and Rural Development Department.

Ms Nguyen Thi Hanh, MRDP Coordinator, Agricultural and Rural Development Department.

Mr Nguyen Cong Huong, MRDP Coordinator, Agricultural and Rural Development Department, Doan Hung District.

Mr Le Duc Thinh, MRDP Coordinator, Agricultural and Rural Development Department, Thanh Son District.

Mr. Nguyen Tam, Director of DARD, Ha Giang

Mr. Hoang Thi Chung, Deputy Head of Agricultural Department, Bac Quang District

Mr. Duong Due Vien, Head of Agricultural and Rural Development Department, Quan Ba District

## 2. MRDP STRATEGY AND APPROACH TO POVERTY ALLEVIATION

The focus of this Section is on official plans, policy statements and reports about the MRDP programme as a whole, especially those made at the Hanoi level. What do these documents say about the programme's aims, strategy and achievements in terms of poverty alleviation? Where possible this analysis has been supplemented by more current interpretations of the MRDP obtained from interviews of MRDP staff and advisers at the Hanoi level.

Three type of documents were examined during the study: (a) The Programme Document and annual plans of operation; (b) Policy statements contained in the MRDP Policy Framework folder, (c) Progress Reports and special purpose studies.

### 2.1 The Programme Document and Annual Plans of Operation

The basis of the current MRDP is the 1996 MRDP Programme Document. In that document the aims and methods of the programme have been structured in the form of a hierarchy of statements<sup>2</sup>. At the top of that hierarchy is a Vision statement for the MRDP which states that "The Programme should contribute to the re-establishment of green productive uplands that are managed in a sustainable way by healthy farmers having secure land tenure, maintaining the ecological, economical, social and cultural diversity of the area". In 1996 poverty reduction was not an explicit and overriding objective. However, there was some intention for the poor to benefit from the programme, in that "the ultimate beneficiary of the MRDP is the poorer section of the farming population in the programme area who rely upon upland farming systems" (MARD, 1996:ii).

In 1997 an "Overall End Result" was defined for the programme, to be located between the Vision statement and the "End Result" statements for the various programme components. In 1997 this statement made no reference to poverty, but in the 1998 Annual Progress Report it was edited to refer specifically to the programme "create[ing] an environment in which poor households in Programme mountain communities are able to benefit" (underlining added). This is now a relatively modest and conditional commitment to effective poverty alleviation.

The "End Results" statements (and associated indicators) for each of the individual programme components make no direct reference to poverty alleviation. Their absence suggests that a criticism made by the 1996 programme appraisal team may also apply to the current MRDP. That is, there is an insufficiently explicit linkage between the programme activities and the expected end results (Birgegaard, et al, 1996:5). MRDP seems to be assuming that the poor will benefit if the various programme components are implemented as planned. There is no requirement to explicitly assess individual programme components in terms of effects on poverty alleviation. This approach risks deferring attention to effectiveness (in terms of poverty alleviation) until later in the programme's life (e.g. an ex-post evaluation), when it will be too late to make any necessary adjustments in approach.

## 2.2 The MRDP Policy Framework

This set of documents describes itself as containing "strategies and guidelines" that should help the programme focus the use of resources on activities that will lead to the desired End Results of the MRDP. It is not a static document, new sections are added and old sections replaced, as policy evolves over time. We have examined this document with two questions in mind: (a) Amongst those issues addressed, what are the implications for effective poverty alleviation, and (b) What strategy issues have been neglected that also have implications for poverty alleviation.

The statement on "Revised Programme Level End Results" refers to three overall strategies for achieving those ends. They focus on institutional capacity building, development and testing of working methods, and development of policies based on the capacity building and method development experience. This strategy stands in contrast to an implementation centred approach, where the focus is on directly effecting poverty on a large scale. "Method development" makes sense when it is remembered that the MRDP is working in a very small proportion of the villages in the five MRDP provinces (See Section 3). It is timely in that both GoV (HEPR) and other international donors (e.g. IFAD, WB) are planning larger scale implementation focused poverty alleviation programme in the north west. In theory there is a potential audience for new ideas about effective methods and approaches.

There are three risks associated with this strategy. One is that other agencies concerned with implementation will not be open to the methodological innovations developed by the MRDP. This risk has not been investigated in this study. The second is that province level MRDP projects will in fact be pursuing an implementation rather than method development strategy, and there will in fact be few innovations available to be promoted. Where there are differences in approaches will the provinces have the capacity to identify the lessons learned? Evidence on this risk is discussed in Section 3. The third is that any evidence of final impact on the scale of poverty will be in the hands of the adopters of the promoted methods, further into the distance and well beyond the ambit of the MRDP. This risk reinforces the need, already identified above, for the MRDP to develop more immediate indicators of poverty alleviation effectiveness, ones that can be applied to each of the programme components, and the models and capacity building interventions within them.

The Policy Framework papers emphasise the principle of decentralised management, to be applied both within the government structure and with the government's relationship with local communities. This is consistent with, and in fact required by, another policy principle that "MRDP support should be based on the demand expressed by the poor farming household". If poor peoples' needs vary then government organisations must have the local capacity to vary their responses to meet those needs. The implication here is that we should be concerned if we find homogeneity of response both within individual villages and across villages, communes, districts and provinces, and. Evidence of heterogeneity will be examined in Section 3.

The Policy Framework papers provide clear definitions of poor households, villages, and communes. One virtue is that these definitions appear to relate closely to those used by government. An important issue is how practical are they. Are they reliable and economic? Their actual application will be examined in Section 3. Two aspects of the Policy Framework definitions seem problematic. One is that this policy statement makes no reference to the use of wealth ranking as a poverty measure, even though wealth ranking has been widely used by the MRDP throughout the life of the programme (and even before), and considerable time has been spent training government staff in the use of such methods<sup>3</sup>. One advantage of wealth ranking is that it allows

bottom-up definitions of poverty to be applied. However, the policy framework guidelines are essentially a set of top-down definitions, to be applied regardless of context. It appears that MRDP's own policy (let alone that of other sections of government) has not been positively in-formed by the experience of using wealth ranking.

The second problem is the alternate definition of a village as poor: where "above 80% of population is ethnic minority" This treats officially defined minority status as a disadvantage per se, regardless of the nature of the particular minority or the context in which they are found. It risks reinforcing existing prejudices. Factually it is likely to be misleading, since according to the Vietnam Living Standard Measurement Survey the level of poverty amongst non-Kinh ethnic groups ranges from 58% to 100% (Nguyen, 1999). It could be argued that the number of minority groups in an area is likely to be more problematic, than their total percentage relative to the whole population. Where there are many minority groups in an area communication across groups is likely to be more difficult, especially between Kinh speaking officials and non-Kinh speaking local people. If there is a need for an alternative definition of poor villages then isolation would seem to be of more value. As will be seen in Section 3, this criteria has been used by province level officials in their own analysis of differences between areas. It has also been used as a key variable in the analysis of the results of the PPA recently conducted in Lao Cai.

The Policy Framework papers include guidelines on programme expansion into new areas. These guidelines developed out of a position paper written in early 1998: "A Framework And Proposal For Development Of Strategies On Poverty Alleviation And Geographical Expansion". The official guidelines on geographical expansion clearly require provinces to target their expanded activities on the basis of poverty status, at the level of commune, village and household. This is a substantial change from the approach taken in the 1996 Programme Document which made it clear that the programme's approach at the village level would be inclusive, rather than targeted: "the programme will not adopt a specific strategy for targeting only the poorest or better-off farmers. It is recognised that the well being of rural society is dependent on creating conditions whereby all farm households have access to the necessary resources to sustain and improve their livelihoods. The programme policy will therefore be that all farmers who wish to participate in programme activities can do so" (MARD, 1996:22-23). The feasibility of this new policy on targeting will be examined in Section 3.2.

The current guidelines assume that the programme will expand into new communes, not just new villages. It also expects that there will be "lateral spread" - "commune to commune, village to village, farmer to farmer" in existing areas, and that this should be aided by the MRDP in areas that are poor in terms of the definition proposed. These guidelines seem to suggest that the programme should be aiming at increased coverage of poor households in poor areas of the MRDP provinces.

This strategy is in contrast to that outlined in the 1996 Programme Document. In that document the expansion into new areas, including mountain areas, was described in terms of improving the representativeness of the MRDP village (through greater heterogeneity). MRDP villages in each commune were described as "pilot villages" This approach is consistent with a view of the programme being concerned with "method development". The current policy paper on expansion seems to be moving the programme to a more explicit implementation focus. The resolution of this choice is important because at the province level there is a scarcity of human resources available to the MRDP (See Section 3). More attention to expansion means less attention to method development, and vice versa.

The brief reference to "lateral spread" seems to suggest that the programme has adopted a "diffusion" approach to MRDP extension activities. Although it is not clear from the policy document how many of the various MRDP activities are expected to be extended by this method, according to staff it refers specifically to PRA and VDP activities. The use of this different extension mechanism creates additional requirements in terms of the identification and use of achievement indicators. So far these do not seem to have been identified, or at least reported on.

The 1998 "Framework and Proposal for Development of Strategies on Poverty Alleviation and Geographical expansion" makes a number of other proposals which are more radical: (a) Not support activities (e.g. land allocation, extension, rural finance and research) that will increase the gap, in terms of living conditions, between poor and rich farmers; (b) Not expand activities to new areas until they have proven to benefit the poorer farmers. The first is highly ambitious and may be unachievable. The second is consistent with an enhanced poverty focus, using either the method development or implementation strategy. Actual practice in two provinces will be examined in the next Section.

The Policy Framework papers includes guidance on the phasing out strategy, in a section titled: "Sustainable Village Organisations: handing over activities and phasing out subsidies in older project villages". The criteria for phasing out support to a village focus on the achievement of organisational sustainability (Village Management Groups, Interest Groups and Credit Groups) and the sustainable supply of programme activities (extension activities, credit). The policy document makes no reference to the achievement of any poverty

alleviation targets, per se. In fact, the text of the document suggests that the development of this policy was driven by the preexisting decision to phase out from older project villages and the knowledge that the programme as a whole had a limited lifespan. There is a risk here (for poor households) that phasing out will be treated by the MRDP as a (false) proxy indicator of programme impact, when in fact there may be no (collated) evidence of significant impact on the incidence of poverty.

An associated policy guideline on the allocation and use of subsidies takes up the task of phasing out in more detail. Subsidies are to be phased out of villages on an incremental basis over a period of four years, and mountain villages are to be given priority access to subsidies. The actual application of this policy will be examined in the next Section. What is of concern, simply at the policy level, is the apparent lack of any proposed linkage between this year by year process of phasing out of subsidies and the performance (in terms of scale and sustainability) of the credit and savings programme. Ideally, credit and savings facilities would enable poor people to manage the transition from needing subsidised inputs to being able to pay full market cost, as needed. According to an earlier review of subsidies within MRDP carried out in 1998 (VNSMRDP, 1998a) "The strategy of MRDP from the start, has been to gradually reduce and eventually phase out all subsidised production, and instead support the establishment of a financially and institutionally sustainable Rural Finance System"

That document recognised that it may be necessary to delay this withdrawal in the poorest areas, and provide targeted subsidies to villages/households experiencing periods of annually repeated food shortage. An indicator proposed for areas where subsidies could be withdrawn was "that no period of food shortage occurs in the village/commune". This conditionally did not get included in the final policy guidelines on subsidies.

According to the Policy Framework papers, MRDP's intention is that the credit programme becomes sustainable, and accessible to rural poor and women. In practice external reviews cited in these papers make no mention of access problems, but focus exclusively on sustainability issues. The same is the case with the SWOT analysis. Sections on access refer to "working poor and women", implying a recognition that unemployed youth, the aged, sick and disabled will not be able to participate and benefit on any significant scale. This is may be realistic. Nevertheless, if MRDP is serious about poverty alleviation as a central objective, then some strategising about other means by which these groups will be helped, even by other agencies, would be appropriate.

The Policy Framework papers include a strategy and action plan for gender equity. This is clear and comprehensive, but make little reference to poverty alleviation per se. The needs of poor women and wealthy women are being treated as of equal status, because equity in relationship between men and women is the primary concern. Gender equity appears to be a separate but parallel objective to that contained in the Vision and Overall End Result. In some other cultures gender equity differences are exacerbated in households experiencing extreme poverty, in others not. An analysis of which tendency is the case in north-western Vietnam might help prioritise and focus MRDP efforts to promote gender equity.

### **2.3 Annual Progress Reporting**

Annual progress reports are expected to summarise the most important developments that have taken place. Their contents are indicative of what is seen as important, and their omissions indicative of what is less important. They can tell us something about how MRDP sees its achievements in terms of poverty alleviation. Ideally, there should be some correspondence between the contents of progress reports and pre-existing programme goals, plans of operation and policy statements.

There are remarkably few specific references to poverty, poor households and poor people within the 51 page 1998 "Annual Progress Report with mid-term perspective"<sup>4</sup>. At best, this suggests the programme has been working with a fairly simple and undifferentiated view of poverty (e.g. "all the people we work with are poor"). The most visible distinction that is made between poor people in this report is between those living in the remote and mountainous areas, and those elsewhere in the five provinces (MRDP, 1998:4-5).

As noted above, it is intended that the MRDP will increasingly work with the most remote villages in the remote mountain areas. Despite the reported importance of this distinction there is no associated disaggregation of programme investment and performance within the annual report in terms of this poverty categorisation. As noted above, the MRDP stresses decentralised management. Each province project has its planning, budgeting and reporting process, and is relatively autonomous in its relationship to the PBO. If the programme's strategy is based on method development, this autonomy should generate variations in practice and experience, which can be analysed and learned from. Comparisons between provinces should then form a

significant part of the Annual Progress Report produced at the PBO level. In fact this is not the case. In the 1998 report there is only one table of data on inter-province differences (on land use planning and forest allocation) in the main text, a decline from 8 in the 1997 report. This modelling of insensitivity to difference is contrary to the interest of the poor clients of those province projects.

There are two other areas where there are significant omissions in reporting, signalling lack of concern. One is on the expansion of MRDP activities into new villages. The 1998 Annual Report does not include an analysis of the villages recently selected for expansion, supposedly in the light of the proposed policy on geographical expansion referred to above. Information was available, however, in the province level reports and in their annual plans of operation for the coming year. The other omission is on the phasing out of villages, in terms of access to subsidies, and specific MRDP activities. Again, this neglect is not a result of lack of information. Quarterly Progress Reports from at least some province projects provide details on the numbers of villages being phased out and the distribution of activities by village, commune and district. From the point of view of poverty alleviation within villages, the arrival and departure of MRDP activities should be major events.

Within the 1998 Annual Progress Report, the issue of poverty is given the most attention in the discussion of the performance of the MILS (Management Learning and Information System). Reference is made to baseline studies and the Village Monitoring and Review Summary Report, and how they have "proven efficient in further identifying and clarifying critical needs of, in particular, the poorest sections of the communities...issues directly relating to the livelihoods of the poorest sections of the communities...social and economic marginalisation, ... and perceptions of poverty." The crucial issue is the impact this research makes on the programme design. According to the text, the impact of this research is still seen as an open question, one that is yet to be answered. This should be of concern. An appendix in the same report lists details of 73 different reports that have been produced by the MRDP over a two and half year period (1997-9), presumably at a significant cost.

The two sections of the 1998 Annual Progress Report that hold out the most promise for more effective poverty alleviation interventions, are those on Organisational Development and MILS. There are references to the problems of the existing top-down implementation oriented structure and the need for more village centred processes, which would allow village plans to reflect local needs rather than national political targets. The MILS section notes that any changes in resources allocation (e.g. towards Village Development Funds) needs to be associated with changes in planning management and reporting structures. These need to move away from a sectoral orientation and towards a more holistic perspective, focusing on villages, communes and districts, units of rural people rather than slices of MRDP activities.

The structure of reports and budgets communicates an organisation's views on what are the most important differences within their programme. In the MRDP Annual Progress Reports the contents are structured on the basis of the major distinctions between different MRDP programme components. The same is the case with the presentation of budgetary information. If the programme was primarily focused on poverty alleviation we could expect a different report structure. Sections would be based on important distinctions between the intended beneficiaries of the programme<sup>5</sup>. The use of this type of structure would recognise that likely fact that important differences in poverty are largely defined by pre-MRDP factors, not by differences in the nature of MRDP interventions (e.g. agricultural extension vs. business promotion). It would recognise that poverty is a holistic rather than sectoral experience.

### **3. POVERTY ALLEVIATION IN PRACTICE: PROVINCE PERSPECTIVES**

#### **3.1 An Overview of MRDP Projects in Phu Tho and Ha Giang Provinces**

##### ***3.1.1 Locations, activities and funding***

In Phu Tho province the MRDP project developed out of the earlier project known as the Vietnam-Sweden Forestry Co-operation Project. That project worked in five districts, 10 communes and 11 villages of what was then called Vinh Phu province. The MRDP began in 1996, in two of the previous districts (Yen Lap and Doan Hung) and one new district (Thanh Son). The number of communes and villages increased to 14 and 67 respectively.

The Ha Giang MRDP grew out of the Farm Level Forestry Project of the Vietnam-Sweden Forestry Co-operation Programme which started in Ha Giang Province in 1991. The Farm Level Project worked in 3 of the 5 current MRDP districts (Bac Quang, Vi Xuyen and Quan Ba) but within these in only 7 communes and totally 9 villages. A fourth district, Hoang Su Phi, was added in 1996 when MRDP started and the number of communes involved eventually expanded to 16, and villages to 45 (1999).

