

A SYNTHESIS OF
PARTICIPATORY
POVERTY
ASSESSMENTS

FROM

FOUR SITES
IN VIET NAM:

Lao Cai, Ha Tinh, Tra Vinh
& Ho Chi Minh City

**Submission to the WDR 2000 by Vietnam-Sweden Mountain
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Fund (UK) and Oxfam (GB).**

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A Participatory Poverty Assessment in Ho Chi Minh City

The findings, interpretations, and conclusions expressed here are those of the authors and do not necessarily represent the views of the World Bank, its Board of Executive Directors, or the governments they represent.

Preface

This study is part of a global research effort entitled *Consultations with the Poor*, designed to inform the *World Development Report 2000/1 on Poverty and Development*. The research involved poor people in twenty-three countries around the world. The effort also included two comprehensive reviews of Participatory Poverty Assessments completed in recent years by the World Bank and other agencies. Deepa Narayan, Principal Social Development Specialist in the World Bank's Poverty Group, initiated and led the research effort.

The global *Consultations with the Poor* is unique in two respects. It is the first large scale comparative research effort using participatory methods to focus on the voices of the poor. It is also the first time that the World Development Report is drawing on participatory research in a systematic fashion. Much has been learned in this process about how to conduct Participatory Poverty Assessments on a major scale across countries so that they have policy relevance. Findings from the country studies are already being used at the national level, and the methodology developed by the study team is already being adopted by many others.

We want to congratulate the network of 23 country research teams who mobilized at such short notice and completed the studies within six months. We also want to thank Deepa Narayan and her team: Patti Petesch, Consultant, provided overall coordination; Meera Kaul Shah, Consultant, provided methodological guidance; Ulrike Erhardt, provided administrative assistance; and the Institute of Development Studies, University of Sussex provided advisory support. More than a hundred colleagues within the World Bank also contributed greatly by identifying and supporting the local research teams.

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The completion of these studies in a way is just the beginning. We must now ensure that the findings lead to follow-up action to make a difference in the lives of the poor.

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Contents

CHAPTER 1: BACKGROUND

1.1 OBJECTIVES, PROCESS AND METHODOLOGY	1
<i>Objectives</i>	1
<i>Methodology and Process</i>	2
1.2 RESEARCH SITES	2
<i>The Country Setting</i>	2
<i>The Study Provinces</i>	3

CHAPTER 2: EXPLORING WELL-BEING AND ILL-BEING

2.1 WELL-BEING AND ASSET ENDOWMENTS	11
<i>Natural capital</i>	12
<i>Human capital</i>	13
<i>Social capital</i>	14
<i>Financial capital</i>	14
<i>Material assets</i>	16
2.2 ILL-BEING: POOR OR VULNERABLE HOUSEHOLDS AND THEIR ASSET BASES	16
<i>Households with constraints in natural, financial and material capital</i>	19
<i>Households facing crises</i>	21
<i>Human capital</i>	21
<i>Cultural and physical marginalization</i>	24
2.3 TRENDS IN WELL-BEING AND ILL-BEING	25
<i>Overall trends in well-being and ill-being</i>	25
<i>Individual household changes in well-being and ill-being: upward and downward mobility</i>	27
<i>Asset endowment, trends in livelihood systems and inequality</i>	29
<i>Factors which might increase differentiation between households</i>	31
<i>Factors which might mitigate against growing differentiation</i>	32

CHAPTER 3: VULNERABILITY, SECURITY AND COPING WITH HARDSHIP

3.1 PERCEPTIONS OF RISK AND VULNERABILITY.....	33
<i>Human shocks and crises</i>	34
<i>Agricultural and economic losses</i>	37
<i>Material losses</i>	39
3.2 LIVELIHOOD SECURITY	39
<i>Stability of employment and income</i>	40
<i>Inherited wealth</i>	40
<i>Security of shelter</i>	41
3.3 COPING WITH DECLINES IN WELL-BEING.....	41
<i>Mechanisms in the community</i>	44
<i>Formal safety nets</i>	44
<i>Borrowing money and food</i>	45
<i>Selling assets</i>	46
<i>Laboring</i>	47

<i>Child labor</i>	48
<i>Withdrawing children from school</i>	48
<i>Selling blood</i>	49
<i>Selling women and babies</i>	49
<i>Expenditure reducing strategies: living with ill-health and reducing consumption</i> ..	50
<i>Gathering food or products from the forests</i>	50
<i>Other, less frequently-mentioned coping strategies</i>	50
3.4 THE ROLE OF THE COMMUNITY: SOCIAL CAPITAL, SOCIAL COHESION AND SOCIAL EXCLUSION	50
<i>Social capital and cohesion</i>	51
<i>Social exclusion and problems with community cohesion</i>	53

CHAPTER 4: INSTITUTIONAL ANALYSIS

4.1 INFORMAL AND FORMAL INSTITUTIONS	58
4.2 POOR HOUSEHOLDS AND THE ADMINISTRATION	59
<i>Information flows, representation and voice</i>	60
<i>Transparency and financing of local government</i>	61
<i>Poor households, local government and service delivery</i>	63
<i>Targeting</i>	67

CHAPTER 5: GENDER RELATIONS

<i>Women and decisions in the Household</i>	70
<i>Women and workloads</i>	71
<i>Women and domestic violence</i>	73
<i>Women and health</i>	73
<i>Women and institutions</i>	74
<i>Education and ethnic minority women</i>	74
<i>Women and coping strategies</i>	75

CHAPTER 6: PRIORITIES AND PROBLEMS OF POOR HOUSEHOLDS

<i>The poor prioritize interventions which will increase and</i>	79
<i>An improvement in off-farm employment opportunities</i>	79
<i>With few exceptions, the poor prioritize interventions</i>	79
<i>Improvements in infrastructure</i>	80
<i>Households prioritized access to formal sector</i>	80
<i>In all sites, poor households felt that access to information was a high priority</i>	81
<i>For poor migrants, equal access to government services is a priority</i>	82
<i>Poor households feel that interventions should be better-targeted</i>	82
<i>Poor households feel they should be involved in the decisions which affect them</i>	83
<i>For the elderly, access to affordable health care was a priority</i>	83
<i>For children, a secure and harmonious family and community</i>	83

Tables

Table 1: PPA research sites	i
Table 2: Summary of PPA Research Sites.....	8
Table 3: Categories of households in high well-being.....	11
Table 4: Patterns of Household Livestock Ownership in Lao Cai.....	15
Table 5: Typology of poor and vulnerable households	18
Table 6: The Household Lifecycle and Poverty: the newly-separated households and small, elderly households.....	22
Table 7: Households that have separated.....	23
Table 8: Trends in well-being in Ho Chi Minh City.....	27
Table 9: Most frequently Cited Crises in the PPA research areas	34
Table 10: Constraints and difficulties in managing capital	36
Table 11: Mechanisms for coping with declines in well-being	43
Table 12: Different forms of borrowing in Tra Vinh and Lao Cai	45
Table 13: Community Support Mechanisms by site.....	51
Table 14: Costs of ceremonies and social events in Tra Vinh.....	52
Table 15: Summary of types of social exclusion experienced, in order of priority	54
Table 16: Commonly mentioned formal institutions	58
Table 17: Commonly mentioned informal institutions	59
Table 18: The Calculation of Taxes for Three Hypothetical Households	62
Table 19: Levels of institutional borrowing in one midland commune, Lao Cai	67
Table 20: Percentage of poor and hungry households in two communes.....	67
Table 21: Changes in women's responsibility and authority in Ha Tinh	71
Table 22: Daily timetable for a woman in Lao Cai	72
Table 23: Proportion of males and females literate in Vietnamese Language.....	75
Table 24: Prioritized needs of Different Groups of Poor People.....	76
Table 25: Problems and causes of problems raised by poor households.....	77
Table 26: Financial needs of the poor - current and required financial services	81

BOXES

Box 1: Issues in landholdings.....	12
Box 2: Households with constraints in natural, financial and material capital	20
Box 3: The dilemma of poor farmers in Tra Vinh - The debt spiral	21
Box 4: Trends in well-being and ill being in Tra Vinh & Ha Tinh.....	26
Box 5: The Importance of Information in moving out of Poverty	29
Box 6: Human Shocks death of a main labourer.....	35
Box 7 : Human Shocks: the costs of ill health	35
Box 8: Agricultural and economic losses.....	37
Box 9 : Failure of an investment in watermelon production in Tra Vinh	38
Box 10: Material Losses in Lao Cai and Ha Tinh.....	39
Box 11: Children's perceptions of threats to security (Ho Chi Minh City)	41
Box 12: Food Support in one District of Lao Cai Province	44
Box 13: Food Support in Ta Gia Khau Commune in Lao Cai Province.....	44
Box 14: Landlessness in Tra Vinh	47
Box 15: Selling blood in Ho Chi Minh City	49

Box 16: Selling women in Ho Chi Minh	50
Box 17: Community disapproval: a single mother.....	56
Box 18: Lack of information, consultation and compensation: Tra Vinh.....	61
Box 19: Costs of primary education in Ho Chi Minh City	64
Box 20: Connections and Access to Credit in Tra Vinh	66
Box 21: Gender based problems in PPA Study Sites.....	70
Box 22: Women and Health.....	74
Box 23: Migrant family in Ho Chi Minh City	82

Figures

Figure 1: Trends in well-being over time (rural areas)	28
Figure 2: Chart Showing the Stages in Targeting, Selection,	69

Abbreviations, acronyms and terms

List of Abbreviations, Acronyms and terms used

AAV	Actionaid Vietnam	PCF	People's Credit Fund
CEMMA	Committee for Ethnic Minorities and Mountainous Areas	PPA	Participatory Poverty Assessment
Cyclo	A bicycle-rickshaw, used as a form of passenger and goods transport in cities in Vietnam	PRA	Participatory Rural Assessment
DARD	Department of Agriculture and Rural Development	ROSCA	Rotating Savings and Credit Association
Decree 36	Used as shorthand in this document for Decree 36-CP (May 1995) on Ensuring Traffic Order and Safety on Roads and in Urban Centers	RTCCD	Research and Training Center for Community Development
DOE	Department of Education	SCF-UK	Save the Children Foundation, United Kingdom
DOH	Department of Health	SDA	Viet Nam Sweden Health Cooperation – Support for Disadvantaged Areas
DOLISA	Department of Labor, Invalids and Social Affairs	Sida	Swedish International Development Agency
GDP	Gross Domestic Product	UNDP	United Nations Development Program
GOV	Government of Vietnam	USD	United States dollars
Ha	Hectare	VBA	Vietnam Bank for Agriculture and Rural Development
HEPR	Hunger Eradication and Poverty Reduction program	VBP	Vietnam Bank for the Poor
HH	Household	VLSS	Vietnam Living Standards' Survey
HYV	High Yielding Varieties	VND	Vietnam Dong
MOLISA	Ministry of Labor, Invalids and Social Affairs	WU	Women's Union
MRDP	Viet Nam Sweden Mountain Rural Development Program		
NGO	Non-Governmental Organization		
Oxfam GB	Oxfam Great Britain		
PC	People's Committee		

Vietnamese Terms and Acronyms

Measurements

<i>Cong</i>	local land measure in <i>Tra Vinh</i> (1000square meters)
<i>Sao</i>	local land measure in Ha Tinh (360 square meters)
<i>Thuoc</i>	local land measure in <i>Tra Vinh</i> (36 square meters)
<i>Gia</i>	measure of rice (1gia=20 kg)

Other

<i>Ho Khau</i>	Booklet issued to households conferring permanent rights to residency in a particular area
<i>Hui</i>	local term for various types of rotating lending groups
<i>Kinh</i>	ethnic Vietnamese
<i>La</i>	palm leaves used for weaving in <i>Tra Vinh</i>
VAC (<i>vuon, ao, chuong</i>)	literally, garden, pond, pigsty: a model of complementary, subsidiary farming activities promoted in Vietnam

Current Exchange Rate

USD1 approximately equal to 14,000 VND

Executive Summary

This report compiles the findings from four Participatory Poverty Assessments (PPAs) which took place between July 1998 and April 1999. These PPAs involved more than 1000 households in four very different parts of Vietnam in a process of research which focussed very clearly on issues of wellbeing and poverty. The studies were facilitated by four agencies with considerable experience in qualitative research in Vietnam. **Table 1: PPA research sites** summarizes information about the four sites.