In both provinces the current MRDP projects are part of a longer history of Swedish-Vietnam development co-operation. The Forestry Co-operation Programme itself arose out of earlier Swedish involvement in the development of paper milling capacity in northern Vietnam. MRDP officials and other local stakeholders' views of the current MRDP projects are likely to be influenced by that history, and not just the 1996 programme document and subsequent policy papers.

In both provinces the MRDP is only working in some of the districts, in some of the communes of those districts and in some of the villages in those communes. The MRDP is active in approximately 8% of all the villages in three districts of Phu Tho and approximately 6% of the villages in the four districts of Ha Giang. Knowledge and experience of the MRDP project activities is likely to be very scattered, amongst farmers and government officials.

	Phu Tho province*	Ha Giang province
MRDP districts	3 of 8	4 of 9
MRDP communes	19 of 83	16 of 173
MRDP villages	67	45
In "High mountain"	11%	73%
"Mountain"	66%	27%
"Others"	23%	0%
Pop.density (p.sq.K)	195	60
Forest land (%)	29	79
Ethnic minorities (% of pop.)	?	90
# of minority groups in Prov.	>21	>31

Source: 1996 Programme Document, 1999 APOs.

MRDP villages in each province fall into three categories: new villages, current villages and villages being phased out. Their distribution within the MRDP districts of two provinces is as follows

	Phase out	Current	New
<b>Phu Tho Province (1998)</b>			
Districts: Doan Hung	16	4	2
Yen Lap	20	9	2
Thanh Son (new)	3	8	3
<b>All</b>	<b>58%</b>	<b>31%</b>	<b>11%</b>
<b>Ha Giang Province (1999)</b>			
Districts: Bac Quang	8	8	-
Vi Xuyen	7	4	-
Quan Ba	1	4	4
Hoang Su Phi (new)	-	7	2
<b>All</b>	<b>33%</b>	<b>56%</b>	<b>13%</b>

Sources: 1999 APOs for Phu Tho and Ha Giang

In both provinces all the (1999) "new" villages were reported to be in the "high mountain category". The situation with phase-out villages was more mixed. In Phu Tho the data was incomplete, and in Ha Giang two-thirds were in "mountain" areas and one-third in "high mountain" areas.

According to Phu Tho and Ha Giang Province reports, MRDP programme activities were distributed across the MRDP villages as shown in the table below. The coverage of villages in Ha Giang seems surprisingly high (even recognising that it is a plan, not a report) considering 33% of the villages are in the phase-out category, and another 13% are new villages. In Phu Tho province, Rural Financial Services and MILS are the only MRDP activities present in the 39 phase-out villages, as well as all other villages. The Phu Tho figures are provided in the 4th Quarter Progress report, whereas in Ha Giang these figures were only available in the Annual Plan of Operation.

MRDP components present	Proportion of villages	
	Phu Tho	Ha Giang
MILS	100%	?
Rural Financial Services	97%	96%
Land Management,	50%	22%
Land Allocation, And		8%
Agricultural Extension		98%
Infrastructure Development,	42%	36%
Human Resources Development,		?
Organisational Development,		96%
Gender Balance Development, and		96%
Internal/External Communication		96%
Applied Research	34%	29%
Market Information,	21%	96%
Business Promotion		96%

Sources: Phu Tho 1998 4th Quarter Progress Report; Ha Giang 1999 APO

According to the 1998 Annual Progress Report, the budget for the Phu Tho MRDP project in 1998 was 4,185 MVND versus 4,506 MVND in Ha Giang. This is equivalent to approximately 62 MVND per village in Phu Tho and 100 MVND per village in Ha Giang<sup>6</sup>. Province Progress Reports do not provide enough information to convert these figures into per capita allocations. Nevertheless, it seems likely that these sums could in principle make a difference to poverty, if directly available to households in those villages. For example, via Village Development Funds (VDFs). The performance of the VDFs could provide an interesting benchmark against which the effectiveness of other indirect investment strategies based on capacity development of the MARD and DARD structures could be assessed.

Within the two provinces budgets have been allocated across programme activities as shown below. Despite the substantial geographic and ethnic differences between the provinces, the project strategies - defined in terms of MRDP components - seem very similar. A comparison across a wider range of provinces would be useful, to see if excessive homogeneity of approach is likely to be a problem.

% of all MRDP expenditure		Project activity
Phu Tho	Ha Giang	(and % spent at province level in Phu Tho)
50	47	Extension and applied research (44%)
13	14	Project Management (92%)

10	5	Human Resources Training (68%)
8	10	Market information & business prom. (24%)
5	12	Land allocation, use and management (61%)
4	3	MILS (83%)
3	6	Rural Financial Services (40%)
2	?	Internal and External Communication (86%)
2	?	Organisational Development (100%)
2	2	Gender Equity (85%)
1	?	Policy Development (100%)

Sources: Annual Budget Implementation 1998 Phu Tho (hand written), 1999 APO for Ha Giang province.

It appears that this data may exclude RFS loans made to credit and savings groups. Aggregate data from the 1998 MRDP Annual Progress Report shows expenditures on RFS being approximately 25% of that spent on extension and applied research. Given the proposed need for a better linkage between subsidies and credit provision, it is would also be very useful to know the proportions of the extension budgets spent on inputs supply in each province.

Expenditure on project activities within the provinces is relatively centralised. In 1998 more than half (57%) of all project expenditure in Phu Tho was made at the province level. In terms of volume of funds, the most decentralised areas of expenditure were "Market information and business promotion" (esp. "Infrastructure support"), then "Rural Financial Services". In terms of control, credit and savings is more decentralised because ultimately individual households, not VMGs, make the decisions.

Within the provinces the number of staff available to implement the MRDP programme are very limited. In the two districts visited in Ha Giang there were 6-7 District Agricultural and Rural Development unit staff, of which 4 were involved in extension. In the largest district the four DARD unit staff were responsible for extension activities in 30 communes, seven of which are involved in the MRDP. In one district none of the four extension staff spoke Hmong, though Hmong are the largest ethnic group in the district. District staff are assisted by one "commune extension worker" per commune. At best, they are people with vocational training in agriculture/forestry related subjects at basic level, and preferably recruited from the communes where they are working. The latter nowadays receive payment from the district. In the MRDP villages the commune extension workers work with 4 to 5 member village management groups.

### **3.1.2 Objectives and indicators**

Each of the five province level projects has a significant level of autonomy in how they plan and manage the implementation of the MRDP. They develop and manage their own budgets, and appoint and manage the relevant staff. An examination of the Phu Tho and Ha Giang province level Annual Plans of Operation for 1999, indicates that there is substantial variability between provinces in terms of how explicitly their projects focus on poverty alleviation. These differences highlight the need, noted in Section 2, for the use of between-province analyses in MRDP Annual Progress Report.

Despite the increased reference to poverty in the Hanoi level documentation of the MRDP, this change is not yet evident in the 1999 APO for Ha Giang province. There is no reference to the new Overall End Result, referred to in Section 2. Amongst the 10 End Results listed for the five programme components not one makes a specific reference to poverty or poverty alleviation. Of most concern is the fact that the description of "Main Features of the Village Development Fund" makes no reference to poverty, poverty alleviation or equity concerns of any form. It is simply said that "Potentially, the fund can be used for any type of activity according to local needs and priorities."

In contrast, the Phu Tho Province 1999 APO lists four "End results regarding poverty alleviation of the project (sic) by the year 2000". Two of the four End Results are explicitly about poverty. These were:

- *"Not hungry people in these villages"*
- *"Number of poor people will be reduced by 60% in comparison to the present situation"*

These were followed by a list of four measures needed to achieve these ends: (a) improved rural infrastructure, (b) improved food security through short growing period crops, (c) development of models suitable to women headed households, (d) increasing the participation of women in all project activities.

While this degree of focus on poverty alleviation as an end result is clearly a very positive development, there are some lessons to be learned from how they have been specified in this instance. Given the contents of the current MRDP programme, the first end result seems to be an unrealistic objective, within any time frame, since in almost all villages there will continue to be aged people, disabled people, mentally subnormal people, and people with personality disorders, who will not be able to benefit from agricultural extension (and related) activities. This is already recognised by the DARD extension staff in Phu Tho. Such people are normally assisted through forms of social security assistance (relief, not subsidy or credit). The GoV's HEPR (1998) objective of reducing the incidence of poverty to less than 10% seems more realistic.

The second end result is a more complicated objective in terms of its measurement requirements. It also implies that geographic variations in poverty levels will remain acceptable. The alternative is, as above, to set a minimum percentage prevalence which should be acceptable throughout the region, if not the country.

Two other End Results for the Phu Tho province seem inappropriate. Both are means to an end, not an end in themselves. They are neither necessary nor sufficient in themselves as a means to achieve the ends described above. One was *"Food security ensured for all, higher living standards by increased yield of rice from 75 kg/sao/crop to 120 kg/sao/crop by the year 2000"*.

The other was *"All poor farmers trained by the year 2000"*. An additional poverty alleviation objective is noted in the Phu Tho APO strategy statement "New villages will be selected and project activities will be carried out on the basis of the criteria mentioned above, so that the gap between the poor and rich households is reduced" (underlining added). This is an additional equity objective, which is much more ambitious than eliminating the incidence of poverty below a certain level of deprivation. Eliminating extreme poverty will not necessarily secure this objective since it is often observed that as well as increasing wealth overall market economies tend to generate increased income disparities between households.

This ambitious objective may have grown out of an earlier policy proposal, made in 1997, that "The MRDP should not support activities (e.g. land allocation, extension, rural finance and research) that will increase the gap, in terms of living conditions, between the poor and rich farmers" (MRDP, 1997). In practice, we have not found any evidence of programme activities having been withdrawn, or proposed to be withdrawn, on the grounds that they were increasing the gap between the poor and the less poor. The debate about subsidy phase-out has been driven by concerns about the unsustainability of subsidies in the longer term, and the need to target those subsidies that are available to those areas most in need.

### **3.1.3 End results of programme components**

In the case of Phu Tho province, the performance indicators listed for each of the programme components in the 1999 APO have been examined to identify what reference they make to the needs of the poorest being recognised during the implementation of these components. For example, by targeting some activities, by ensuring inclusion in all activities, or simply by recognising differences in needs. Poverty focused indicators could increase the likelihood that programme staff would see effective poverty alleviation as the primary measure of success in their work, rather than more proximate goals of completed delivery of inputs (as per annual targets).

Only two references to poverty were found in the 30 different indicators for eleven components. These were made in the contents of references to gender equity. In the case of "Market information and business promotion", "special attention will be given to encourage participation of ethnic women, women headed households and single women." In the case of "Gender balance" there is a reference to the fact that "single rural women are amongst the poorest people in the country". The most worrying absence of reference is in relation to the MILS, since the latter is intended to be the mechanism through which the programme is learning to improve its effectiveness.

This gap between poverty focused objectives for the province project (in the form of "end result" statements) and a set of performance indicators for project components which make negligible reference to poverty,

replicates the gap already noted at the Hanoi level. The intentions are there in broad terms, but the mechanisms through which this objective will be realised have not yet been developed, or at least made explicit.

## 3.2 The Identification of Poor Areas

### 3.2.1 The selection of districts

The choice of districts in both provinces was made during the planning phase of the MRDP in 1996. Three of the six criteria of selection listed in the Phu Tho Project documents emphasise the enhanced diversity of agro-ecological zones, and ethnic groups involved in the MRDP. No mention was made of increasing the poverty focus of the programme. Two criteria refer to capacity to organise and efficiently implement the project, an approach that could have discriminated against poorer communes. Another refers to the absence of support from other programme, implying a need to share available aid resources rather than direct to areas of greatest need. In the Ha Giang document the only explanation for the choice of a new District was that the project "will have representative districts in all three economic zones of the province". Overall, these selection criteria are consistent with a view of the MRDP as being about largescale method development, rather than implementation.

Despite the history of the district selection process the results were not inconsistent with an enhanced focus on poverty. The Phu Tho MRDP project is active in three of the eight districts in the province. The Deputy Director of DARD identified two of the three MRDP districts (Yen Lap and Thang Son) as the poorest districts in the province. Thang Son was the only district added to the MRDP in 1996. The third district (Doan Hung) was identified as middle ranking.

The indicators cited were as follows:

Richest District	Poorest Districts
<ul style="list-style-type: none"> <li>• larger paddy fields</li> <li>• good transport system</li> <li>• good market access</li> <li>• many factories</li> <li>• income above US\$201 pa average for the province</li> </ul>	<ul style="list-style-type: none"> <li>• presence of ethnic minorities</li> <li>• presence of deforestation</li> <li>• mountainous terrain</li> <li>• poor transport</li> <li>• clay roads</li> <li>• income p.a. around US\$50</li> </ul>

In Ha Giang province the new district (Hoang Su Phi) was identified as the second poorest district of the four MRDP districts. However, the poorest district of the four (Quan Ba) was effectively a newly added district as well, since only one village in that district had participated in the previous programme. The criteria of poverty

Province officials used to make these judgements were: flat land available for irrigated agriculture, quality of soil, deforestation and physical access and communication. As with Phu Tho these focus largely on visible assets.

### 3.2.2 The selection of communes

The 1996 project documents specified the number and names of districts to be included in the MRDP. The number of communes was also specified, but there seems to have been more amendments to this plan since then. In Ha Giang province one commune was replaced by another, and one commune was removed but not replaced<sup>7</sup>. In the Phu Tho project document it was proposed the MRDP would cover 9 communes, three in each district. In practice, by 1998 the MRDP was involved in 14 communes, spread almost equally across the three districts.

According to the 1996 project documents the criteria used to select the MRDP communes were as follows:

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Phu Tho Province	Ha Giang province
1. Communes being representative of different geographical zones 2. Communes representative of different ethnic groups. 3. Communes not selected by other projects. 4. Districts and communes with a clear interest in the project and having good capacity to organise and efficiently implement the project.	1. Communes located in representative geographic/economic zones and with representative ethnic groups. 2. Communes not supported by other similar projects 3. Communes interested and willing to participate in the Project
5. Having more forest and sloping land than lowland area and with the main source of living being cultivation on hill and mountain land 6. Upland communes in Phase I that made good progress and have results and experiences that could benefit other communes and villages in Phase II.	4. Communes accessible by road

In the case of the Phu Tho project, the fifth criteria is the most potentially poverty oriented. The fourth and sixth may favour "middle class" rather than poor communes, while the third may discriminate against some communes already selected by other government programmes because they are seen as poor. Criteria 1 and 2 are the same as criteria 1 in Ha Giang and only likely to benefit the poor if previous selections were focused on non-poor areas. Criteria 4 in Ha Giang would tend to favour less poor areas.

The limitations of this mixed set of selection criteria are compounded by the fact that the choice of communes within districts is not under the direct control of MRDP province staff, but is simply subject to their approval. The same applies to the selection of villages within communes, where the district can withhold consent, but not make the actual choice. This process has the potential to allow the recognition of locally significant differences in poverty. The disadvantage is that lower echelons may not even be adhering to the selection framework, and instead they may be pursuing quite different agendas of their own.

Commune Selection Criteria At The District Level According to Thanh Son District (Phu Tho) MRDP staff, the current selection criteria for MRDP communes were as follows:

- "the commune does not have road access" .
- "geography"
- "poverty".
- "low knowledge"
- "human resources"

The road access criterion was introduced in 1999. Previously an opposite criterion was used (availability of road access). While administratively convenient, road accessibility meant a bias against the most isolated communes, recognised by many as being the poorest. All five MRDP communes are accessible by relatively good quality roads. There are not yet any MRDP communes in this category.

"Geography" meant the amount of forestland versus paddy land, the former being any sloping non-paddy land. According to district MRDP officials, communes must have both forest land and paddy land "to enable application of the models". Villages and communes without paddy land would not be targeted by the MRDP. This seems likely to discriminate against the poorest communes.

"Poverty" was defined in terms of the amount of income in terms of equivalents of kilograms of rice, after non-rice production is taken into account as well as rice. This figure is reportedly based on knowledge of land productivity and land area, and the crops under production. However when a commune wealth ranking exercise was carried out no reference was made to a rice definition of poverty, even though data was reportedly available from a December 1998 survey. The criteria used in the wealth ranking were as follows:

- Percentage of brick houses in the communes (70% in Commune 1, 45-50% in Commune 2, 1-2% in Commune 5)
- Amount of fruit tree gardens
- Presence of electricity supply in the commune

Although asset-based definitions, such as ownership of brick houses, were recognised as easier to apply the District MRDP official did not recommend relying on such indicators, rather than income measures. "Some people with brick houses are poor". In effect, assets such as housing are a lagging indicator of wealth. "It may take five years to be able to afford a brick house". And it may be that the owner of a brick house built a year or to before may now be income poor.

The fifth criteria of "low knowledge" seemed to refer specifically to knowledge about paddy rice cultivation. "Bad forest exploitation" is also taken into account. It means the cutting down of existing forests, for any reason. When a card sorting exercise on the "most significant differences"<sup>8</sup> between the communes in Thanh Son district was carried out three of the four ranked "most significant differences" between communes were focused on differences experience with and capacity for rice production. These were related to differences in ethnicity (Kinh versus others) and land ownership.