Table 1: PPA research sites

	Lao Cai Province	Ha Tinh Province	Tra Vinh Province	Ho Chi Minh City
Research agency	Vietnam-Sweden Mountain Rural development Program	Actionaid	Oxfam (GB)	Save the Children Fund (UK)
Region	Northern Uplands	North Central coast	Mekong Delta	South (major city)
Physical features of research area	Covered remote highland villages and more accessible midland villages. Mixed upland and paddy farming	Drought- and typhoon-prone coastal area with very poor soil. Some upland areas further inland. Predominantly paddy farming.	Typhoon- and flood-prone coastal area with poor agricultural land. Predominantly paddy farming and shrimp-raising.	Densely populated urban area. Some areas with long-term residents, others with more recently settled migrants and more makeshift shelter. Poor infrastructure and utility services. Many parts flood-prone.
Number of sites	6 villages in 4 communes in 2 Districts	14 villages in 7 communes in 6 Districts	8 villages in 2 communes in 2 Districts	12 Quarters in 6 wards in 3 Districts
Population characteristics	H'mong, Phu La, Tu Lao, Tu Di, Nung, Han, Dao, Giay and Man Do ethnic minorities and Kinh	Majority Kinh	Mix of Kinh and Khmer villages	Kinh; high % of households with temporary residential status; one predominantly Chinese quarter.

A broader picture of trends in poverty and the socioeconomic conditions of the average rural and urban dweller will soon be available in the analysis of the second Vietnam Living Standard Survey. The PPAs do not give this kind of overview, but have a strong focus on researching conditions in the most disadvantaged areas and on gathering the

perspectives of the poorer households. This almost exclusive focus on the perspectives of the poorer groups may give the report an unbalanced feel: being poor, the respondents in research exercises often focus on deprivations and problems. This report should be seen as representing the views of a subset of the population, the subset which has probably drawn least benefits from the recent reforms and which encounters most problems in trying to develop secure livelihood systems.

Changes for the better...

Given the levels of poverty experienced amongst the households in the research, it is heartening that one of the most striking findings is that livelihoods and living conditions have, in the minds of the poor, improved notably over recent years. This finding is quite robust in the rural PPA areas, with few households, perhaps 10-15%, reporting any deterioration in livelihoods. This improvement is more widely reported in the accessible lowland areas of *Tra Vinh*, Ha Tinh and midland *Lao Cai* than in the highland areas, where changes take place more slowly. Much of this improvement seems to be predicated on the ability of rural households, even very poor households, to diversify their farm income base so that their incomes are rising slowly and, importantly, less vulnerable to shocks and crises. The changes do not seem on the surface to be terribly dramatic – at a household level they might mean that income sources have broadened from a unique dependence on paddy production 8 years ago to include a few pigs, some fruit trees and some trading activities nowadays. However these small changes signify important improvements in household resilience to shocks. There is greater ambiguity in household responses to recent changes in *Ho Chi Minh City*, with poor households more circumspect about reporting improvements in well-being. For these households, there is no farm to fall back on and unless the family can earn enough cash from either self-employment or wage-laboring, then there can be a severe consumption crisis.

Can the trend continue?

Although rural households speak with some optimism about the future, there are some worrying signs. In all rural sites, new households are receiving less and worse land because most agricultural land has already been allocated. New households are often dependent on the landholdings of their extended families to generate a living and, by and large, these landholdings are too small to support their consumption needs. In a rural sector full of off-farm employment opportunities, this might not be such a problem. However, households in both Ha Tinh and *Tra Vinh* comment on the difficulty in finding stable income sources off the farm. In *Tra Vinh*, where landlessness is already a reality for some poor households, the problem of how to make a living off the farm is already becoming critical. In urban areas the fortunes of poor households are closely tied to the demand for unskilled labor and the potential for profitable self-employment. In the minds of the poor households who participated in the *Ho Chi Minh City* study, there are no strong trends emerging. This might be partly because the urban sector has been more sensitive to the recent downturn in regional economic performance and so the last 5-8 years have seen more ups and downs than in the rural sector.

Households define well-being first in terms of asset endowments

Having the wherewithal to generate a stable income which is sufficient to cover consumption and robust enough to withstand periods of misfortune or hardship without selling assets or taking destabilizing loans is the single most important criteria which poor households use in defining well-being. Reducing this to basic assets, in rural areas this means adequate landholdings of reasonable quality, favorable ratios of laborers to consumers in the household, cash to buy inputs and information to expand the farm base. In urban areas, it means having a sound ratio of laborers to consumers and having those laborers generate an income. The higher the quality of the labor, the greater the chance of a paid job, but this reportedly requires a minimum of lower secondary education. Generating a reasonable income from self-employment requires some initial capital to invest and a favorable environment in which to sell goods or, more usually for the poor, services. Households also perceived good, solid, well-located housing as an important feature of well-being. Being educated, knowledgeable, well-informed and having children who are attending school were included as a feature of well-being in all study areas.

But non-material assets are also important

Although not of prime importance, households place some priority on non-material aspects of well being. The freedom from debt and the anxiety and, sometimes, humiliation which this entails is considered very important. Being respected in the community and not being regarded as inferior because of poverty is also often mentioned by households as important. Children in particular value domestic and community harmony and adults in all areas echo this finding, though less vociferously than the children. Participating in community and social activities is important to adults in all sites and “having friends” is similarly important to children.

Households are still vulnerable to shocks and crises

Even the better-off households fear bouts of ill health which entail high expenditure whilst simultaneously reducing the household capacity to earn. Costs include expenditure on consultations, treatment and side-costs, such as transport and accommodation for relatives. Ill health was the most commonly mentioned reason why households had become poorer in recent years and illness routinely leads to divestment of assets and taking out informal sector loans, both of which have a long term impact on household livelihoods. Failure of investments and poor harvests are also highly destabilizing. In *Ho Chi Minh City*, having a drug addict in the family has severe implications for household well-being.