The sixth criteria of "Human resources" concerned the presence of "capability". At the household level this overlapped with the above criteria, having knowledge and land available for rice production. At the commune and village level it referred more to leadership capacity. At the village level this is identified during "PRAs", and may lead to some villages being left out of the MRDP.

Overall, this mix of selection criteria is not conducive to increasing the poverty focus of the MRDP project in Thanh Son district.

The official criteria for commune selection were not identified in Doan Hung District (Phu Tho) However, the same exercises were used to elicit district MRDP officials views on the important differences between communes in terms of their poverty. Minority status, housing quality, isolation, and electricity were common indicators in both districts. The main difference was the reference in Doan Hung district to specific proportions of households in poverty. This was reported to be based originally on rice income, estimates defined in terms of kg per households per month, and subsequently on PRA findings of the duration of food shortages (>3months being poor). However, questions about significant differences between communes showed a close correlation between the households in poverty measure and the incidence of thatch (versus brick) housing. It seems likely that housing quality was being used as an income proxy in the way that paddy land appears to have been used in Thanh Son district.

#### Comparisons with Communes Selected by The National Target Programme For Hunger Eradication And Poverty Reduction.

The Hunger Eradication and Poverty Reduction (HEPR) programme was established by the government in 1998. The objective was to "reduce the poverty incidence in the entire country to less than 10% by the year 2000". Programme activities are targeted towards "1,000 especially disadvantaged communes". These have been identified and publicly listed<sup>9</sup>. Five sets of criteria have been used to identify these communes. They area:

1. Isolation: "Geographically remote areas in border country and on off-shore islands, being at least 20km away from main roads or economic centres."
2. Infrastructure: "Having no electricity, fresh water supply, village infirmary, accessibility by motor vehicles and other community services. If they have them they are in a state of dilapidation"
3. Social factors: "Lower than permitted social standards (including low education levels, high rate of disease sufferers, a lack of access to communication, and backward practices"
4. Production conditions: "...where they are mostly based on forest product picking; terraced farming based on the slash and burn method, and a nomadic lifestyle"
5. Living conditions: "Up to 60% of the total households being constantly short of food, thus being exposed to annual famine"

Criteria 1, 2 and parts of 3 are all concerned, directly or indirectly, with aspects of isolation. Criterion 4 (and 3 to some extent) is essentially a statement of cultural preference (bias) about what constitutes disadvantage. Criterion 5 is more explicitly economic.

Within the MRDP as a whole, 53% of the MRDP districts are mentioned in HEPR list of the 1000 poorest communes. This proportion ranges from 25% (1 of 4) in Yen Bai province to 75% (3/4) in Ha Giang province.

Within that sub-set of 8 MRDP districts, 62% of the MRDP communes are on the list of the 1000 poorest communes<sup>10</sup>. If the HEPR list is accepted without question, this suggests that MRDP has become slightly more poverty focused through its choice of communes, compared to its earlier selection of districts. However, coverage of HEPR-defined poor communes has been more variable within individual districts.

In Yen Lap district, Phu Tho province, three of the five MRDP communes are on the HEPR list (of 12 poorest communes). MRDP activities in the other two communes are categorised as "phased out". However, in Thanh Son district none of the four MRDP communes are on the HEPR list (of 19 poorest communes). Given that Thanh Son district is the newest of the three MRDP districts in Phu Tho province, this suggests that targeting of communes in Phu Tho has worsened rather than improved since 1996.

In Ha Giang Province the proportion of MRDP communes on the 1000 commune list is lowest in the oldest (pre-MRDP) districts, being 0/7 in Bac Quan and 1/4 in Vi Xuyen district. The highest proportion was in Quan Ba district (2/2), an "old" district where there has been some expansion since 1996. Although Huang Su Phi district is the "newest" district, only one of the two communes is on the HEPR list (of 25 poorest communes). There is certainly no evidence of improved poverty targeting at commune level within Ha Giang province, using HEPR criteria.

### 3.2.3 The selection of villages

According to Deputy Director of Phu Tho Province MRDP, the selection process for villages was intended to be a standard one, applied across all districts, using the national (MOLISA) definition of poverty: less than 15kg of rice (or equivalent) per household per month. Villages were to be chosen where the number of poor households exceeded 50%. Two additional MRDP specific criteria were added: poor infrastructure (roads and bridges), and presence of minority groups. These criteria are similar to those proposed in the Province's Annual Plan of Operations for 1999.

In practice, in Phu Tho province different villages began their involvement in the MRDP at different times, between 1992 and 1999. Identifying the original selection criteria was not feasible. However, wealth rankings of villages provided one means of identifying other views of the poverty status of villages. Criteria used by commune officials to wealth rank villages in their commune are summarised below.

Commune	Criteria of wealth / poverty
Doan Hung District	
Minh Phu	Brick houses, Electrical appliances in people's houses. Motorbikes. Average income > 15 kg rice per household per month. Duration of food shortage between crops
Bang Doan	Kilograms of rice per household per month Non-cropping sources of income
Ngoc Quan	Percentage of brick houses. Number of motorbikes Number of TV's / fridges in people's houses " Food intake is impossible to calculate"
Thanh Son District	
Dich Qua	Percentage of brick houses in the village Kilograms of rice per household per month (this correlated with differences in paddy land held by villages)
Huong Can	Percentage of brick houses Number of motorbikes and bicycles Amount of trading / non-farm activity Land availability Water availability for irrigation Shifting cultivation (neg.)

Assets, rather than income measures, were the most common indicators of wealth / poverty, used by the commune level officials. The rice availability measure was referred to in three cases, but only in one instance did the official insist this measure was collected and used, rather than other proxies. Isolation was not referred

to as a criterion of poverty but may have influenced the prevalence of poverty on the assets indicators they chose to use.

Minority status was only referred to once, and only in relation to specific practices, which the official thought, were associated with lower agricultural productivity. This is in contrast to the Phu Tho Province APO for 1999, which proposes that villages whose population is made up of more than 80% from minority groups should be considered as poor, per se.

The wealth ranking of villages indicated that commune officials were able to differentiate villages in terms of their relative poverty without difficulty, and that there was a fair degree of agreement across communes in terms of the appropriate indicators of poverty. Nevertheless it seems that the village selection process is still not focused solely on poverty as the main criteria for involving villages in the MRDP. In Dich Qua commune 6 of the 18 villages were selected for the MRDP programme. Of the 12 other villages 6 were wealthier than all the MRDP villages, according to commune officials. The other 6 were in between the third and fourth ranking MRDP village. The third poorest village was selected in 1998, and the fourth was selected in 1999. In Huong Can commune 6 of the 14 villages were selected for MRDP activities. Three of the other villages were ranked as poorer than all the MRDP villages. Four others fell within the middle to low ranks of MRDP villages. Only one village was wealthier than all the MRDP villages. In Ngoc Quan commune, the two most recently selected villages were first and third in wealth rank of eight.

In the case of Bac Quang district, Ha Giang province, it is quite clear that poverty was not an overriding concern for the selection of villages there. Firstly, most of these villages were selected before 1997 and thus before MRDP had a clear policy in this respect. Secondly, it appears that the provincial authorities have tended to prioritise forest production potential and accessibility more than poverty per se when deciding the programme areas of intervention in this district.

In the case of Quan Ba district, Ha Giang province, all villages in the two MRDP communes now form part of MRDP. This is however not primarily because they are all considered very poor, but rather the result of an ambition to cover the entire commune with support from the programme. In fact, the four villages that were included most recently (in 1999) in Dong Ha Commune, according to district staff, are not particularly poor in comparison with other high mountain villages in the region.

### ***3.2.4 Reporting on commune and village poverty status***

A number of factors have affected the degree to which each province has managed to target poor districts, communes and village. Firstly, some decisions were taken during the planning stage of the MRDP in 1996, before a geographic targeting strategy was officially adopted. This has affected the choice of districts most, communes to some extent<sup>11</sup>, and villages least. Ironically, the 1996 focus on improving the representativeness of the districts seems to have lead to a greater poverty focus, because of the nature of the areas neglected in the past. Overall, the poverty focus at the commune level seems better than that at the district level, but with significant exceptions when communes in the two visited provinces are examined. The limited data about the degree of poverty focus in the selection of villages suggests highly variable results.

A second factor, which may account for the variable performance in the selection of villages, is the apparent lack of accountability for the choice of MRDP villages. In 1998 seven new villages were included in the Phu Tho province project, but the only reference made in the 4<sup>th</sup> Quarter report is the listing of their names, along with others already in the programme, in an un-annotated table. Ten new villages are listed for inclusion, in the 1999 APO, but no details are given on how they fit with the revised guidelines on the selection of areas for geographic expansion. Six additional villages are proposed for Ha Giang province in 1999, but with no details of how they were selected. At the very least the province reports could have provided a matrix ranking of all the villages in a commune, indicating where the selected villages stood, and the relative importance of the different selection criteria. The problem of accountability also extends to reporting at the Hanoi level. The 1998 Annual Progress Report produced at the Hanoi level made no reference to the inclusion of new communes and villages in the past year. Both at the province and Hanoi level reporting was focused on project components, on the slices of activities project staff are responsible for. Reporting on the wider picture has not been prioritised.

## **3.3 Access to MRDP Services by the Poor**

### 3.3.1 Participation in MRDP activities

In Doan Hung district, Phu Tho province, officials described the extent of participation in MRDP activities in terms of the proportion of people participating in the savings and credit system, and in particular, those making regular savings. This was reported as a requirement for access to any other MRDP benefits (possibly with the exception of land allocation approvals). This was not the case in Thanh Son district, Phu Tho province. Nevertheless, even in Thanh Son commune level officials were able to report a specific number of households who were participating in the MRDP programme in each village. Their numbers appear to be based on the number of household participating in the annual village plans, last submitted to the MRDP. Reported participation rates varied as follows:

District	Commune	Rates	% phase out villages
Doan Hung district	Minh Phu	49% to 93%	100%
	Bang Doan	0%	
	Ngoc Quan	83% to 100%	0%
Thanh Son	Dich Qua	55% to 100%	0%
	Huong Can	50% to 87%	0%

In some communes participation rates were highest in the poorest villages (Ngoc Quan, Minh Phu), in other communes the relationship was the opposite (Huong Can). Differences in participation rates were not clearly correlated with the duration of MRDP involvement in villages, or the proportion of phased out villages in a commune. The absence of a consistent relationship suggests that for some households in some villages participation does not automatically generate significant benefits for households.

In Ha Giang province VMG members defined participation in terms of those who "have declared an interest to participate in the project, i.e., receive material support and training". The table below details participation rates, defined in these terms, in the seven of the eight villages visited during this study.

District	Commune	Village	Households participating	Status
Bac Quang	Hung An	Hung Tam	71% (80 / 112 HHs)	Current
		Hung Tien	91% (173 / 190 HHs)	Phase out
	Kim Ngoc	Tan Dien	93% (110 / 118 HHs)	Current
Quan Ba	Lung Tam	Monha Van	?	Current
		Lung Tam	91-100% (96/105 HHs)	Current
			Hop Tien	95% (120 / 126 HHs)
	Dong Ha	Thong Nhat	96% (116 / 121 HHs)	Phase out

It seems that in some villages there may have been an increase in participation over the years. In Lung Tam village 96 persons (representatives of HHs?) participated in the first PRA, and, thus, were supposedly liable for some kind of support. This figure had increased to 105 at the time of the 2nd PRA about a year later.

One reason given why not all households participate is that some do not have access to land and therefore "automatically" are excluded from support, which, according to both district staff and villagers talked to, is meant for those who "cultivate land". This was the principal explanation given as to why only 71% of all HHs participate in Hung Tam Village in Hung An commune in Bac Quang. On other occasions some households chose not to participate simply because they are rather wealthy and do not think they need the support.

It should be noted that these participation rates based on households only give a very rough indication of the extent of participation since they do not reveal who the participants of these households are, e.g., men or women, aged or young, etc. It can only be assumed that most of them are men in their capacity of heads of households though some households might also be headed by women<sup>12</sup>.

### 3.3.2 Access to allocated land

The 1998 Annual Progress Report reported 2,016 hectares of forestland allocated in Phu Tho province and 7,600 hectares in Ha Giang province over the previous twelve months. No information was available from this report, or the 4<sup>th</sup> Quarter 1998 reports of either province on the number of households involved. In the case of both province reports, progress is reported solely in terms of a annual target defined in terms of hectares. Attention to social dimensions of this process seems to have declined over time, rather than improved. The 1997 Ha Giang 4<sup>th</sup> Quarter report did include information on household numbers, enabling some calculation of average allocations - 2.37 hectares of forest land per household involved in Ha Giang. Similarly, the 1997 Annual Progress Report showed an average of 0.89 hectares of forestland per household in Phu Tho. Although the number of households is recorded, the number of villages (and thus some indication of the coverage within villages) was not reported, even in 1997. What we do have, even in the 1990 APOs, is the number of villages where land allocation activities are *planned*.

According to the 1998 Annual Progress Report, at least three studies have been made on land allocation issues since 1997. They may contain information on the social dimensions of the land allocation process. Unfortunately, that type of information has not informed the main text of the Annual Progress Report, suggesting that it has not been noted, or if so, is seen as marginal.

This absence of information on the participants in the land allocation process, is a significant problem since the MRDP End Result for land allocation refers specifically to the development of *participatory* approaches to land use planning and allocation. Presumably, participation includes being a beneficiary of this process, especially in the form of access to land.

During the field work stages of this study, some information was gathered on issues of access to land and the land allocation process. What is notable, but not especially surprising, is the degree of variation between villages. This variation is very relevant to "method development".

### **Differences within Phu Tho province**

Ngoc Tan	Allocation for paddy land finished in 1996 to all households. But certificates not yet issued for paddy land.
Ngoc Quan Commune	Allocation for forestland completed, to 30% of all households.  8% of households with "no land" (need other income sources)
Chau, Huong Can Commune	Allocation for paddy land to all households completed. Amount ranges from 5 to 20 sao.  Some paddy land auctioned as well as allocated.  Allocation for forestland to all households completed. Amount ranges from 0.5 to 2 hectares
Lich 2, Huong Can Commune	Allocation for paddy land to all households completed. Amount ranges from 3 to 10 sao per household.  Allocation for forestland completed. Amount owned ranges from 1 to 8 hectares per household. This includes some shared ownership. 30% of households have no forestland at all.

In those areas where the allocation of paddy land has been completed, the key issue now, from a poverty alleviation perspective, is the prospect of growing (de facto) landlessness amongst the children of families already holding land that is barely sufficient for their needs. This problem was noted in both Phu Tho and Ha Giang.

In Ha Giang province the main difference from Phu Tho was the fact that a larger proportion of the forest land was yet to be allocated, especially that located further up the mountains. This land was still undivided and kept either as "protected forest" managed under contract with the commune or the district, or as a common resource for the village.

In Ha Giang it was reported that agricultural land, i.e., land down at the bottom of valleys or intermontane basins, were more equally distributed than the "bare forest land" (utilised for swidden farming of corn, beans,

etc) on the surrounding slopes. The reason being that the former was divided into "equal shares" (though according to family-size) among all the members of the co-operative when the latter was dissolved in the early 1980s. The forest land, on the other hand, was "returned" to its original holders who had held this land before the co-operative periods, despite the fact that meanwhile the local population had increased, there had been new families settling in the area, etc. The "original settlers" of these villages thus claimed (and got it seems) more of this land than the "latecomers". In addition, the manner in which the recent land allocation process of especially forest land is undertaken tends to favour already resourceful households in the distribution of such land as shown by several recent studies (Voung, et al, 1996; Donovan et al, 1997). Unfortunately, these are aspects, which are not covered by MILS.

### 3.3.3 Access to Rural Financial Services (RFS)

As reported in Section 3.1 the Rural Financial Services component has probably the widest coverage of all MRDP programme components, reaching 96% of MRDP villages in Phu Tho province in 1998 and an expected 97% of all the villages in Ha Giang province in 1999. Actual coverage in Ha Giang in 1998 was 53% of MRDP villages. The large majority of the savings and credit groups organised by late 1998 were in the two "midland" MRDP districts (i.e. Bac Quang and Vi Xuyen). These villages have been in the MRDP for a longer period of time: 50% and 63% of villages respectively are in the phased-out category, compared to 10% and 0% in Quan Ba and Hoang Su Phi districts.

The 1997 Annual Progress Report provides some data and analysis of participation in the RFS, in terms of total membership numbers by province and year, and distribution of loans by household wealth rank category. The Phu Tho and Ha Giang 4<sup>th</sup> Quarter Progress Reports in 1998 also dis-aggregate participants by gender and wealth ranking categories, but not by any intermediate units such as districts, communes, or villages.

The significance of this data is difficult to interpret for two reasons. Firstly, we don't really know who is participating, even when they are given a wealth-ranking label. The criteria used to describe different wealth categories vary across villages, communes and districts, and hence can't be aggregated in any meaningful way. MRDP staff and advisers recognise that this is the case. Secondly, the figures provided only refer to those who are participating. We do not know how many people are not participating, in any wealth category, village or commune. This includes those who have never participated and those who have "dropped out". The same applies to information about the participation of women and ethnic minorities. Similar problems seem to be present in the "Village Monitoring and Review Summary Report: Period to Mid 1998". We don't know who is not participating. All we know are some aspects of the behaviour of the participants.