Coping strategies draw heavily on the household's own resources

Help is available in the community during times of crisis, and family, friends and neighbors are usually the first port of call for a household requiring assistance. But the amount of help available from these benevolent sources is usually limited, because poor households are often related to other poor households and live in poor communities. Most households confront hardship by selling assets, such as livestock, taking loans, often at high

interest rates, or by diverting household resources to cash-generating activities. Reducing expenditure, by limiting food intake, by forgoing medical treatment and by withdrawing children from school, are also important coping strategies. Formal safety nets do not make a major contribution to household ability to cope with hardship.

Social capital is important for poor households, but some poorer groups face exclusion

In most villages, there is a sense of obligation for fortunate households to provide some support for the less fortunate. This sense of mutual help is most pronounced in the more remote, less stratified highland villages, where the low levels of socio-economic differentiation mean that today's better-off household may well need to call on assistance from other households at some time in the future. There is a strong possibility that help given will be reciprocated in the future. This is less so in more stratified communities, where today's wealthier household is more likely also to be tomorrow's wealthier household. Some forms of help which are underpinned by reciprocity in the highlands are motivated by commercial imperatives in the more accessible villages: there is much more borrowing at positive real interest rates in the midland and lowland study areas than in the highland villages. Whilst the poor households are keen to access social capital which provides assistance in times of crisis, many of the better-off households are more interested in cultivating social connections which help to access resources or jobs or which provide influence in local matters. This latter form of social capital is more dominant in the more accessible areas. Some households have limited access to social capital because they are poorer, cannot afford to contribute to important community and social events and because they lack confidence in wider society.

Whilst the poorer might be looked down upon and their children regarded as undesirable marriage options, they are very rarely outcasts. Households who behave in a way which invites community disapproval – for example involvement in drugs, crime or having children outside marriage – may live very much on the peripheries of community life. In areas of mixed ethnicity, those with limited language, literacy and numeracy skills are likely to be marginalized and have less influence in local decisions though not totally excluded. Poor migrants are the only group covered in the study who face formal exclusion from certain activities. The poor households without permanent registration in Ho Chi Minh City are not eligible for fee exemptions which apply to poor permanent residents and they face very considerable problems in accessing formal sector financial services.

Village or ward management play an important role, but poor households feel they have little influence over decisions

The village (or ward, in *Ho Chi Minh City*) manager came top of the institution rankings in all study sites, which, in general, showed a bias towards listing formal institutions. The village or ward manager is elected and salaried, though remuneration is equivalent to only two days' unskilled wages per month. In rural areas, he seems normally to be male, but this is not true in urban areas. At the very best, this person can play an important role in informing and genuinely consulting poor households and representing these views to higher levels of the administration. In practice, there may well be practical and other constraints to performing this function well. Poor households voiced strong opinions that their views were rarely sought and even more rarely acted on. They also felt

critically under-informed about their rights, their entitlements, about Government services which they should be able to access, about procedures for applying for services and about local plans and decisions which influence their lives. In Ha Tinh, there was considerable resentment of the local contributions which are levied to cover the costs of commune and district administration and questions were raised about the transparency of local Government financing.

Women face disadvantages within the household

Although there is a Vietnamese tradition of allowing women to manage household finances, it seems male priorities are internalized in household-level, financial decision-making. Women repeatedly complained about the expenditure on alcohol, tobacco and over-extravagant contributions to social events, which are all male priorities, but felt unable to curtail these expenditures. Women reported limited control over reproductive decisions, although women are expected to take responsibility for contraception. The studies suggested that women work harder than men, often beyond their physical capacities, and that they have very limited time for relaxation, socializing, taking part in community affairs or attending training courses or literacy classes. The studies also report that physical abuse of women is commonplace and that wife-beating is often associated with alcohol abuse or economic stress or both.

Poor households identify their priorities

This report compiles the main priorities expressed by poor households across the four study areas. These include:

- Prioritizing interventions which will increase and stabilize agricultural and off-farm incomes (improvements in off-farm employment opportunities was a particular priority in all areas except *Lao Cai*);
- For poor migrants, equalizing access to government services is a priority, especially access to those interventions which poor households with permanent registration are entitled to, such as fee exemptions for health and education and formal sector financial services;
- Improving the targeting of interventions towards the poor households, minimising the extent to which better-connected households receive preferential access to services and resources, and improving the transparency of beneficiary identification for Government programmes;
- In all sites, prioritizing access to more information about household entitlements and on Government plans, services, decisions and programmes;
- The need for infrastructural improvements, particularly those which provide better access for isolated communities, is a theme which runs through many of the other priorities;
- In all sites, involving poor households in the decisions which affect them;
- Prioritizing interventions which help poor children to attend and complete school;

- For all households, but for the elderly in particular, improving access to affordable health care was a priority; and
- For children, living in a secure and harmonious family and community environment was priority.

Chapter 1: BACKGROUND

1.1 Objectives, Process and Methodology

Objectives

This report synthesizes the findings from Participatory Poverty Assessments (PPAs) carried out in four locations of Vietnam between September 1998 and May 1999. The PPAs were co-funded by the World Bank but organized and conducted by four agencies with considerable track records in participative research in Vietnam: Actionaid, Oxfam (GB), Save the Children Fund (UK), and the Vietnam-Sweden Mountain Rural Development Program (MRDP). These agencies, in turn, contracted out some of the research or writing tasks to local Non-Governmental Organizations (NGO's), research institutes or independent researchers and consultants. Agencies worked with the close cooperation or direct collaboration of their partner agencies in provincial and district Government, with the result that this has been a strong capacity-building exercise for local Government agencies. The four PPA agencies work in four very different parts of Vietnam and so have been able to provide insights into the nature and dynamics of poverty in a very diverse ranges of social, economic and geophysical situations All in all, more than 1000¹ households have been involved in carrying out this research.

Although the PPA findings are collated here as a contribution to the “Consultations With The Poor” 20 country study, this has not been the primary objective of the research. The World Bank in Vietnam is preparing a major, new study of poverty in partnership with Government and other donors. This joint study will be finalized in time to share with all the participants in the 1999 Consultative Group (CG) meeting in December. Part of the analysis in the forthcoming joint poverty study will be based on new data recently collected during the second Living Standards' Survey. The PPAs will complement the statistical data by helping to explain trends emerging from the statistical analysis and providing information on issues to do with poverty not covered by the quantitative data. The strong expectation is that the combination of quantitative and qualitative information will allow for a deeper and more representative analysis of poverty than would the quantitative information alone.

The four agencies participating in the study have also had their own program and/or advocacy objectives in carrying out the research. All of the agencies participating in the field work have poverty alleviation programs in the vicinity of the study sites. They have used the PPAs as an opportunity to improve their understanding of poverty in the local area, to train their local partners in participative research techniques, to try to broaden in the poverty debate in the local context and to research specific issues in poverty. For all agencies, this research work is part of an ongoing relationship and dialogue with local Government and it is hoped that the research findings will inform the local authority poverty alleviation plans.

¹ 426 households in *Ho Chi Minh City*, approximately 350 in *Ha Tinh*, 250 households in *Lao Cai* and around 100 in Tra Vinh

Methodology and Process

The research teams designed their own research plans and methodology. The agencies conducting the PPA have many years' prior experience in the PPA areas and were keen to investigate areas of specific interest as well as gathering more general information on well-being. Most agencies started with a review of their existing information on poverty in the area. From there they drew up a research framework which set out their current views on poverty and some agencies identified specific hypotheses or research questions which they intended to investigate in further depth. All but one agency had reached this stage *before* a possible link to the Consultations with the Poor exercise had been identified. By the time the *Process Guide for the 20 Country Study* was distributed, the draft research plans were already being discussed and teams had been identified. Some initial PPAs had already been carried out in *Ha Tinh* and a pilot study for the *Ho Chi Minh City* research had been conducted to test questions and refine field techniques. Still it was felt that there would be sufficient overlap between the PPA plans and the outline for the Consultations with the Poor exercise for the Vietnam research to make a valuable contribution. Each research team used a range of participative techniques, but did not adhere strictly to the *Process Guide*. These techniques included mapping, socio-economic mapping, well-being ranking, problem scoring, pair-wise ranking, trend analysis, seasonal calendars, daily timetables, household timelines, cause and effect trees, institutional ranking/mapping and institutional strengths and weaknesses analysis. The exercises were generally carried out either in focus group discussions or during household level interviews. All of the teams held focus group discussions alone with women. Views from the elderly, from children and from young people were also gathered in separate exercises. Two of the PPAs (*Ha Tinh* and *Ho Chi Minh City*) were supplemented with quantitative household surveys and the *Lao Cai* PPA was supplemented with a data-gathering exercise at the District level.

Agencies are now in the process of finalizing their site reports with their local Government partners. This process involves workshops in each of the PPA sites to present findings to local partners and to discuss how to build on findings in a concrete fashion.

1.2 Research Sites

The Country Setting

The socialist system, which was established in the North of Vietnam after the departure of the French in 1954 and which extended to the South after reunification in 1975, has accorded high priority to social equity, to poverty reduction and to the development of human capital. In the education sector, the achievements have been quite remarkable: in 1954 when the French left, the literacy rate was only 15%². By 1989, the Census indicated that 81.8% of women and 88.5% of men over 10 years of age was literate. Commitment to investing in the health of the nation's population led to the development of a vast network of primary health care facilities which greatly increased access to health care. Life expectancy at birth is significantly higher (at 68 years) and infant mortality lower (at 41 per 1000 live births) than normal for countries of comparable per capita GNP (US\$320 per annum).

² Vietnam: *Primary Education Teacher Project Stakeholder Analysis*, by Gerard Clarke and Anna Christie, October 1998

Economically, however, progress in the post-colonial period was less satisfactory. Agricultural land was collectivized after 1954 in the North and, more haphazardly, after 1975 in the South in a bid to eradicate some of the worst inequities which had developed during the colonial period. Whilst equity goals may have been achieved, this policy also led to catastrophic falls in agricultural output and severe hardship for the rural population, already stretched by many years' of warfare. Within 10 years of reunification, it was recognized that central planning and state management of agriculture had been disastrous for the economy and steps were taken to renovate the economy with a series of *doi moi* reforms. Now in 1999, previous shortfalls in agricultural production have been completely reversed by returning the responsibility for agricultural production to the individual household. Indeed, Vietnam is now a major rice exporter. There has been a removal of earlier restrictions on private sector activities so that, now, a rural household may engage in a range of supplementary activities such as gardening, livestock raising, food-processing and trading and, importantly, may retain the profit from those activities.

The impact of the *doi moi* reforms on economic growth and poverty has been quite astonishing. Figures collected in 1992-3 as part of the first Vietnam Living Standards' Survey (VLSS) suggested that the poverty headcount was 58% of the population. Data from the second VLSS is still being processed, but the early indications are that the poverty headcount has dropped by 21 percentage points to 37% in a five year period.

The Study Provinces

The study sites were chosen to capture the views of poor households in a range of different circumstances: an ethnic minority upland area (***Lao Cai***), a poor coastal area (Ha Tinh), poor communes in the Mekong Delta (***Tra Vinh***) and poor communities in Vietnam's biggest city (***Ho Chi Minh City***). These sites differ in nearly all features: natural endowments, ethnicity, population changes (because of resettlement and migration), recent history (two sites were under a different regime until a little over 20 years ago) and socio-political characteristics (especially relationships with central Government). The diversity of sites makes the discovery of common themes across the study areas all the more interesting. Study Provinces are described below. Features of the study Districts, communes and villages are set out in Table 2.

Lao Cai Province

Lao Cai Province was established in 1991 following the division of the former Hoang Lien Son Province. Lying on the boarder with China in the extreme north west of the country, the province consists of 8 districts, 2 townships, and 165 rural communes with a total land area just over 8,000km² (see cover Maps). The topography is strongly dissected, with the Red River valley and main road and rail arteries running through the center of the province. Mountainous districts surround this central corridor to the north east and south west, consisting of numerous ridges and secluded valleys in which rural communities are situated. Areas with steep slopes exceeding 25° occupy 84% of the land area and the elevation ranges from 80m above sea level. to 3,143m above sea level at the summit of Fan Si Pan, the highest mountain in Viet Nam. The mountainous terrain and associated climatic shadow effects help to create a very diverse natural environment.