Some information on levels of participation in the villages sampled in Doan Hung District is tabled below. Access to loans varies widely between villages.

#### Variations between villages in Doan Hung district, Phu Tho province

Muc, Minh Phu Commune  WR 1/10	54% of villagers are members of RFS  27% asked for loans (in the last cycle)  14% received loans  30 MVND credit available in 1998
Dong Muong, Minh Phu Commune WR 5/10	60% of villager are members.  "Most who don't participate are amongst the poorest" Bigger proportion of female-headed households in non-participants.  35% received loans (in last cycle)
Village 3, Bang Doan commune  WR 1/6	68% of villagers are members  "Most people who get the loan are better off"

	46% received credit (in the last cycle)
Ngoc Tan, Ngoc Quan commune  WR 8/8	84% of villagers are members  70% applied for credit  64% received credit (in the last cycle)
Ngoc Quan commune	45% of all villagers are members  Non-participants are "those without sufficient labour, mainly the poor"

In the villages visited in Ha Giang province participation rates in the RFS were much lower, a median of 34% compared to 60% in the Doan Hung villages of Phu Tho province. A larger sample of participation rates would be useful to highlight the causes of these differences. One immediately obvious difference is the much greater degree of market integration of the villages in the Doan Hung district, and the higher proportions of Kinh ethnic group.

Within the Ha Giang villages visited participation rates ranged from 28% to 96%, suggesting that between-village differences may be even more important than differences between districts, and between provinces. In general, the degree of participation within a village seems to be higher in the two midland districts, including of the poorer households. In high mountain villages it seems that the villagers who participate in S&C Groups are above all those belonging to the middle/upper wealth-categories, while the participation of poor villagers is much less.

Perhaps the most important gap in knowledge is the participation rates in villages and how they relate to the phase out status of those villages. In the six Ha Giang villages participation rates ranged from 28% to 46% in the current villages and 34% to 96% in the phased-out villages. Two extremes of participation rates, in a phased-out village and a current village, are described below.

Thong Nhat Village, Dong Ha Commune, Quan Ba District (Joined MRDP 1993/94)	96% of all households currently participate in the S&C Group set up in this village. Not everybody apparently use the credit facilities of the fund because they think loans are too small, i.e., 500 000 – 1,000, 000 VDN.
Lung Tam Village, Lung Tam Commune, Quan Ba District (Joined MRDP Oct 1997)	28% of households participate. The members of the group belong to the relatively more well-situated in the village and the purpose is to lend small amounts of money to poorer villagers who cannot afford, or are not liable for loans from e.g., the Bank for the Poor. So far 3 villagers have got loans from the group to buy, i.e., pigs.

As with the participation data in section 3.3.1 above, this information is not gendered. Where information is gendered we then have problems of knowing the poverty status of those concerned. Both the 1997 and 1998 Progress Reports for Phu Tho and Ha Giang do provide data on the percentage of loans that were given to women, but not who these women were, from which wealth-category, whether they were heads of households, etc. In the case of Ha Giang the credit staff told us that these female borrowers usually belonged to the middle/upper wealth-categories and not the "poorest of the poor".

However, the proportion of female borrowers as such does not reveal the extent to which women benefit from RFS, since they may also "participate through their husbands", as shown by a recent study made by MRDP on this topic.

### **3.3.4 Access to subsidised agricultural inputs**

#### Subsidy policy and practice

The official justification for the use of subsidies in the MRDP is that they help reduce the costs, and therefore

the risks, of adopting methods of farming. Regardless of how effective they are in terms of this objective (See Section 3.5), reduced costs for most inputs are likely to be of value to farmers, especially the poorest. People's access to agricultural inputs supplied by MRDP is determined by two factors: (a) policies and practices on the allocation of subsidies, (b) the nature of the annual planning process.

According to a review of subsidy use carried out in early 1998, subsidy policies have varied widely between provinces (VNSMRDP, 1998a). Subsidy rates ranged from 0% to 100%. In Phu Tho province, subsidies (of varying rates) were provided to 18 different extension and applied research activities. In almost all cases the subsidy rates vary according to household wealth rank status. However, in six of the 15 cases the highest subsidy rates were for highest wealth rank households, and in eight cases the highest rate was for middle ranking households. Only in the case of land allocation was the subsidy rate highest for the lowest ranking households. The average subsidy rates for the lowest wealth rank was 19% versus 31%-32% for the other three. Only one of the six applied research activities was subsidised for the lowest ranking households, versus 4-5 for the other ranks. At best, the subsidy policy was based on a trickle-down theory of rural development. It was not oriented towards the needs of the poorest quartile.

Later in 1998, a new subsidy policy was developed, to be applied across all provinces (MSMRDP, 1998h). Contrary to the evidence included in the subsidy review document, it reported that "An equal subsidiary (sic) and supporting policy has been currently applying to all types of households within the program areas, regardless of rich, poor households facing much constraints". In future "The new regulations will give more support to poor groups, especially the direct input support on materials and other kinds of support resources to create more opportunities for them to step by step recover the poverty". This was to take place in the form of broad geographical targeting, of different subsidy regimes to "upland", "mountainous" and "other" villages, differentiated according to duration of involvement in the MRDP (pre and post 1996). The most visible difference was that subsidies for demonstration models, production inputs and smallscale infrastructure would only be available in the upland (= high mountain) areas. Subsidies for other activities would be the same across all three locations. The net result, on paper, was a very blunt form of targeting.

Practice on the ground in the provinces seems to have taken a different form. In Phu Tho province the availability of subsidised inputs seems to be based on the number of years a village has been involved in the MRDP. Subsidy rates are expected to diminish year by year. However, this policy is not documented in the recent APO or 4<sup>th</sup> Quarter Progress Report. In contrast, the Ha Giang APO for 1999 is much more explicit, detailing the rates of subsidy applicable each successive year. What is not clarified is how long new villages in upland (high mountain) areas will retain access to full rates of subsidy, it appears that they may retain the maximum rate for a number of years. Overall, when policy and practice are both examined, it is still far from clear who is gaining access to what rates of subsidy even at the largest geographic units of province and topography.

Some information is available from an appendix to the 1997 Annual Progress Report for the MRDP, which details the distribution of "demonstration models and trails". These are one way in which subsidised inputs reach the villages. In Phu Tho province seven "demonstration models and trails" took place in each of the two older districts, and 12 in the newer and more isolated district (Thanh Son). That is a positive trend. In Ha Giang 75% of the models were concentrated in the two largely midland districts of Vi Xuyen and Bac Quang, and the rest in the two poorer and more isolated districts (Hoang Su Phi and Quan Ba). This is the opposite of what would be expected if the programme was increasingly focusing on poverty alleviation.

#### Allocation of access to subsidised inputs

In both provinces there are (now) no explicit policies on access to subsidies by different types of households within villages. Access is determined by the nature of the annual planning process, especially the development of the Village Development Plans (VDPs). According to a number of village and commune level officials, the VDPs are primarily about establishing the kind and amount of material inputs allocated to a village from the MRDP.

Access is determined by decisions made during the planning process, and during its subsequent amendment, after approvals for funding are made from the province level downwards. As is the case with credit proposals, many respondents were of the view that poor households tend to be less ambitious in the amount of subsidised inputs they apply for, compared to richer households. After individual households make their plans these are aggregated at the village level. It is possible that, as with credit requests, these are amended by the VMG in the light of what they think the households are capable of using. This process is largely invisible to observers outside the village, and not always visible even within villages. In Phu Tho we saw one example, amongst the eight villages visited, where the contents of the VDP was displayed in large format, on a notice board. This was in a locked MRDP meeting hall, and summarised in terms activity categories, most of which were measured using units such as hectares and kilograms rather than households.

The Village Development Plan that is forwarded on to the commune and district level is also structured by activity categories (e.g. household gardens, livestock, agriculture, forestry, credit, other<sup>13</sup>) and enumerated in the same way. It is difficult for anyone reading these documents to identify what types of households might be getting access to what types of activities.

Access is also affected by decisions made during the second part of the planning process, when plans are approved and/or amended, from the province downward. The consequences of this process are only visible in the total allocations that are finally made to any area. These are not easy to see in the reports that are produced at each level of the MRDP because those reports only dis-aggregate by activity, not by area. Such information is not simply of academic interest. In a programme oriented towards poverty alleviation it might be expected that the allocations for subsidised inputs per district and commune would bear some relationship to their poverty status.

An analysis of this type was possible in Phu Tho province where information on allocations by district and commune was requested and obtained. In Phu Tho the poorest of the three districts (Thanh Son) received only 53% of the total amount of "extension and applied research" funding that had been made available to the least poor district (Doan Hung). This difference is not caused by differences in the number of MRDP villages in each district. In Thanh Son district the poorest commune received only 64% of the expenditure made available to the least poor commune (which was still receiving subsidies). Allocations per village were more variable, in respect to their poverty. This type of analysis needs to be undertaken on a more comprehensive basis, including an analysis of the causes of the differences in allocations. This would be much easier if the MRDP reporting system was re-oriented away from activities, to areas and groupings of people.

At present officials at all levels down to the village can make decisions affecting the allocation of subsidised inputs to the level below them. Under the present MRDP reporting system the contents of those decisions are not made visible, and thus there is no mechanism for holding them accountable. In Phu Tho inspection visits by province and district officials do take place, but records suggest these are focused on the success and failure of tree crops, perhaps because refund payments are involved. Village level recording of basic information, such as "who receives what (or participates in what) and when" should be the building block of all that is known about the MRDP. Unfortunately, in the villages visited in this study recording of this information was haphazard at best. One reason is the absence of any form of contract or agreement specifying expectations about village's participation in the MRDP.

### ***3.3.5 Participation in planning and decision making***

In almost all the villages visited in Phu Tho province the members of the "village management group" (VMG) lived in what were called brick houses. They were from the relatively better off strata of their villages. In Ha Giang, VMG Leaders in all villages visited tended to belong to either Category I or II, something, which was also confirmed by the quality and size of their houses. It should however be noticed that it is not necessarily wealth per se that is the principal reason why these persons are being elected to their offices. More important seems to be that they are able to speak Vietnamese, can read and write, make calculations, have experience/ability of interacting with outsiders and governmental officials, and count on the support and respect of other villagers.

In Ha Giang several of the VMG Leaders met were relatively young (35-40 years or so) and had therefore some more schooling than elderly/traditional leaders. This was especially noticeable among the Hmong. In one case the VMG openly admitted that he had been asked by the other villagers to step in and take over from the previous VMG Leader who was a "traditional leader" but who could not read and write and therefore somewhat useless in this office.

In Ha Giang province none of VMG leaders in the villages visited were women and few had any female members at all. In Phu Tho province one of the eight villages had a women office holder, in the role of accountant/treasurer. In the villages that were visited, the level of women's participation in PRA and in village development planning was low. It did however differ from one place to another. In the lowland areas women tended to go to the meetings more often than in the uplands (See below).

Literacy can also be an influential factor affecting the participation of ordinary households in the village. One part of the annual planning process is the development of individual household "production" plans. In the examples seen in Phu Tho province, these are in effect lists of agricultural inputs desired by the household. Households require some literacy to completing the documentation required. In Dich Qua Commune an MRDP official acknowledged that not all farmers were literate and in this case they had to get help from neighbours or

from the extension team. If so, this would increase the likelihood of their needs being poorly documented or even being left out of the annual plan altogether.

A particular problem in the case of the high mountain villages in Ha Giang province, is that many people are not only illiterate but also frequently do not speak Vietnamese. This is especially the case among women and elderly people meaning that they are more or less totally dependent upon the VMGs and other (younger) leading villagers to find out what is going in the project, etc.

In other contexts literacy is not the main factor limiting participation in the planning process. In Ngoc Tan village, Phu Tho province, only 50% of households presented a plan in 1998. Illiteracy was not a barrier, since there were reported to be no illiterate people in the village. The problem was relevance "Those who did not propose a plan had very limited land - they work for others - either here or in other villages". Similar cases were noted in Ha Giang province, such as Hung Tam village where 30% of households lacked own land.

In Ha Giang province, geography had other more direct influences on people's participation. In Lung Tam commune several villages have a "lowland" main village and "mountain" hamlet or section of that village. The latter can be 1-2 hours walking distance away, uphill. Frequently, households are also spread out over a large area. This affects the ability of some groups (especially women) in the village to participate in any meetings that do take place, and the willingness of officials to make direct contact with such people.

Descriptions of the annual planning process given by district and commune officials often seemed very normative, being about what was supposed to happen rather than what did happen. In Phu Tho accounts were given of household plans, and credit requests, being voted upon by all households in the village in an open meeting (Village 3, Bang Doan commune). However, many villages had between 50 and 100 households. In these circumstances the one by one examination, discussion and approval of individual household plans would be very time consuming. In reality this is unlikely to take place, especially since some village planning exercises, including a review of the past year, only take one day (Village 3). What seemed to be happening in some cases was that household plans would be aggregated by officials and those aggregations would be presented to meetings for approvals. Aggregations, as documented in Village Development Plans, do not detail who will get what.

In Ha Giang province procedures for village development planning seemed to differ between the villages. In some cases they were the outcome of working-group sessions and village meetings before sent on to the province, in other cases it seemed that the VMG put together the plan based on their knowledge and experience and then just presented it to the rest of villagers for approval.

It appeared that, at best, the larger discussions usually only took place when the draft version of the plan was prepared. When the final plan was approved, based on what had finally been decided by the province depending on its budget and other resources, this usually only involved the VMG without any consultation with the rest of villagers. The latter therefore frequently did not know what the final plan looked like, what agreements and arrangements that had been made between the VMG and the commune and provincial authorities, etc.

The problem here is not just one of lack of transparency and public accountability, but also administrative complexity. Plans need to be negotiated at various levels within DARD and different sections of the proposed plans are approved at different times. It is very difficult, even for staff within this system, to know what is going on, in terms of relative access by different participants, let alone ordinary people in the villages. A simpler planning system, such as that proposed with the new Village Development Funds, would make it much easier to publicise the allocation process.

Access to information about the planning process is problematic not only because of administrative complexity, literacy and language. As noted above, village development plans were only publicly documented in a minority of cases. Often records, which should have been available, had been sent (on request) to commune, district or province headquarters, never (yet) to be returned.

### **3.4 The Relevance of MRDP Services to the Needs of the Poor**

The relevance of MRDP services to the needs of the poor can be assessed using a number of broad criteria

- How well does the type of services provided match the needs of poor households?
- Is the volume of assistance provided appropriate to their needs?

- How timely is the supply of services?
- How appropriate is the planning process to poor households?

### 3.4.1 The types of services

#### Differences in needs between provinces and districts

One aspect of the relevance of services is how well they fit the needs of community's in particular locations (villages, communes, districts). The diversity of the social and physical environment in the five MRDP provinces was emphasised in the 1996 Programme Document (MARD, 1996), as well in other reports on the region (Donovan et al, 1996). If MRDP activities are the same in all locations this may be indicative of a lack of capacity to recognise and meet different needs, including those of the poorest communes, villages and households. At present the MRDP's periodic reporting system does not provide the means to identify any geographic variations in the nature of services delivered. This suggests that relative to other concerns, these differences have not been seen as important. The proposed redesign of the MILS, in alignment with the promotion of Village Development Funds, may make geographic differences more evident.

The one exception to this conclusion is an appendix to the 1997 Annual Progress report. This documents the location (by district) of at least 192 trials of 49 different models in 18 districts across five provinces. Only 10% of models were being applied in all 5 provinces. More than a quarter of the models were being trailed in one province only. On average, the models listed were being trialed in five of the 18 districts. On this measure, the MRDP was not offering a homogenous set of activities, regardless of location.

This was also the case when a specific comparison was made between Ha Giang and Phu Tho provinces. There were only 6 models in common, representing 20% of all models tested in Ha Giang, and 50% of all models tested in Phu Tho. On the other hand, it is interesting to note that when such coincidence occurred, it was invariably with models tested in the "midland" districts of Ha Giang whose conditions are much more alike those of Phu Tho than the high mountain districts in the own province.

The evidence above suggests that the MRDP has the capacity to offer services which recognise differences, at the level of districts and provinces<sup>14</sup>. The evidence of the relevance of the particular models that were enumerated above is less easy to establish. The 1997 Annual Progress Report noted that "Most of the trials and models are not yet properly documented" and there is negligible analysis of this data in the text of the 1997 report itself. In 1998 the Village Monitoring and Review Summary Report presented MRDP officials' matrix rankings of different extension models, from six districts of five provinces. However, the brief accompanying commentary is focused on differences between activities within a single district, not differences across districts.

#### Differences between communes and between villages

The Quarterly Progress Reports for Phu Tho and Ha Giang provinces in 1998 do not provide any geographical breakdown of the distribution of project activities, including the trials of the various models detailed in the 1997 Annual Progress Report.

Within the districts and communes visited officials were asked what they thought were the important differences between communes and villages in those areas in terms of the MRDP activities. The most typical response was that the activities were the same, just that the scale of individual activities varied. The only activities that officials could easily identify as being different between locations was the support for infrastructure, and the development of some "new models" in 1998. At best, the MRDP officials seemed largely insensitive to the fitness of MRDP activities to locational differences in needs. One difference officials were aware of, which does not directly reflect on relevance, was the degree to which plans had been implemented (See 3.5 below). This awareness seems to be a product of the fact that quarterly progress reports are required to detail the degree to which each activity in the APO has been implemented to date.