Lao Cai is home to 33 ethnic groups which gives rise to extremely complex patterns of locally adapted land use systems and socio-cultural characteristics³. In the midland areas Kinh, Tay, Thai, Lao and Giay ethnic groups predominate. While Hmong, Dao, Nung, Phu La and several smaller ethnic groups tend to live at the higher elevations. The largest ethnic groups are the Kinh (approximately 35%), Hmong (20%), Dao (15%) and the Tay (10%). Many rural communes and villages have two, three or more ethnic groups living side by side. The total population in 1998 was around 600,000 with rural population densities varying from as low as 50 persons/km² in some remote upland communes (amongst the lowest in the country) to over 200 persons/km² in the midlands. In recent decades, there have been significant population fluctuations and movement of people within the province as well as migration of Kinh people from the lowlands to new economic zones in the north. *Lao Cai* has one of the highest rates of illiteracy in Viet Nam. It is estimated that only half of the population over 10 years old can read and write. This varies very much between ethnic groups: Kinh 95%, Tay 80%, Dao 30% and Hmong 8%. Female illiteracy rates are much higher than those for males especially amongst the Ha Nhi and Hmong.

The economy of *Lao Cai* is predominantly agricultural and subsistence based with over 88% of the adult labor force involved in agriculture. In the midland areas, where there are greater market opportunities, farmers practice mixed farming systems including wetland rice and rain fed hill crops, and intensive home-garden and forest-garden production systems combining livestock, horticulture, forestry and fisheries in some places. In upland areas farmers are more reliant on rain fed agriculture. Maize is the main staple food crop in these areas, but a wide range of other staples are grown including cassava, hill rice, potatoes etc. Forest land constitutes about 66% of the provincial land area, although only about 20% has forest cover, the remainder is under various forms of multiple use.

Lao Cai is the richest province in terms of mineral resources in Viet Nam. Other advantages include the abundance and diversity of plant communities, the potential for tourism development in upland areas, and the availability of central communication and transport systems linking *Lao Cai* with Ha Noi and China.

Ha Tinh Province

Ha Tinh Province is located in north-central Vietnam about 350 kilometers south of Hanoi and stretches from the Lao Border to the South China sea, straddling the entire country at one of its narrowest points. The province is bounded to the north by the province of Nghe An and to the south by Quang Binh. Although *Ha Tinh* is a fairly new administrative unit which was established in 1991 from the southern districts of Nghe Tinh Province, the area has a strong tradition of revolutionary activity. It has played host to a number of anti-colonial rebellions and uprisings including the "Nghe Tinh Soviets". The Province was also a focal point for US bombing attacks during the 1960s. *Ha Tinh* Province is divided into eight rural districts (Duc Tho, Cam Xuyen, Huong Khe, Huong Son, Thach Ha, Nghi Xuan, Ky Anh, and Can Loc), two towns (Hong Linh and *Ha Tinh*) and 262 communes and wards.

³ CRES / EWC (1996), Development Trends in Vietnam's Northern Mountain Region. National Political Publishing House.

The total population of **Ha Tinh** Province is 1.2 million with an average population density of 210 person/km². It has a population growth rate of 1.6% (1996) which is below the national population growth rate of 2.1%. In 1997, 51% of the population was female and 92% of the population lived in rural areas. The majority of people in **Ha Tinh** Province (99.9%) are Kinh. While most children attend primary school for at least some period of time, only a quarter to a third of all poor and hungry children finish lower secondary school.⁴

Ha Tinh is a primarily agricultural province. In 1996, 57% of GDP was generated by agricultural, forestry and fishery activities while only 11% came from industry and construction. **Ha Tinh** Province is among the poorest in Vietnam and the north-central region is the third poorest region in the country (after the North Uplands and Central Highlands). According to data from the Poverty Alleviation Program of **Ha Tinh** Province, poor and hungry (very poor) households made up 27% of all households within the province in 1997. Hungry households alone made up 11% or 30,200 households.

Ha Tinh Province covers some 6,000 km² making up approximately 1.8% of the total area of Vietnam. Per capita agricultural land is only 0.47 hectares per capita⁵. The climate in **Ha Tinh** Province is particularly difficult and features a long dry season with marked by frequent droughts and hot dry winds from Laos and a lengthy wet season punctuated by flooding. In addition, typhoons often strike the province, sometimes causing heavy damage.

The province can be divided into four main agro-ecological zones. These zones moving from the coast to the Lao border include: coastal strip, delta/plain, hills, and mountains. The coastal strip stretches for 137 km and makes up 7% of the province's total area and is characterized by sandy and salty soil. The delta/plain zone lies between the coastal strip and the hills and covers 54,000 hectares or 9% of the province's total land area. This zone includes most of the paddy land in **Ha Tinh** Province. The third zone is comprised of gently sloping hills with elevations of 100 to 300 meters, and lies between the lowlands and the mountains. This zone makes up 30,000 hectares or 5% of **Ha Tinh** Province. Much of this land is unsuitable for cultivation due to poor soil, deforestation and erosion and only 36% of it is used for agricultural production. The last zone is comprised of mountains from the Truong Son Range with elevations of 1,200 to over 2,000 meters. This zone, which occupies 480,000 hectares, makes up the bulk of land area in **Ha Tinh** Province (79%) although only 9.5% of it is used for agricultural purposes⁶.

Tra Vinh

Tra Vinh, situated to the Southwest of **Ho Chi Minh City**, is one of the poorest provinces in the Mekong Delta. It is bordered to the North and the South by the Hau Giang and Tien Giang Rivers, both branches of the Mekong. To the East lies the South China Sea, along 65 km of coast, and to the West lies Long Vinh Province (which until 5 years ago was

⁴ "Socioeconomic Aspects/Study of **Ha Tinh** Province," Center for Natural Resources and Environmental Studies: Hanoi, May, 1998.

⁵ Center for Natural Resources and Environmental Studies, 1998.

⁶ Ibid.

joined to *Tra Vinh*, forming the province of Cuu Long). The road to *Tra Vinh* is generally good, though peppered with bridges in various stages of disrepair, and the trip from HCMC can be done in under 6 hours, including a ferry crossing.

The official population of *Tra Vinh* is 1.0 million (148,270 households), living in *Tra Vinh* town and 7 districts: Cau Long, Cau Ke, Tieu Can, Chau Thanh, Tra Cu, Cau Ngang and Duyen Hai. The Mekong Delta area was under the rule of the Khmer until the 18th century, which helps account for the large number of Khmer still living in *Tra Vinh*: over 29% of the population. There are also a number of ethnic Chinese (5-6% of the population), and tiny Cham and Au populations. The number of “poor” households, earning less than VND90,000/person/month (USD6.50/person/month) is 33,545, of which 11,525 households earn less than 60,000d/person/month (USD4.30/person/month)

The economy is based on the production of rice, and in recent years on fishing and aquaculture. The increase in rice yields over the last few years has been hampered by the poor quality of the soil: generally speaking, the soils in the province are poor in terms of water-holding capacity and nutrients, and are severely affected by acidity and salinity. Though there are plans to develop the coconut sector for export, *Tra Vinh*'s distance from HCMC and the lack of transportation make the enterprise exceedingly difficult. Over 80% of the population is dependent on the agricultural sector. The total area of agricultural land is 145,000 hectares, of which 117,000 ha are devoted to rice, and 24,490 to mangroves. People survive through small-scale subsistence farming, but are increasingly having to find other income-generating activities. The official unemployment rate is around 10%.

Recently people have poured a lot of energy and resources into the development of shrimp and crab farming, but this has proven to be a highly volatile and risky activity (in 1994/5, almost 100% of shrimp harvests failed completely!). There are several other activities, such as animal husbandry (mainly pigs and cows), mushroom-growing, python raising, handicrafts, and services, but these still very limited. Many people have to resort to day-laboring, an occupation which provides highly variable income. And very little job security. Demand for labor is limited even during the high season, and on average, a person can expect to work only 10 to 15 days in the month, for between 10,000 and 30,000 VND per day. Income per capita across the whole province is thus predictably low – less than \$150 per year – and access to health and education, or even clean water is limited.

Ho Chi Minh City

Ho Chi Minh City is the largest city in Vietnam. It has 22 districts, 17 urban and five rural districts (see map). Five new urban districts were created in 1997 (district's 2, 7, 7, 12 and Thu Duc District) continuing the process of absorbing more and more rural areas into the *Ho Chi Minh City* metropolitan area. *Ho Chi Minh City* is the pre-eminent commercial and economic center of Vietnam and has an estimated population of six million people. Six percent of Vietnam's population live in *Ho Chi Minh City* and produce a quarter of the country's gross domestic product. One third of all small enterprises and light industry and 35 percent of Vietnam's trade are concentrated in *Ho Chi Minh City*. Larger factories are generally located in the periphery of the city, rather than in the center. This increasing urbanization of rural districts and communes is rapidly turning agricultural land

into building land for housing or factories. Agricultural areas in the peripheral districts of ***Ho Chi Minh City*** are shifting their farming activities to supplying the demand of the growing urban market for fresh fruits and vegetables. Urbanization of these areas is also generating a market in rental accommodation for migrants who are moving into these areas to work.

Table 2: Summary of PPA Research Sites

LAO CAI PROVINCE			HA TINH PROVINCE			
COMMUNE	<p>Muong Khuong District <i>Remote upland District with difficult access and weak infrastructure. Population 39,859 with 15 ethnic groups, but predominantly Hmong (38%) and Nung (28%)</i></p>		<p>Bao Thang District Midland area with generally good access and infrastructure. Population 91,516 with 16 ethnic groups, but predominantly Kinh (75%)</p>			
	<p>Ta Gia Khau: Very remote - 35km from district centre. 10 villages bordering China. Total pop approx 1700 people, mixed ethnic minorities</p>	<p>Pha Long: Remote (20km to District). Pop approx 1500 people, mixed ethnic minorities.</p>	<p>Phong Nien Non-remote commune on main road. 18 villages. Pop approx 6000 people: Kinh, Hmong, Nung Dao, Phu La and Tay groups</p>	<p>Ban Cam Non-remote commune on main road. 6 villages, pop 2800 people: Giay, Kinh, Dao, Hmong, Nung, Han, Phu La, Tay, Pa Di groups</p>	<p>Can Loc: rural, coastal</p>	<p>Ky Anh: rural, mountains</p>
	<p>Lao Chai Very remote. Phu La group; 28 hhs</p>	<p>Thai Giang Very remote. Hmong, Phu La, Tu La & Tu Di groups. 41 hhs</p>	<p>Xin Chai Remote. 100% Hmong; 49 hhs</p>	<p>Coc Sam 1 On main road. 98% Kinh, 2% Nung. 71 hha</p>	<p>Tan Ho fairly remote. 100% Hmong. 54 hhs. New village</p>	<p>Nam Tang Non-remote village – 13km to Lao Cai town. Linh, Han, Hmong, Dao, Nung, Giay, man Do groups. 73 hhs.</p>
	<p>3 villages</p>	<p>Tra Son & Thanh My</p>	<p>Thinh Loc</p>	<p>Thuong Loc</p>	<p>Xuan Ha</p>	<p>Hai Ha</p>
				<p>Hamlet 13</p>	<p>Hamlet 5</p>	
				<p>Rang Dong</p>	<p>Trung Dong</p>	
				<p>Village 4</p>	<p>Village 8</p>	
				<p>Village 4</p>	<p>Village 1</p>	
				<p>Thach Ha: rural, delta plain/coastal</p>	<p>Thach Dinh: 742 hhs. Typhoon-prone. No irrigation.</p>	
				<p>Ha Tinh: urban, delta plain</p>	<p>Dai Nai: 930 hhs living in 8 villages. 40% hhs involved in agriculture, remainder in off-farm work</p>	
				<p>Huong Son: rural mountains</p>	<p>Son Ham 884 hhs living in 14 villages. 100% Kinh. Poor infrastructure</p>	
				<p>Cam Xuyen: rural, coastal</p>	<p>Cam Duong 1400 hhs living in 11 villages. 5km of typhoon-prone coastline</p>	