In Huong Can commune, Phu Tho province, officials reported the following "most significant differences between six villages in terms of their poverty".

Categories and sub-categories of villages (read from left to right)

They have more land of all kinds	More cash income from fruit trees, tea, livestock	Village 1
	Less cash income	Village 2

They have less land	More land of any kind	More garden and paddy land	More soil fertility	Village 3
			Less soil fertility. More use of forests	Village 4
		Less land, and more difficulty in getting water	Village 5	
	Less land, but more trading activity	Village 6		

Although land availability was the most significant difference between the villages, in terms of their poverty the officials concerned had difficulty identifying differences in the village development plans produced by the six villages in the last year. The only difference they could identify was that the two villages with more land had asked for more training courses. This difference was explained in terms of these villages "having more general knowledge and capacity to understand", which was in turn explained by their ethnicity (Kinh).

In both Bac Quang and Quan Ba districts of Ha Giang officials recognised that there were differences both between villages in terms of people's needs and conditions and that this was often a reflection of differences in natural endowment, land availability, etc. This however did not seem to have any major implications for the content of the village development plans, which tended to be the same – at least for the villages within the same area. Differences seemed more evident when larger scale comparisons were made - forestry and dry corn farming was receiving relatively more emphasis in the uplands than in the lowlands.

#### Differences within villages

In Phu Tho province VMG officials in two MRDP villages were interviewed about their views of "the most significant differences between households in their village, in terms of their poverty" The responses illustrate MRDP's problems and potential at the village level. The two sets of responses are summarised below

Categories and sub-categories of households (read from left to right)

HHs with low productivity (in rice)		
HHs with high productivity	Quick to absorb new technology	Higher productivity, because of appropriate seed varieties, fertiliser use, and labour available
		Lower productivity
	Slow to absorb new technology	Good timing of planting, use of fertiliser
		Bad timing

Categories and sub-categories of households (read from left to right)

HHs have more land (>5 sao)	And having more labour (3 adults or more)	And having more capital
		Or with less capital for investment
	Or with less labour (2 or less)	And renting out their land
		Or, leaving it uncultivated
HHs having less land (5 sao or less)	And having more capital	And being intelligent
		Or being less intelligent
	Or having less capital	And being hardworking
		Or being lazy

In the first case the VMG member could not see beyond their role as extension officer, and that role was defined in very narrow terms, almost solely in terms of improved rice production. Even if this is "what he thinks he is expected to think" in the face of official inquiries, it is still disconcerting in terms of its reflection on the

perceived orientation of the wider MRDP structure, and its capacity to recognise differences in needs at the village level.

In the second case the VMG's analysis seems relative independent of his role, and acknowledges a wider range of differences that would seem to make a difference to households' poverty. Personality attributes are recognised as having some importance, but not elevated to primary causes, above material differences such as land and labour. Different responses would be needed for different categories of households, and not all MRDP inputs would be relevant to all groups.

In both provinces it appeared that VMG officials were focusing their attention on the needs of certain groups within their village, and neglecting others. The main focus was on households with more land and with sufficient labour. The justification, given in both provinces, was that new models were more likely to be successful if implemented by people who had the land, labour, interest and initiative needed. The primary concern was with the success of the model, not the impact on household's lives. This rationale seems especially likely to be the case with fruit trees and forestry development which require access to sufficient land, and freedom from the need for short term food production from that land (e.g. by cassava). In Ngoc Quan commune "Planting Forest in Upstream Areas" was the name of one new model introduced in 1998. According to a village official in Ngoc Tan village in the same commune only 50% of those having some forestland had enough to invest in tree crops.

Within this capacity oriented approach to extension, there was some prospect of the poor benefiting by "trickle-down" effects. As well as being provided with seedlings of indigenous tree species the model implementers in Ngoc Quan were given cash subsidies for the labour cost involved in land preparation and planting. The subsidised labour costs may have benefited some poorer families whose members worked as day labourers for those having sufficient land, as was noted with one case of a large-scale fruit tree investment in Muc village, Minh Phu commune.

There were a number of categories of poor people whose needs are clearly not met by the MRDP. The first are those households without sufficient labour to make use of the land that they do own. This can be because of family life cycle stages (young parents with dependent young children, grandparents with no children present) or disability (physical or mental), migration, death or divorce (all generating one parent families<sup>15</sup>). In Phu Tho province it was clear from visits to households in the company of village officials that some of these households were not seen as being within the ambit of the MRDP, most notably households with people who are mentally ill or retarded. To some extent this is understandable, there are some groups whose needs are for forms of social security based on transfer payments from the state, or community based support. However, the minimum reaction by a more poverty-focused programme would be to monitor the scale of this category of households, in the villages it was concerned with needs.

A second group of poor households have the problem of excess labour, relative to their ownership of small areas of land. It is these households whose young adult members are seeking work locally as agricultural labourers, or manual labourers elsewhere in the province and further afield. Given the small size of average land holding and the current birth rate in rural areas this group is likely to grow in size, rather than diminish. Unfortunately, in the MRDP reports produced to date there have been almost no attention given to the needs of this group. However, some developments within the MRDP have some relevance to their needs. At the province level, the Business Promotion programme component includes various forms of off-farm economic activities. The models being promoted include food processing (rice and corn), tea processing, sewing and tailoring, and market information provision. While valuable, by themselves they are unlikely to prevent a net out-migration to the cities. For these outmigrants it will be education levels that will have a major impact on their income levels, and their capacity to remit earnings back in to the rural areas.

A third group whose needs are not met by the MRDP are the totally landless. In Hung Tien Village in Bac Quang almost 30% of the households lacked land because they were either workers on the nearby tea factory, or retired "civil servants". The most immediate problem is likely to be the "visibility" of this group to the MRDP programme. In Hung Tien the landless were not included in the PRA and thus wealth-ranking, so their wealth-status was not known. This happened presumably because the officials saw the MRDP as an agricultural programme, and by definition those that were without land could not be involved.

#### Differences between activities

This is the area where the MRDP has been able to make more evident progress in terms of differentiating the needs of the poor. The 1998 Village Monitoring and Review Summary Report differentiates between agricultural and forestry models in terms of their suitability for the poorest households, as well as other criteria. In two other districts bee keeping, ducks and pigs were given the highest suitability rating. These views are consistent with the information available on credit use (see below). Contrary to our argument above, officials in

two districts saw orchards and forest protection and regeneration as most suitable to the poorest category, ahead of more immediate food production.

Within Ha Giang province district officials mentioned pretty much the same MRDP activities when asked to rank them in terms of importance in their area. There was however a tendency that forest protection and forestry development generally were mentioned as more important in high mountain districts than in the midland districts. Also, improved corn production and slopeland agriculture generally was considered more important in the high mountain district, whereas in the midlands more emphasis was on paddy rice, fruit tree production, rural finance.

In Ha Giang province there seems to be a growing concern and uncertainty among especially district extension staff but also to some extent staff at provincial level, that the "models" promoted through MRDP are not really adequate for the poor. They felt this was particularly the case among the poorest households in high mountain areas. Their analysis of the problem focused not on the technologies themselves (e.g. the specific seed varieties), but on the people. In the officials' view there was a lack of technical knowledge as well as traditional customs and thinking among people in their area, which prevent them from utilizing these technical improvements in a productive way. Land is more or less equally distributed, they argued. That is, all households have about the same production opportunities. However the pre-conditions for taking advantage of this land varies a lot: some are more active than others, have better technological knowledge, have more labourers in the family, are more hardworking, etc.

When we explored this question further, it was however recognised that access to "capital" also was an important factor in this context: The poor have difficulties improving their production because they lack own capital resources to make the required investments. As will be discussed below, the resources that are distributed through MRDP in no way are sufficient to cover all one's needs for a successful application of these new models. The rest one ideally would have to acquire from own resources which however in the case of the very poor is not possible because they must use whatever cash resources they have available for purchase of food.

In Phu Tho province, MRDP officials in most communes and villages said they were able to identify the MRDP agricultural inputs which were of value to women (vs. men). The most common, and almost formulaic, view was that short term cultivation crops and small livestock were the most beneficial activities for women. Officials in Ha Giang province gave very similar responses. Unfortunately, the categories used to summarise project expenditures, even at the district level (in Phu province) do not enable an analysis of the scale of expenditure in these areas, versus others.

At a higher level of budget allocations it is the Business Promotion component that seems to most clearly address women's needs. In Lung Tam commune, in Ha Giang, hemp production for commercial purposes was an activity directly oriented towards women. (Who among the Hmong traditionally make their clothes of hemp). However, the women who did participate in the hemp-project tended to come from relatively wealthy households – among other things probably as a consequence of the rather high investment costs but also risks involved for the individual participants.

#### *The need for credit versus subsidised inputs.*

In theory subsidised inputs could be seen as a stepping stone to the position where people could afford to buy inputs, firstly with credit and then without.

In Phu Tho province preferences for subsidies versus credit were mixed, and not directly associated with households' wealth rank. Some poor households preferred access to credit ahead of subsidy (Village 3), some preferred more subsidies to more access to credit. Some officials expressed the view that "The poor want subsidies, they don't know what to do with credit" (Ngoc Tan village), but in other cases officials knew that credit was being used by poor households for consumption needs, in order to be able to cultivate existing crops, let alone use new varieties or apply models.

Preferences for credit were partly, at least, dependent on the scale of what was available. Credit allocations had an upper limit per household, but there was no policy defined limit for subsidies available per households. One richer household reported that they would prefer credit only if it was available on a large scale and for a longer term.

In Ha Giang province none of the farmers interviewed said that they would prefer credits instead of subsidies. When asking farmers in phasing out villages in midland areas, e.g., Hung Tien, Hung Tam villages in Bac Quang, whether they would go on investing in the activities introduced by MRDP even without subsidized

support, they said definitely yes but provided that they had access to credit. Here the preference for subsidies seems to be simply a matter of cost minimisation, rather than risk avoidance (risks would be higher with credit).

In the high mountain villages, on the other hand, some farmers said that had it not been for the 100% subsidised inputs it is doubtful whether people at all would have tried the new seed varieties and other improvements introduced by MRDP. At least, much fewer people would have done so and then probably only the wealthiest. It is likely, they said, that if subsidies were removed today the more wealthy households would go on applying these improvements through credits. It is however much more doubtful if the poor would do the same considering their reluctance of taking loans (because of fear of not being able to pay back).

These variations in responses suggest that the MRDP needs to pay attention, on an ongoing basis, to the relationship between subsidy and credit usage. Although MRDP has been concerned about sustainability of both systems, up to now they have been effectively treated as two unrelated issues. In order to monitor these relationships the MRDP will need to be able to access figures on subsidised inputs costs and credit utilisation, differentiated by location. Aggregate figures for whole provinces, or even districts, will be of little use.

### Savings and credit provision

The growth in the numbers of people participating in the savings and credit system is one indication of the relevance of this service to many people in the MRDP programme areas. This information has been provided in the 4th Quarter Progress Reports for Phu Tho and Ha Giang, and in the 1997 Annual Progress Report (but not the 1998 APR). The significance of this growth is clouded by the failure to separate out the growth in numbers taking place as a result of programme expansion into new villages. In Ha Giang province participants in the S&C groups grew from 970 in 1996 to 1400 in late 1998, but at the same time the number of villages with such groups increased from 15 to 24. The significance of this data would be further enhanced if dis-aggregated by villages, in terms of the years of participation in the programme. Ideally participation rates would increase over time. It was clear in some villages visited that numbers of participants had grown over the years, but this was not the case in all villages.

As already noted in section 3.3 above, levels of participation in the MRDP programme vary substantially across MRDP villages. In a number of villages in Ha Giang province, it is a minority of households who are interested in credit. However, these differences in need will never be recognised (and thus responded to) by the highly aggregated analysis of participation rates that exists at present. A case in point is Lung Tam Village in Quan Ba District, which has not even bothered to request financial support from the programme for its S&C Group because of lack of demand for credit within the village. In a similar vein, Monha Van and Lung Hoa villages in the same commune have not even organised their own S&C Groups, allegedly because people there are not interested because they produce very little for the market.<sup>16</sup>

Although more research is needed on this issue, these cases suggest that the RFS – as currently designed and operating within MRDP – is not really relevant for some of the rural poor, especially subsistence-oriented and risk-averting households in high mountain areas. In fact, this is also the conclusion of a study on the demand for micro-finance in high-mountain areas commissioned by MRDP (VSMRDP, 1998i). It was also the subject of a seminar recently organised by the RFS, where alternative mechanisms for providing financial support especially designed to fit the needs and conditions of the "poorest of the poor" were discussed.

There are a number of specific features of the savings and credit service, which are clearly use-friendly, to the poor and others, and others which are not. No complaints were heard about the current interest rate on loans, which is far lower than that available from money lenders. Furthermore, in all the cases inquired about, interest rates charged to borrowers from the groups own savings funds were higher than that charged on MRDP loan funds. The 2.5 MVND ceiling on loan size was not reported to be a constraint for poor households, but was for richer households.

Features which were user-unfriendly to the poor were: (a) the once a year access to savings and loans, (b) the one year term for the loan, (c) the compulsory savings requirement in Doan Hung District. All households were producing two to three cereal crops a year, and thus could benefit from more frequent access to credit for seed and fertiliser inputs. Investment into livestock was very common, even amongst poor households. However, a one year loan term limited the ability of households to scale up their investments into larger livestock requiring longer maturation periods. The requirements for compulsory savings, with right of withdrawal limited to once a year, clearly does not meet the needs of households living on the margins, and vulnerable to shocks.

One potentially positive feature was some evident variation in the way the savings and credit service operated in different districts and provinces. Compulsory savings existed in some districts of Phu Tho (Doan Hung) and not in others. In some villages of Ha Giang province the loan term had been extended to 18 months, rather

than 12. Loan ceilings also varied across villages. In Ha Giang some village S&C groups allowed people to borrow from the Bank for the Poor and others did not. These different S&C packages are models that are on trial just as much as the SALT and VAC agriculture models. Unfortunately, these variations in practice (de-facto models) are not recognised or analysed in the progress reports produced at the Province or Hanoi level.

### Training activities

It is not possible to identify from the existing reporting system the nature of the demand for different forms of training, or the relative ability of the MRDP to meet those demands. Province level progress reports simply record the total number of expected participants, with no geographical or social dis-aggregation. The most detail is provided at the District level, but this is no more than the total number of training events organised.

Even when data is obtained from the commune and village level on the number and type of training events, the relevance of these to the needs of farmers is still difficult to assess. In both provinces it appears that most training's are held in the commune centres, or beyond, rather than within the village. In these cases participants are given an attendance allowance of approximately 10,000 VND, an amount which exceeds the daily wage of an agricultural labourer. This is likely to affect motivation to attend. A further complication is the degree to which farmers have free and informed choices about the training's that are available. In a number of instances it seemed that attendance was by invitation, rather than open to all.

Two crude indicators of areas of training (ir) relevance are the existence of training events which are not attended, and the nonexistence of training in subject areas that are requested by farmers. It appeared that gender-training events were amongst the least well attended, but this is not well documented. Some requests for training were made by (poor) households, which the MRDP could not meet. In Ngoc Tan they wanted training to prevent banana disease (an insect bores into the trunk and destroys the tree from within). Banana's are not addressed by the MRDP programme, perhaps because they seen as serving subsistence needs only.

A third potential indicator of training relevance is the language used by the trainees. Bent Jørgensen (1999) in his study of some MRDP villages in Quan Ba and Hoang Su Phi districts, noted that training was often imparted in Vietnamese which many people, especially women, in these areas do not understand. District staff themselves reported that language is a problem in especially high mountain villages. In those locations they try to compensate by concentrating training on VMGs and other villagers who speak Vietnamese with the hope that they will then pass on their knowledge to others in their village.

## **3.4.2 The volume of assistance**

### Household perspectives

The volume of assistance provided is an important aspect of relevance, along with the nature of that assistance. In most villages visited in Phu Tho province the amount of credit allocated to households was less than the total requested. Many but not all households received less than they thought they needed. This outcome cannot be explained in terms of appropriate risk management by the MRDP. Although the volume of loans made has increased dramatically over the past two years, this does not seem to have been at the cost of an increasing default rate in Phu Tho province (VSMRDP, 1998c:63). Although the loan ceiling per household is 2.5 MVND, the average allocation per borrowing household in the 8 villages visited was 705,000 VND. In Minhu Phu commune, where all 10 villages are in the "phased-out" category the average credit available in 1998 was 470,000 VND per household.

In the midland villages of Ha Giang province, the demand apparently frequently exceeded the supply in terms of available loan funds and lead to some S&C Groups to not accepting new members into the group. In some villages the response was to let participation circulate among as many households as possible to let everybody get a chance to benefit. A similar practice of sharing what little was available seemed to be present in some of the Phu Tho villages. Unlike Phu Tho, there were cases of villages in Ha Giang where credit was not in demand. In Lung Tam village in Quan Ba demand was so low that the S&C Group established there as they said did not even bother to request additional funding from the project.

A similar supply problem exists with the amount of subsidised agricultural inputs. In both provinces demand exceeds supply by a considerable magnitude. In Phu Tho this was especially in the case of rice, corn and fertiliser. In theory the needs of the poorest could be met first (as defined by land area x seed requirements), then those of the less poor, then those of the rich, to the point where supply is exhausted. In practice this has not happened. In Phu Tho many of the poor households we spoke to only received a small fraction of their total

needs, but what was available was spread over a large number of households in the village. In the mountain areas of Ha Giang it was more difficult to identify whether demand exceeded supply in the case of the poorest households

Possibly because of the ceiling on loan sizes the amount of credit available to poor households in Phu Tho seemed to match their perceived needs more than the amount of subsidised inputs that were provided.

### Province perspectives

In Phu Tho province information was obtained on the scale of expenditure on different activities, in different districts. This provides a more macro perspective on the question of how relevant the volume of assistance is.

Within the category of subsidised inputs it appears that at the province level in 1998 the value of subsidised inputs provided for forest and fruit trees was twice that for rice and corn. Given the land requirements and the long-term nature of the investments, this expenditure bias is against the interests of poorer households. (This would not be the case in the high mountain villages in Ha Giang province, which have relatively little cultivable land). This investment bias may also be in favour of men, relative to women, given what has been reported above about differences in their farming interests.

According to district and province officials, the largest discrepancy between local demand and central supply is in the area of infrastructure development. In the case of road and bridge development these demands are likely to be in the interests of the isolated (and thus poorer) areas. It is less clear whether plans for irrigation works have been associated with the poorer locations. In 1998 infrastructure development made up 9% of the expenditure of the Phu Tho MRDP but the largest proportion was spent in the least poor of the three MRDPO districts (Doan Hung).

Project expenditure by district offices (or below) was highest in the two districts where Sida involvement pre-dates the current MRDP (Yen Lap, Doan Hung) and highest of all in the district where the proportion of phase-out villages is the highest. These figures suggest a degree of institutional inertia that is not in step with the plans in the 1996 programme document to focus expenditure on poorer upland and mountain areas.

### **3.4.3 The timing of assistance**

Agricultural inputs are likely to be of most value if they arrive in a timely manner. This is especially the case with the poorest households, who will have the least reserves. Any additional assistance from outside will have a proportionally much larger significance for such households.

Although the annual planning process at the village level begins around June - July, in practice the arrival of inputs from DARD does not take place until many months later, until March in the following year at the earliest. Supplies usually arrived at three intervals during the year, in the months of May, September and November (approximately). The timing of the delivery months does not seem to be related to cropping cycles and seems to apply across the province, regardless of local conditions. Farmers, commune and district staff advised us that, at the most, they would get up to 10 days notice that particular supplies had been approved and when those supplies would arrive in their areas. In these conditions most farmers, including the poorest, would have to treat the MRDP inputs as a bonus, to be utilised on top of whatever other inputs they had already planned for.

Even then, the timing of these inputs may be problematic. Credit is approved and disbursed in January, many months before the subsidised inputs arrive, by which time some of the poorest farmers may not have the cash available to pay for those inputs up front. Farmers reported problems with fruit tree seedlings arriving at the wrong time of the year. Less critical delays were reported with the delivery of corn seed and fertiliser.

Province and district staff were well aware of the problematic nature of this cumbersome system. Blame for its persistence was generally referred up the system, to Hanoi, and on to Sida, who presumably consented to work through such a system in 1996. One solution, suggested by some district staff, was that the province should devolve more control over the budget to the district level. As noted in section 3.1 above, in Phu Tho province 57% of the 1998 project budget was spent at the province level. This expenditure in turn had to be pre-approved by authorities in Hanoi. The alternative solution is to delegate control over expenditure on inputs to be used within villages to the villages themselves, through the proposed Village Development Fund. This solution would make the total allocation of resources to villages much more visible, and make the assessment of project impact and effectiveness much easier.

### 3.4.4 The suitability of the planning process

As noted earlier opportunities do exist for households to participate in the annual planning process. In each province annual PRA-based review exercises were reported to take place in the middle of each year. However, the village plans that are submitted up the MRDP hierarchy are based on aggregations of individual households' plans, not on the results of PRA (with the possible exception of village infrastructure needs). Wealth ranking data generated during the PRA events is used in commune and district based reports on credit utilisation, but does not seem to have any explicit link to subsequent credit allocations. There are costs, in terms of participants time, but this investment does not seem to make any significant difference to plans produced, or analyses of subsequent performance by the MRDP.

Reference has already been made to the problems of the current annual planning system. It is very slow, delivering inputs many months after they have been ordered. It is unpredictable in terms of what will be finally delivered. The decision-making processes, affecting whom gets what, is not transparent. It is inflexible, in that the options available for farmers seem to be largely set independent of their own local preferences. It is unmonitored, the performance of the system itself is not examined in other than the most basic sense of were the inputs provided utilised or not. It is a system primarily aimed at the delivery of agricultural inputs. It is not oriented to effective agricultural extension or poverty alleviation.

Even when viewed as an inputs supply system there is another important aspect of the planning process, affecting its suitability to the poor. This is the element of "central steering" of the content of VDPs, as noted in Ha Giang.

#### *The Village Development Planning Cycle in Ha Giang:*

*In principle, the content of extension is based on the Village Development Plans elaborated by the villagers themselves each year. This plan is then passed on to the DARD Provincial Office for approval and inclusion in the Annual MRDP Plan of Operation for the province in its entirety. Once the annual budget has been approved by Sida, the DARD arranges for the purchase of solicited inputs which are then sent to the village. At least in Ha Giang, the district staff is not really involved in this process but comes in at a later stage with the task of providing technical assistance and training in the use of these inputs.*

*While in theory the villagers are free to decide the content of this plan, there are in reality certain restrictions. Already when the programme is introduced in a village for the first time, they are informed what kind of activities they can expect to receive support for and which are those which have been defined in advance by the provincial planning office. Already at that stage there are thus imposed certain limits in the form of a preset "menu" from which the villagers can select, e.g. improved rice or corn farming, reforestation, fruit gardens, small-scale livestock.*

*Once the annual program budget has been established, these general guidelines are then supplemented with more detailed instructions in the form of "quotas" available for a particular village in terms of quantity of specific seed varieties, chemical fertilisers, tree seedling, fruit species, small-scale livestock animals such as pigs, chicken and ducks. Based on these instructions the final version of the Village Development Plan is established.*

The distribution of agricultural inputs seems to be based on two types of criteria. One is that subsidised inputs and credit should be allocated according to capability. Capability was variously reflected in people's confidence, their intelligence, their energy, and perhaps more than these, their land holdings and associated labour availability within the household. Overall, these criteria favoured the better off households. In some cases this resulted in dramatic inequalities. In Ngoc Tan village in Phu Tho province some households received 15 times the amount received by others. This practice was mitigated in some, but not all, villages by an apparent concern that whatever is available should be shared widely. For example, Tan Dien village in Ha Giang. The downside of this approach was that no one, including the poor, received enough inputs for their needs.

### 3.5 The Effectiveness of MRDP Services in Alleviating Poverty

This section of the report examines views on programme effectiveness, in relation to poverty alleviation.

Officials views on effectiveness were identified through open ended discussions and by the use of "success" rankings (of different villages, their annual planning process, and of different MRDP activities implemented).

### 3.5.1 Area comparisons

In Phu Tho province, Doan Hung district, MRDP official's view of most and least successful communes were based on simple criteria. In the case of the most successful commune (Minh Phu) "any task given they fulfil effectively". In the case of the least success commune (Yien Kien) "they don't fully complete or do effectively their tasks". The main cause was their lack of training. This notion of effectiveness corresponds to that embedded in the Quarterly Progress reports produced by the District and Province. These reports contain many pages of tables detailing the extent to which various plans were fully implemented or not. This is a very immediate and proximate view of effectiveness, with little relationship to clients needs or judgements. It is also found in the Ha Giang Quarterly Progress Reports.

In Thanh Son district, Phu Tho province, the success of different communes was judged in more tangible terms, by the survival of tree crops and increase in cereal crop yields. This is an outcome measure that has direct relevance to farmers, as well as the MRDP. Phu Tho province staff do monitor fruit tree survival rates, through an annual audit, but this primarily for the purpose of assessing claims for cost refunds from the MRDP. There was no evidence of regular monitoring of crop yields, or the productivity and profits generated by different types of tree crops. This neglect undermines any claims that might be made that the MRDP is about agricultural extension rather than just input supply.

Both in Phu Tho and Ha Giang province officials referred to improvements in people's living conditions as evidence of the success of the programme. For instance, in Lung Tam Village, Ha Giang province, officials report that within the span of just one year (between 1997 and 1998), those belonging to category IV had been reduced from 3 to 2, and those in Category III from 40 to 32, while Category II had increased from 33 to 43, and Category I from 9 to 14. Similarly, in Tan Dien Village, Bac Quang, the follow-up PRA revealed that Category III (the lowest category in this village) had been reduced from 43 to 33 households, Category II had increased from 57 to 60 hh, and Category I from 7 to 19. Likewise, in Hop Tien village, Lung Tam Commune, Quan Ba, it was said that the "hungry" had been reduced from 20 to 6 households since the project started there.

Interpreting the significance of these gross changes is difficult. Firstly, some changes reflect movements of households across categories, some reflect the entry or establishment of new households in the village. Secondly, the accuracy of these wealth categorisations is uncertain. For instance, one supposedly "poor" household visited in Tan Dien turned out to be more "middle-level" with no acute problems of food insufficiency, several buffaloes, etc. The wife of this household – who was the one who acted as "spokesperson" – also had no idea of them being classified in the "poorest" group (Category III). A similar ambiguity in such categorisation was noted by Bent Jørgensen in his study from selected villages in Quan Ba and Hoan Su Phi, where in 30% of the households which allegedly had advanced from the bottom category to the next above, he found no justification for this in reality (nor apparently did the household members themselves....). If the MRDP is to continue using the wealth ranking data, for example, in its analyses of the RFS, then some form of periodic auditing is needed, to ensure that the data is reasonably reliable.

Even where the wealth ranking data is reliable, there are still problems of interpretation. Improvements in villager's livelihoods and living conditions are not necessarily exclusively, or even principally, the result of MRDPs' support. In Ha Giang province, many project villages people also receive support from other projects. One example is Lung Tam Village which recently received 15 cows on long-term interest-free loans from a special national programme run by the Bank for the Poor distributed among category II and III households. This problem is not insurmountable. Case studies can be targeted specifically on those villages where statistical analyses indicate a strong correlation between MRDP activities and improvements in standards of living.

Inquiries about the success of the MRDP also elicited information about people's views on the *causes* of that success. When asked about differences between the villages in Ngoc Quan commune, Phu Tho province, a Commune People's Committee representative emphasised differences in capacity between villages, linked to their ethnic status. Capacity was defined largely in terms of willingness to adopt new methods, specifically those being promoted by DARD. Similar explanations were given by Ha Giang province staff about the success of Bac Quang relative to other districts, and the relative failure of Quan Ba district. As with the definition of success given above ("any task given they fulfil effectively") this is a very confined view of change, centred on the needs of the MRDP, and not the needs of its clients.

Other explanations for differences in effectiveness were the duration of project activities, and isolation. Duration of involvement in the MRDP is plausible as an explanation, simply on the assumption that more MRDP assistance is better than less, especially when what is available in any one year is in limited volumes.

Since isolation is now intended to be a criteria for selection of MRDP areas, using isolation as explanation for relative failure must be seen, in the future at least, as a negative reflection on the MRDP. That is, MRDP interventions have not been appropriate or sufficient to overcome that disadvantage. In some cases seen in Ha Giang, the examples of isolation quoted do not seem acceptable explanations even now. For example, the village of Tan Dien, where the road was relatively good and not much walking was required. The main "problem" seemed to be that to reach the village one had to cross two rivers, in one case by ferry and in the other case by boat or walking in the stream (depending on the season).

### 3.5.2 Activity comparisons

In Phu Tho province success rankings of all the MRDP activities highlighted a strong emphasis on improved productivity as the main indicator of effectiveness. In some cases this improvement was weighted by consideration of relative endowments of land and MRDP inputs, and to the percentage of households remaining in the village (Chon Mui village, Minh Phu commune). In Thanh Son, district officials defined success in credit in terms of increases in livestock numbers, not surprisingly since the largest single use of credit in the province is for livestock.

Success defined in more intermediate terms (e.g. disease prevention) was seen as more problematic: "There is a wide variety of plant diseases. Some can be treated, but then others come along" (Village 3, Phu Tho province).

Indicators of least success were mis-use of credit (for consumption rather than investment) and non-attendance at planning meetings. (Chon Mui village, Minh Phu commune). The use of loans for consumption purposes seems inappropriate since in the poorest households, as seen in Thanh Son district, consumption loans were needed by some households simply to be able to continue crop preparation. The alternative was work elsewhere as labourers, undermining future returns from cropping.

In Ha Giang MRDP the more senior officials did not find it easy to be specific about which activities were the most successful. What was easier to note were the occasional prominent failures, such as the introduction of apricot trees, but the absence of any market for apricots. Commune and village level officials were able to be more specific. They noted, for example, that improved corn varieties allowed two versus one harvest a year. But poor households were less able to afford the fertiliser required, and thus received proportionally less benefit. The most prominent (apparent) failure in Phu Tho province was in the form of road side sales of eucalyptus trees cut up for firewood purposes, which were originally grown for paper production.

The 1998 Village Monitoring and Review Summary provides information on officials views of different models, across five provinces. The tabled matrix rankings provided include information on a number of criteria of concern, including profitability and suitability for the poorer households. The activities with the highest combination of profitability and suitability ratings were as follows:

Activity and location	Profitability	Suitability
Introduction of Mong Cai pig varieties (Tuyen Quang province 1)	8/10	7/10
Beekeeping (Tuyen Quang province 2)	10/10	10/10
New maize crop (Phu Tho province)	10/10	9/10
No specific activity (Lao Cai province)		
Establish forest protection (Ha Giang province)	10/10	10/10
Fruit tree orchards (Lao Cai province)	10/10	9/10

The value of this information as a statement of programme effectiveness would be enhanced if we knew what amount and proportion of programme expenditure was spent on each of these activities.

### 3.5.3 Plan comparisons

In Minh Phu commune, Phu Tho province, officials said that success in planning was evident in the presence of new activities in the current years plans, because the previous years' activities had been completed. In the worst cases some villages kept repeating the same activity year after year. In the best cases villages proposed completely new activities. This seems an optimistic and one-sided interpretation. Some activities may be repeated precisely because they have been successful and subsidies for the required inputs are still available.

Thanh Son district officials reported another indicator, which was more supportive of this second interpretation. In their view the most important difference in the plans produced by different communes was the amount they asked for. In their view, Kinh communes always asked for more in every activity, whereas the ethnic minority communes were more modest and 'sluggish'. This implies that increased assertiveness of ones need could be an indication of program effectiveness, from a poverty alleviation perspective. Not an indication of increased dependency.

At the village level some officials judged success in planning in terms of productivity: increase in rice yields and number of animals bought and sold (Village 3, Bang Doan commune). These measures could be verified, but with more difficulty perhaps than households' overall wealth status. Performance as measured by productivity indicators is difficult to aggregate on a household or village basis, because of the variety of forms of productivity being measured (animals, grains, fruit, root crops, etc.). One solution, used by government officials, is to focus on one key product, i.e. rice. The risk lies in assuming it has the same significance for all households in all locations.

Because follow-up PRAs are carried out every 12-18 months in all MRDP villages<sup>17</sup>, it should be possible to make more systematic comparisons of the success of different village plans, and even of the same villages over time. In Ha Giang the study team found reports documenting the results of follow-up PPAs, which were generally well written and fairly detailed. Among other things, they contained "scoring" of various MRDP support activities by the participants themselves. In practice no further use seems to be made of these exercises, in terms of periodic reporting at a district or province level. They are not used as the building blocks of the 4th Quarter progress reports. (Nor for that matter are the 4th Quarter Progress Reports used to build the MRDP's Annual Programme Progress Report).

The performance of individual villages, in respect to their own plans, is clearly not of interest to MRDP. This is in contrast to the annual plans made at village level, which are aggregated up the MRDP hierarchy. Plans are essential to the MRDP's role as a provider of inputs, judgements about their end use and relationship to villages own needs, apparently are not.

### **3.6 Sustainability of Impact and Institutional Capacity**

#### **3.6.1 Credit**

In the RFS component of the MRDP sustainability has been a central concern, according to MRDP advisers in Hanoi. However, it is sustainability of the delivery mechanism, rather than the impact that is of central concern. This focus suggests an underlying assumption: that credit does not make rapid or dramatic changes to people's lives, but instead that access to credit over a long period of time is what is needed. If it did make a big difference quickly then sustainability of the delivery mechanism would not be such a pressing issue.

If prolonged access is an important precondition for impact on poverty, then MRDP needs to be monitoring access over the longer term. In Minh Phu commune, Phu Tho province, all 10 villages are officially "phased out". However, the percentage of households participating in the RFS ranges from 50% to 92%. What MRDP needs to know is how high these participation levels were in the past years, and how they change in the coming years. An upward trend towards all-inclusive coverage would be the ideal.

Other trends that need monitoring are changes in the rules governing access to the RFS, and related credit systems. Variation already exists across provinces, some of which are more user friendly to the poor than others. These need to be tracked and evaluated on a continuing basis. An important observation from Ha Giang province refers to the integration of RFS with the regular banking system, especially the Bank for the Poor, which is now being "tested" in some S&C Groups in e.g., Bac Quang District. The issue here is that the Bank apparently requires an obligatory initial payment of 50 000 VND per group member – on top of the compulsory savings of 5000 VND/month – to qualify for additional capital from the bank. This may make this scheme entirely out of reach for the poor.

### **3.6.2 Agricultural extension**

Opinions varied among district staff and VMGs whether especially the poorest households would go on applying the production improvements introduced by the project when subsidised inputs are removed. In "midland" Bac Quang district of Ha Giang province it was generally felt by VMG officials that even the "poorest of the poor" would go on investing in these improvements provided they got access to credit. Some VMG officials expressed the optimistic view that investment – even by the poor - would continue, even in the absence of credit, since one "could always mobilise capital buy selling an animal for such investments".

The downside risks were that "development" among the poor be at a slower pace. In some cases there might be some problems for the poorest households which might then revert back to their "traditional farming practices..." In other cases more dramatic reactions might be expected. A Quan Ba district official noted that when the district authorities initially tried to reduce the 100% subsidy level in Lung Tam Commune (Ha Giang) in 1996/7, this was strongly resisted by the villagers there. They argued that they could not afford to take on even 20% of the costs for the inputs offered. As far as one knows, the 100% subsidy rate will continue until year 2000. What happens thereafter one did not know.

A different reaction altogether to this question was obtained in an interview with the VMG Deputy Head in Thong Nhat Village, Dong Ha Commune, Ha Giang province. In his opinion the critical problem was not the rate of subsidisation but the availability of the inputs on the open market. People in his village had no problem paying for the inputs, he argued, but rather to acquire these since these were often not offered for sale on the market or in the stores in the district centre. Thus, the importance of the government delivery system of such inputs did not principally lie in the subsidisation but in the supply and transport of these inputs to the farmers.

Except in the case of the Lung Tam commune experiment, all the views referred to above are largely speculative. In Phu Tho our village level inquiries about changes in seed and other input purchases were mixed. There does not seem to have been any effort so far to systematically document how people's behaviour has changed where the subsidy rate has been scaled down over time in Ha Giang, Phu Tho or elsewhere.

One indicator of the sustained impact of agricultural extension work (input supply plus training) would be households' patterns of seed purchase, after exposure to new varieties. Do they buy the new variety or revert to older varieties? In theory this information should be relatively easy for the MRDP to monitor because in some provinces at least (e.g. Phu Tho) DARD is still a major source of seed supply for many farmers in the province. In Thanh Son district, Phu Tho province, information on seed purchases was reported to be available within the same DARD office complex that housed the MRDP. The fact that this data has not been used in the MRDP progress reports, suggests that news on this aspect of MRDP performance is not in demand at the district, province or Hanoi level.

In contrast to the dearth of information about changes in seed variety usage, the MRDP has invested a substantial amount of effort into monitoring the integrity, and thus the sustainability, of the supply chain for inputs. Province MRDP officials reported that three separate audits are carried out each year, by international, national and provincial auditors. In addition, the province and district level MRDP staff carry out their own annual village level inspections of the fate of inputs that can be relatively easily verified by observation (fruit and forest trees, VAC models). These choices about what to monitor suggest that, at least up to now, the MRDP in Phu Tho province has been functioning largely an input supply programme, not a genuine agricultural extension programme

This focus on input supply does not seem to have been changed as a result of the new policy on the phasing out of Sida funded subsidised agricultural inputs. Under this new policy of phasing out, DARD has three options: One is to encourage local self-sufficiency in input supplies. Developments in this capacity have been documented in the Ha Giang 4th Quarter progress report, but not in Phu Tho province. This may be a sensible option for the most isolated communes and villages. A second option would be to allow the input supply role to be taken over by the private sector, as it is in most economies. So far there has been no evident discussion of this option in either province. This would seem to be more realistic in the less isolated areas, especially in Phu Tho province. The other option was to find other sources of funding within DARD that would enable basically the same form of subsidy to be carried on, outside the aegis of the MRDP. This does seem to have been the case with maize and tea subsidies, in Ha Giang province at least.

### **3.6.3 Institutional capacity**

The main problem concerning the sustainability of institutional capacity to plan, implement and evaluate MRDP activities, is the *lack of existing capacity*. MRDP staff numbers are very low in relationship to the number of communes and villages covered by MRDP. Within the commune and village levels the programme is relying on "volunteer" work by officials who have many other duties to juggle. Systematic reporting and analysis of

outcomes at the village level is already very weak. This is a basic constraint, whether the MRDP is seen as a method development programme or a direct implementation programme. Despite these problems the current MRDP policy involves a continued expansion of villages coverage.

In Ha Giang province, staff capacity is especially problematic in the high mountain areas. Villages are remote and difficult to access, even when staff have access to means of transport (which normally they don't). Despite the ethnic diversity, MRDP staff have limited knowledge of their languages. They can spend only part of their time on MRDP activities, and even then on the basis of rather low levels of training in the specific extension methodologies and other development initiatives that MRDP seeks to promote.

There are also major capacity constraints at the village level. Record keeping, simply as a means of accountability, seemed weak in the villages visited. The demands for these and other basic management skills will be magnified as the MRDP turns towards the use of Village Development Funds as the alternative to the current state centred system.

## **4. SUMMARY DISCUSSION OF MAIN FINDINGS**

### **4.1 Clarifying the Strategy and Approach to Poverty Alleviation**

#### **4.1.1 *Alternative views of the MRDP***

The MRDP has an overall vision but is there an explicit strategy of how to get there? During this study two types of strategy questions arose. The first concerns the identity of the MRDP. There are at least four possible views of the role of the MRDP. The MRDP is a:

- Agricultural inputs supply programme
- Agricultural extension programme
- Rural Development programme
- Poverty Focused Rural Development programme

The impression gained by our visits to villages in Phu Tho and Ha Giang, is that one of the main functions of the officials working for the MRDP is the provision of subsidised agricultural and agro-forestry inputs to farmers. This role is also undertaken by other (non-MRDP) sections of DARD, providing other inputs. It appears to be a residue of a previously larger role concerned with the central planning of agricultural production. Each year village production plans are still being compiled, aggregated, funded, and reported on. This is despite the fact that each farming household is now accountable to themselves alone as to what they grow and how successful they are in doing so. There is a poverty alleviation dimension to this inputs supply role. Subsidised inputs may reach and benefit the poorest households in the villages concerned. Or they may not, and as a result they may accentuate economic inequalities. Visits to villages during this study indicated that those with the most "capacity" benefited the most.

There clearly is some kind of agricultural extension activity as well. Training takes place and new varieties are introduced as well as old. But there is negligible regular and visible reporting on the results of this extension activity, suggesting that it is of secondary importance. As with inputs supply, effective agricultural extension may alleviate poverty or accentuate inequalities. At present there is no institutional capacity to know the answer, other than through once-off studies.

There are some rural development activities within the MRDP. By this we mean economic activities other than agriculture or agroforestry. The most notable is the RFS component. It is not by definition concerned with agriculture. The largest category of loan use is livestock investments. Somewhat surprisingly, this is an area of marginal concern to the extension component of the MRDP. The Business Promotion component of the MRDP does include some activities which are not strictly agricultural, and which could be described as off-farm income sources (e.g. handicraft production, processing of agricultural products). These opportunities are critical to those families with limited land, or labour power.

A poverty focused rural development programme might be expected to not only address farm and non-farm income sources, but also basic social services. While there is some provision for infrastructure development, within the Business Promotion component, of the MRDP, there is not yet any role for the development of social services in the form of primary education, basic water supply or health service provision, or any form of locally organised social security insurance. It is possible that some villages may want to address these needs through the use of Village Development Funds, if they are allowed to.

Ideally, from the point of view of the poorest in the MRDP villages, it would be best if the MRDP was a poverty focused rural development programme. The risk with this choice is that MRDP officials at all levels would find themselves over-stretched, in terms of the range of activities they were responsible for (putting aside any questions of funding). However, this is only likely to be a major problem if DARD is seen as the one and only structure through which villagers can receive any developmental benefits from the MRDP. There are clearly other actors with other capacities, beyond agriculture. These include the private sector, non-government organisations, mass organisations, and other sections of local and central government. Relationships with those organisations do not by definition need to involve the channelling of funds. At the very least, what is needed is a MRDP strategy spelling out a view of how those relationships might be developed, with the aim of addressing poverty alleviation issues in each province, in a way that is not solely focused on agricultural production. Some practical steps have been taken in this direction in Lao Cai province, where women's handicraft production initiatives (under the Business Promotion component) have involved other government and non-government partnerships.

#### **4.1.2 Implementation versus method development**

The second strategy choice cuts across the first. This is between the MRDP as an implementation programme versus a method development programme. Province level officials, especially those closer to the commune and village level, seem to see the programme largely in terms of implementation: the delivery of needed services. At the other extreme, it seems that the PBO, and possibly the Ministry project to some extent, see the MRDP as a method development programme. The latter seems realistic because the proportion of villages covered by the MRDP in the five provinces is so small, and the prospects for dramatic expansion in funding so limited. On the other hand, it seems unrealistic to expect lower level officials and villagers not to see the programme in terms of delivery of services. There is a demand there and MRDP services have been meeting part of that demand, despite the limitations noted in Section 3.4.2.

Although it could be argued that different parts of the MRDP structure should specialise in different but complimentary roles, in practice there seems to be a structural conflict between method development and implementation in the programme at present. The latter is dominant in the province projects and as a result there is a real risk that MRDP is just contributing to reproducing established but inadequate government rural support systems.

A policy needs to be developed which would specify how the relationship between the two approaches could be managed in a more balanced and appropriate way. One option is to split MRDP communes and villages into two categories. Some would be selected for more concentrated "method development in poverty alleviation", and others would be selected for "implementation" in other project locations in the same district. Communications of experiences between the two would need to be both facilitated and monitored, presumably using funds within the Internal and External Communication component of the MRDP.

The alternative is to thoroughly revise the reporting requirements of the province projects such that implementation targets and achievements are no longer the main subject of concern. Instead the focus should be reporting and evaluating *differences* in project practice, and their effects on people's lives, throughout all MRDP communes and villages. As noted earlier, there is already more variation in the RFS system across and within provinces than the PBO has yet been able to analyse. There is no shortage of opportunities for method development, but there is a shortage of effective demand for information and learning about variations in method.

#### **4.1.3 The importance of official perceptions**

The study started out with two assumptions. One was that the way programme officials perceive and interpret the strategies and policies of MRDP regarding poverty, are important because they are likely to have strong influence on the programme's approach to poverty in the field. This will be regardless of whether their views are "right" or "wrong" in the eyes of others, or official policy papers. The other was that in the case of large organisations implementing programmes such as the MRDP, what is also important is their *capacity to know* what is taking place on the ground. If that capacity is not present then the risk of unexpected negative outcomes is higher, and the possibility of replicating any successes is limited.

During the study we have noted with concern the inability of officials at the province, district and commune level to differentiate the needs of different villages. Where performance has been differentiated it has been in

done in myopic terms, according to criteria of concern to the officials in the completion of their duties (e.g. achieving implementation targets). At the village level households have been distinguished in terms of how well they fit the programme, and not how well the programme fits their different needs. MRDP officials seem to be assuming that the poor will benefit if the various programme components are implemented as planned. Overall, there is a need for MRDP, at a programmatic level, to problematise more the question of social and economic differentiation at the local level and its implications for reaching the poor.

Problems of perception can be addressed in part by constructing appropriate official policy statements, commands which all officials are expected to then adhere to in their practice. This however is only the tip of the iceberg, peoples' own views remain hidden but very influential.. Another alternative is to devise means of holding officials more accountable for their own views. This can be done by designing reporting requirements that require officials to express their own judgement, and then explain that judgement. The revision of the MILS presents an opportunity for doing so. The third alternative is for more investment in capacity building of extension staff to undertake more social (and not just technical) analyses of the communities they are working in. This needs to go beyond descriptive wealth ranking to include localised understanding of the different causes of impoverishment, and enrichment, within and between villages.

#### **4.1.4 Commitment to poverty alleviation**

As noted above, official policy statements are one means of affecting how a programme is interpreted and acted upon. At present the formal project documentation makes only a partial commitment to effective poverty alleviation. The Overall End Result now refers to helping poor households, but in a conditional way. The End Results for the programme components make no direct reference to poverty alleviation as a desired end result. MRDP seems to be assuming that the poor will benefit if the various programme components are implemented as planned. Apart from the wealth ranking analyses of credit usage, the programme seems to be working with a de facto view that "all the people we work with are poor".

There is a need for an unconditional and direct commitment to poverty alleviation as a primary goal (versus visions of "green productive uplands"). Each programme components then needs to clearly show how they will help achieve that goal, by making use of performance indicators that explicitly relate to poverty. This is especially important if the MRDP Hanoi wants to emphasise the importance of method development, where an interest in the technology of doing things can easily obscure longer term objectives.

## **4.2 Targeting of Poor Areas and Households**

### **4.2.1 Expansion or suspension**

One important choice facing the MRDP is whether to continue to include new villages in the MRDP, as has been the case up to now. An emphasis on implementation would favour continual expansion of coverage of villages, and even new communes. This will require expanded funding, unless older villages are phased out at the same rate. An emphasis on method development would suggest a suspension of expansion. This would provide district and commune officials with more time to extract the lessons from the field experience that is already available (assuming evident demand for those lessons). This knowledge could be re-invested in improved quality of services being provided in current MRDP villages. Our visits to two provinces suggest that there is substantial room for improvement.

### **4.2.2 The selection of villages**

During the life of the MRDP some steps have been taken to improve the geographic targeting of poor communes and villages. Policy guidelines have been revised to give more explicit guidance on the selection of areas. However, these changes have not yet made a substantial impact on the type of villages that have been included in the programme. The programme is not yet significantly focused on either the poorest communes in the two study provinces, or on the poorest villages in those communes. Programme expenditure is still heavily concentrated on the older and less poor programme areas. The reasons for this limited success include the persistence of inappropriate selection criteria (e.g. accessibility), and selection criteria which are difficult to apply (e.g. food availability), and not adhered to in practice. This problem has persisted because the selection process itself is non-transparent and unaccountable. Suggestions for improvements have been made in

Section 3.2, including the use of village wealth ranking (in matrix form). These suggestions assume expansion into new villages will not be suspended.

#### **4.2.3 Households within villages**

Unlike the selection of districts, communes and villages, there has been no explicit MRDP policy on who should be involved, in terms of households within villages. The original programme document, and the wealth ranking analysis of RFS performance, suggest that the aim is to be inclusive, to enable everyone within the selected villages to participate<sup>18</sup>. This is the easiest objective to monitor since there is no need to define and use a poverty line within the village, which might ostensibly be used to means test access to programme benefits. A slightly tougher objective would be that programme activities should be directed at "the poorest in the village", defined as being the bottom 50% of households. In practice the use of wealth ranking data has been used to analyse differences *amongst* participants, not differences *between* participants and non-participants. This could easily be changed.

Any periodic analysis of access to programme activities must be built on the foundations of data collected at the village level. At present it appears that the quality of record keeping at the village level is highly variable, at best. PRA activities are the best documented, but even then the records of these activities may no longer be available within the village. The minimal information that needs to be recorded is "*who* received / or participated in *what*, and *when*". The contents of district and province progress reports should then be consistent with this data. At present it is not easy to link the contents of progress reports to this type of information at the village level. The same village level data should also guide the sampling of households needed for more in depth examination of programme activities at the village level.

#### **4.3 Programme Activities and Their Relevance for the Poor**

According to the 1997 Annual Programme Progress Report, there has been a wide range of different agricultural and agro-forestry models on trial in different locations throughout the five provinces. This diversity suggests some attempt at local relevance. However, examination of individual village development plans shows a much greater degree of homogeneity of programme activity across villages, despite differences in land type, land ownership, accessibility to market, and ethnicity. Questions have been raised about the appropriateness of the RFS component in the remote high mountain villages, but the programme does not yet have the capacity to analyse, on an ongoing basis, the significant differences across these villages in people's participation in credit and savings groups. The main problem at present is the inability of the programme to know in any concrete detail what activities are most appropriate to what location.

In both provinces, MRDP officials have emphasised households' capability as a significant criteria for determining who should get access to a limited volume of MRDP agricultural and agro-forestry inputs. Capability has included land ownership, labour availability, and willingness to co-operate with official guidance. This criterion has by default led the programme to be biased against the needs of the poorest in most villages (especially those with insufficient labour power or land). It is very likely to have exacerbated inequalities within those villages, with those that hath been given more.

The focus on capability needs to be reversed. *Lack of capability to participate in or use a programme input should be seen as an indicator of the inappropriate nature of MRDP interventions.* This would be consistent with the original programme intention to be inclusive at the village level.

Changes are also needed in subsidy policy within villages. At present there is no ceiling on the amount of subsidised inputs that can be allocated to a household. Given the focus on capability this must also exacerbate inequalities within villages. Even the ceilings used within the credit programme are of limited value, since the total volume of credit available is less than that suggested by the credit limit. Appropriate ceilings on credit and subsidies would enable more universal access (though not necessarily on an equal basis).

#### **4.4 Planning Processes**

The purpose of planning is usually to make the future more predicable and manageable. From the point of view

of the households interviewed during this study the existing Village Development Planning process, and the associated MRDP planning procedures, do not deliver this result. People received subsidised agricultural inputs with very little notice (10 days at the most), many months after their plans were made. The devolution of fund management direct to Village Development funds should dramatically short-circuit this process. In principle this development should be in the interests of poor villages.

Whether it will meet the needs of poor households will depend on:

- The degree of control exercised directly or indirectly by MRDP/DARD and other officials on the use of the VDF funds. It is possible that the available funds may end up being partitioned into different categories of funding, effectively corralling households' choices into directions preferred by MRDP and other officials. This would lead to the fund being re-incorporated into the current MRDP planning process.
- The transparency of the management procedures. The amounts of funding available, and its terms and conditions, may not be readily known by the majority of the village population. As is often the case at present.
- The commitment of the village and MRDP officials to the goal of effective poverty alleviation. As is the case with Ha Giang province's current plans for VDFs, there may be no formal expectation that the resources are to be used to meet the needs of the poorest first, or with any concern for gender equity.

In an agricultural system where each household is responsible for their own production, there must be limits to the relevance of a village wide planning system, even in the form of a VDF with devolved control over funding. One factor sustaining the present cumbersome system is that the MRDP is a de facto input supply agency, and that it needs information about likely demand. The need for this form of planning would be less influential if the MRDP strategy included a role for the private sector as a supplier of inputs.

## 4.5 Analysing Achievements

### 4.5.1 Structure and strategy

The MRDP has a choice as to how it structures the progress reports produced at the district, province, and Hanoi level. These choices affect what both the readers and writers of those reports attend to, and neglect. They can communicate, or obscure, the programme strategy. They can be

- Focused on inputs delivered or outcomes that result
- Be dis-aggregated by activities or by groupings of people

An input supply programme would focus on inputs, dis-aggregated by activity categories. An extension programme might focus on outcomes dis-aggregated by activities. A poverty-focused programme would focus on outcomes, dis-aggregated by groupings of people.

From the point of view of poor people that may benefit from MRDP activities the most important events in the programme must be to do with the arrival and departure of the programme. Differences between programme activities would be secondary, but not unimportant. At present the progress reports at all level emphasise activity differences and neglect the analysis of differences associated with duration of investment by the programme. In future, progress reports could, in the first instance, be structured into groupings of:

- New villages (phasing in).
- Current villages (possibly split into older / newer)
- Phased out villages.

At present, the structure of progress reports at district, province and Hanoi level, gives negligible attention to documenting and analysing differences between areas (e.g. villages, communes). At the province level and lower, priority is given instead to whether highly aggregated implementation targets have been met or not. Those targets have very little to do with the overall vision and end result of the programme. This mis-direction of attention means that while there may well be important differences in approach to an activity, from one area to another, these will not be officially recognised. The opportunities for method development will be reduced. Equally importantly, the likelihood that the programme will recognise and respond to important differences in poor people's needs from one area to the next is also reduced. It was not surprising that we found that officials at province, districts and even commune level, found it difficult to identify differences between the plans, and the achievements of different communes and villages.

Rather than reporting on the targets versus achievements of implementation targets, progress reports could report on *differences* between areas in terms of:

- The nature of poverty found in those areas
- How the programme was responding to peoples needs in those areas
- The results, in terms of changes in peoples lives

Comparisons of villages, or groups of villages, does not mean the neglect of important equity issues within villages. Attributes of villages can include equity measures such as proportions of non-participants in particular activities, median size of land holdings, percentage of female headed households, and the characteristics of VMGs, etc. Villages are an important unit of analysis in addition to households. Reporting that focuses solely on households implies that the village as a self-managing entity is not important within the MRDP strategy. This is not the case, and will be even less so with the widespread adoption of Village Development Funds.

The ability to differentiate villagers' needs and to respond differentially to those needs, should be taken as an important indicator of the capacity of the five MRDP projects. It is indicative of their own autonomy and directly relevant to the needs of poor villagers. At present, the programme's ability to do so is limited. The programme is still dominated by a focus on agricultural production for the market, with paddy production taking a central role. Important variations exist in activities such as the RFS, but their analysis has not been prioritised. The preference is for standardised models.

#### **4.5.2 Analysing effectiveness**

In order to understand the effectiveness of the MRDP, we need to be able link what is known about changes in peoples lives to what is known about the MRDP activities affecting their lives. Up to now the Quarterly Progress Reports produced by the five MRDP provinces have reported on activities in considerable detail. However they provide no information on the *distribution* of those activities, in terms of villages and households. As a result, it has not been possible to relate inputs provided to changes observed in people's lives<sup>19</sup>. The proposed re-orientation of the MRDP around Village Development Funds, will provide an important opportunity to re-orient activity reporting around villages and larger aggregation of villages (communes and districts).

One very important summary indicator of the nature of MRDP inputs into different villages is the total value of those inputs per village. The distribution of expenditure reflects perceived priorities and expectations. We might expect that expenditure will be lower in phase out villages than in current villages<sup>20</sup>. Overall, we might expect that the scale of expenditure should be correlated to the scale of the expected effects. Up to now there has been detailed accounting of the distribution of expenditure by activity categories but no reporting on the geographical distribution of expenditure. The latter means there has been minimal transparency about priorities and expectations in terms of different villages, communes and districts.

#### **4.5.3 Gender and poverty**

It is not difficult to find areas of reporting within the programme where more differentiation of participants by gender would be useful. For example, in the wealth ranking of households. However, this is a specific example of a wider problem noted above. That is, the need in the programme as a whole to differentiate its knowledge of its clients, and its responses to them. Given limited time and resources one important question is "where to cut the cake" - what type of distinctions need to be made first of all. In the section above, it was argued that differences between villages, especially in terms of duration of involvement within the MRDP, should receive greater attention. This does not mean abandoning gender analysis but refocusing it. That is, less emphasis on overall rates of participation in specific activities, and more emphasis on the analysis of gender relations in different village contexts. Rather than undertake more studies, capacity for this type of analysis needs to be built into middle management ranks of the MRDP.

Compared to MRDP policy concerning poverty, the gender policy of the MRDP is well developed. At present gender equity appears as a major objective, in effect parallel to the Overall End Results statement, and affecting the implementation of all the other programme components. If and when poverty alleviation is prioritised, then gender and equity concerns will need to be integrated, not run in parallel. Not only should there be an analysis of poverty alleviation achievements in terms of gender, but gender equity achievements should be analysed in terms of poverty status of the participants. The latter is not yet evident in the Annual Programme Progress Reports.

## 4.6 Phasing Out of MRDP Involvement in Villages

### 4.6.1 Decision making criteria

If MRDP activities are making a difference to people's lives, then the decision to phase out of villages must be an important one. At present the decision to phase out is made on the basis of a policy concerned with the phasing out of subsidies<sup>21</sup>. It is not linked to project performance or impact in any way. It is applied without regard to all but the largest scale pre-existing differences between villages (topography). This policy needs to be overhauled if poverty alleviation is to be taken seriously as a programme objective. Phase out of staff involvement, credit allocations and subsidies needs to be linked to village level achievements that relate to effective poverty alleviation.

These could be defined by one or more of the following criteria:

- Achievement of target participation rates in credit and other MRDP activities by households in general, and by the poorest households in particular<sup>22</sup>. In reality targets would need to be set at less than 100%.
- Overall changes in households' poverty status. For example, 90% of households being above the governments minimum standard of 15kg per month per household.
- The achievement of community-defined objectives, associated with the new Village Development Plans. For example, 90% of household with children are able to keep them in school until the end of primary school. These would need to be consistent with the programme's poverty alleviation objective.

### 4.6.2 Linking subsidy and credit usage

The current phase out strategy does not address the linkage between subsidy and credit usage. Sustainability plans for both do not seem to be integrated. Nevertheless, most MRDP officials expect that as subsidies are decreased households should be able to buy the necessary equivalent inputs by making use of the expanding volumes of credit available through the RFS. If the MRDP is to be increasingly focused on effective poverty alleviation, then a more explicit linkage is needed between subsidy use and credit supply. Possible steps forward include:

- Researching the current relationship in terms of volumes of credit and subsidy being used by different types of villages, and households within them.
- Identifying a desirable ratio between the scale of subsidy to be available and the growth of credit capacity required to enable direct market price purchase of the same items.
- Ending the current policy of year by year phase out of subsidy rates by fixed percentages, regardless of scale of subsidy use or credit capacity.

## 4.7 Capacity and Sustainability

Sustainability is clearly a major concern, at the PBO level. Policies on credit and subsidy usage have been driven by concerns about sustainability. The downside of this strategy is that the MRDP risks not having a sufficient impact on the poorest villages and households. The evidence available from the village visits suggested that, in terms of subsidised inputs and credit provision, in many villages the volumes available were not enough even for the poorest households<sup>23</sup>. Subsidies are withdrawn not because they have been effective, but because they will not be sustainable. Credit is made available on conditions that in the first instance suit the survival needs of the lending institution. The programme's own pre-occupation with sustainability suggests an implicit recognition that whatever is being done at present is not enough to make a difference to poverty anyhow, hence the need for sustainable institutions that may make a difference over the longer term.

A more explicit documentation of the scale of funding available to individual villages will enable the MRDP to develop a clearer understanding of the relationship between investment and actual outcomes. Even if it is evident that more intensive investment is needed, this does not necessary mean the same scale of investment has to be sustained by local institutions over the longer term.

Sustainability is a means to an end, not an end in itself. The one area where there does already seem to be a

clear need for more intensive investment is at the village and commune level. This is especially the case if substantially greater programme control will be given to the villagers, via the VDF. Basic management skills, including more widespread literacy and numeracy, will be needed. This is already recognised by MRDP Hanoi staff promoting the extension of the VDF approach.

Looking further afield, at the whole MRDP structure there are serious problems of capacity which need to be taken into account, especially when considering whether the programme should continue to expand into new villages each year. These problems include lack of sufficient number of staff and logistical resources (e.g. transport), insufficient local language capacity, and lack of adequate knowledge among extension staff regarding alternative ways of providing technical support to different ecological zones, e.g. resource-poor farmers in high-mountain areas. If as suggested earlier, the option of selecting some villages as method development sites is taken up then significant additional investment will be needed to develop this staff capacity in those "method development" sites alone. In particular, more capacity will need to be developed amongst province and district level staff, to enable them to carry out applied research on locally specific sources of livelihoods.

## 5. RECOMMENDATIONS

This section summarises the main conclusions developed in Section 4

1. Ideally, the MRDP should revise the Overall Vision and Overall End Results statements to communicate a stronger commitment to effective poverty alleviation. At a minimum, the indicators of End Results for project activities at both programme and project level should be re-defined so that they explicitly relate to the objective of poverty alleviation.
2. The importance of method development, rather than implementation, should be re-emphasised as a central part of the programme strategy. This should be associated with a suspension of any further expansion of the MRDP province projects into new villages and new communes. More resources should then be invested in building capacity within the MRDP staff structure to analyse what works and does not work, in terms of effective poverty alleviation, in different types of existing MRDP villages and communes. Existing variants of practice and new models both need to be tested and developed.
3. If the programme is to continue to expand into new villages then the village selection process needs to be more transparent and accountable, and justifiable in terms of enhancing the poverty focus of the programme. Matrix ranking of villages by key stakeholders would be preferable to reported reliance on rice equivalent measures of household poverty. Where also possible, this selection of prioritised communes and villages should be "strategic" in the sense representing significantly different economic and ecological conditions.
4. Within villages the main concern should be with inclusion. Exclusion of households based on their lack of capacity to utilise MRDP resources should be seen as a sign of failure by MRDP. The capacity to monitor inclusion could easily be improved by focusing on participation rates. In addition, new method developments should be targeted specifically at those households previously excluded because they were seen as not having "capability". In particular, to landless households, and households with very limited labour (female headed households and others).
5. The gender equity and poverty alleviation strategies need to be more closely integrated. Not only do poverty alleviation interventions have a gender dimension but gender equity interventions have a poverty dimension that needs to be attended to. As with the analysis of poverty alleviation, gender equity analysis needs to focus not just on participation within villages but also on the more macro-level differences between village and ethnic groups. This should be done through capacity development within the MRDP, not additional studies.
6. If poverty alleviation is to be the primary objective then the MRDP needs to give more attention to: (a) non-agricultural economic activities, (b) subsistence-oriented production, and (c) the provision of basic services. Although direct involvement in the latter may not always be realistic, a strategy for enhancing provision through co-operation with other organisations should be feasible.
7. The structure of reporting on the progress of the MRDP at all level should reflect the strategy of the programme. Reporting on differences in outcomes across districts, communes and villages should be prioritised over differences in the delivery of different programme inputs, currently undertaken with minimal disaggregation. Expenditure differences should be included in this analysis, not relegated to appendices. The ability to differentiate villages' needs, and MRDP's responses to them, should be used as an indicator of organisational capacity in each of the province projects.
8. There is a need to revise the procedures for PRA in relation to village development planning. The PRAs need to be more directly focused on identifying the needs and conditions of different socioeconomic groups (incl. women) of the local population for the planning of actions, and not just for "ex-post" follow-up of changes in wealth-ranking as now.
9. The present multi-level planning system is too large, slow and insensitive to meet the needs of needs of

a wider variety of poor communities and poor households. The move towards wider use of Village Development Funds is strongly supported. The study team shares the concern of MRDP advisers that this move need to be properly supported with clear communication and capacity building support at the village level. In particular, agreements need to be reached with villagers, during the establishment of such funds, about the importance of equity of access, and poverty alleviation as the over-arching objective.

10. If poverty alleviation is to be prioritised then the village phase out strategy need to be completely revised. Decisions need to be made according to the achievements of villages in reaching a minimal level of poverty, not the duration of inputs provided, regardless of village differences.
11. The phase out strategies of subsidies and credit provision need to be integrated, in terms of the relative volumes of funds involved in individual villages. This will require analysis of the relationship between expenditure on inputs versus credit within existing villages, and the relationship to their duration of involvement in the MRDP.
12. Ideally, the value of all Sida funded subsidies currently provided via the MRDP should be transferred to the VDFs, to become part of a fund that is less tied to specific end uses and more responsive to their local needs. A policy for the usage of such funds with special priority for the poor should be agreed with the villages concerned and closely monitored by the programme.

## Notes

<sup>1</sup>E-mail [rick@shimbir.demon.co.uk](mailto:rick@shimbir.demon.co.uk) WWW at [www.swan.ac.uk/cds/rd/rd1.htm](http://www.swan.ac.uk/cds/rd/rd1.htm) and [www.mande.co.uk/news.htm](http://www.mande.co.uk/news.htm)

<sup>2</sup>But not in the form found in a Logical Framework.

<sup>3</sup>Wealth ranking can easily be applied to the comparison of villages, rather than households, but this application does not seem to have been experimented with.

<sup>4</sup>See pages i, iv, 4 -5, 21, 39, 41.

<sup>5</sup>These could be geographic, economic, ethnic or political / administrative differences.

<sup>6</sup>Province budgets do not include costs of the Programme Board Office, Ministry Project, Consultancy support, or research costs.

<sup>7</sup>We do not have information on their relative poverty status

<sup>8</sup>Wealth ranking of villages, and a hierarchical card sorting of the "most significant differences" between villages, in terms of poverty (See [www.swan.ac.uk/cs/rd/treemap.htm](http://www.swan.ac.uk/cs/rd/treemap.htm)).

<sup>9</sup>It appears that the focus has since moved down to the village level. In the Viet Nam News (Friday May 21, 1999, p3) reference was made to "1,000 poorest *villages*", but still using the same criteria used to identify the 1000 poorest communes. Alternatively, this change of term may simply reflect that sometimes communes are referred to as "villages", and the latter as "hamlets".

<sup>10</sup>In the five MRDP provinces there are 17 MRDP districts and 21 HEPR districts.

<sup>11</sup>Communes in Ha Giang were practically all predetermined in 1996.

<sup>12</sup>The average proportion of female-headed households in rural Vietnam according to the last census is 27% (UNDP 1996 cited in Scott 1999), though it is not known what the corresponding figure is in the study area.

<sup>13</sup>Chau village, Huong Can village, Thanh Son District

<sup>14</sup>A more sophisticated analysis would weight the frequency distribution by the cost of each type of model. Some models are much more expensive than others.

<sup>15</sup>Often female headed. Although defined here in terms of their labour disadvantage many of the same groups can also be marginalised from village level decision making for social and cultural reasons, and thus have less access to project resources.

<sup>16</sup>In an interview with staff at the local branch office of the Bank for the Poor in Quan Ba district, it was revealed that also the bank experienced difficulties in spending its entire annual budget for loans in the area because of lack of demand from its target group.

<sup>17</sup>In theory, in practice they are carried out in some at least.

<sup>18</sup>The RFS does not intentionally exclude households from the highest wealth ranking categories.

<sup>19</sup>Except by use of interviews with households asking retrospective questions about their involvement in programme activities.

<sup>20</sup>But this was not actually the case in parts of Phu Tho province.

<sup>21</sup>With exception of villages in the high mountain areas where subsidies seem likely to continue.

<sup>22</sup>Defined for simplicity's sake as the bottom 50th percentile in a village.

<sup>23</sup>There were some exceptions, in the mountain areas, where credit demand is not greater than supply. But this may reflect the terms of and conditions of what is available as much as need.