Tra Vinh province

DISTRICT	COMMUNE	VILLAGE
Chau Thanh	Relatively wealthy district with soil which is suitable for rice cultivation. Where good irrigation exists, can produce 2-3 crops per year.	
Hoa Loi	Poorest & smallest commune. 70% Khmer. One rice crop per year.	
Thanh My	Richest commune in District. Pop 1453 hhs, nearly 100% Kinh. 15 km south of Tra Vinh town	
Da Hoa Nam	Poorest village. 147 hh, nearly 100% Khmer	
Qui Non	A richer village. Approx 1500, half of which Khmer	
Nha Dua	poorest village. Land not yet irrigated	
Phu Tho	Wealthy village. 286 hh, of which only 14 poor. 3 rice crops pa	
Duyen Hai District	Poorest District in the Province. Coastal location. Sandy soils with poor productive potential. Limited opportunities for non-agricultural incomes.	
Long Vinh	Poor commune. High Khmer population. Physically isolated from District centre. Saline soil.	
Long Toan	Wealthier commune, bordering town. Land suitable for rice cultivation. Good infrastructure	
Kinh Dao	wealthy village with 305 hhs in 6 hamlets	
Xom Chua	poor village with 237 hhs, 67% Khmer	
Ben Chuoi	wealthy village. 151 hh, nearly 100% kinh. 11% landless	
Gieng Gieng	poor village. 110 hh, nearly all Kinh. 36% landless	

Ho Chi Minh City

District 8:	semi-rural, semi-urban District. Low-lying, crossed by 23 rivers Pop. 331,941, of which 85% Kinh. Ha one third of HCMC's squatter population.	
Ward 10:	3748 hhs of which 90% permanent residents. Centrally located.	Quarter 3
Ward 14:	3769 hhs, more than one third with no permanent residency	Quarter 4
District 6:	Old established district with an important market, a major river port, a bus station and some industrial enterprises (now moving out). Pop 281,052 hh, 30% ethnic chinese	Quarter 2
Ward 8:	poorest ward. 4746 hhs. 19% without permanent status. 33% Chinese	Quarter 3: units 51 and 52
Ward 14:	poor ward with 4124 hhs. 28% without permanent status.	Quarter 4: units 69 and 73
Ward 12:	highest concentration of migrants in District. Very poor.	Quarter 2: units 35 and 41
Ward 21:	Poor ward with low revenues. Problems with drug addiction.	Quarter 5: units 108 and 109
Binh Thanh District:	large, central District. Pop 396,322 people. Has 2 hospitals, 2 bus terminals, large port & an important market.	Quarter 3: units 35 and 36
		Quarter 4: units 66b and 69
		Quarter 3: units 40 and 44
		Quarter 4: units 54 and 55

Chapter 2: EXPLORING WELL-BEING AND ILL-BEING



All the research teams conducted well-being ranking in order to gather community perceptions on what constitutes a good and bad life, and much of this chapter draws on analysis based on these rankings. In all sites, the natural, financial and material asset endowments of households were dominant in defining the well-being status of households and in describing the different categories. This emphasis on asset endowments in the well-being rankings meant that there was a strong correlation between ill-being and poverty in the strictest, material and economic sense. In all sites, the overriding deciding factor in determining well-being was that the household had an adequate holding and spread of assets so that basic consumption needs can be met. Nearly all the ranking exercises from all the sites included indicators of food consumption in distinguishing the households with high levels of well-being (“no food deficit”, “enough to eat throughout the year”) from those with lower levels of well-being (often described in terms of months of food deficit). Because of the importance accorded to assets in the studies, this chapter begins by looking at the relationship between asset endowments and well-being and ill-being.

Non asset-based factors were also mentioned as features of either well-being or ill-being, but were not so important in rankers minds as to override the more concrete influences. Nearly always, it appears, it is the households who have inferior asset endowments who also often suffer the other, less tangible deprivations. These non-economic dimensions to well-being and ill-being include the degree to which households felt secure instead of vulnerable, in the mainstream of activity rather than isolated and confident instead of fearful and humiliated. These influences were often raised tangentially outside the main well-being ranking sessions (for example in institution-mapping exercises or in problem rankings).

2.1 Well-being and Asset Endowments

Table 3 (overleaf) uses the framework presented in the *Lao Cai* PPA to summarize the patterns of asset endowment which are associated with well-being in the four research sites.

Table 3: Categories of households in high well-being

	Natural Capital	Human Capital	Social Capital	Financial Capital	Material Capital
Lao Cai	Good agricultural land. <i>Distance and gradient</i> an issue in upland areas, <i>overall quantity</i> an issue in midland areas. Drinking and irrigation water General accessibility and proximity to markets important.	Favorable dependency ratio; good health; language skills and general “knowledge”. Domestic harmony mentioned as a factor	Highland: important informal support networks for coping with seasonal and unforeseen crises. Midland: social connection important to upward mobility	Access to livestock	
	Access to <i>irrigated</i> land critical in rankings. Good <i>garden land</i> also an important asset No severe problem of landlessness	Favorable dependency ratio; good health; education valued	“Connections” seen as critical for accessing services. Better-off households are well-connected.	Access to livestock Having a regular income, such as a salary or pension. Access to capital for investment Diversified farm base	
Tra Vinh	Access either to <i>large amounts of irrigated agricultural land</i> or <i>land suitable for shrimp-raising</i> Landholdings becoming more concentrated. Wellbeing associated with large landholdings Accessibility important	Favorable dependency ratio; good health; education valued	“Connections” seen as critical for accessing services. Better-off households are well-connected.	Having the financial capital to either raise ducks or farm shrimp. Having access to well-paid work	permanent, strong house with basic furniture and equipment in a favorable location the dominant material asset in all locations Access to transport, motorbikes and machinery were also mentioned
	Better off households voiced more concern about the environment: pollution is a severe problem in the densely populated areas. <i>Location</i> of house important for access to utilities. Some poor areas flood badly.	Having education or marketable skill which allows participation in formal sector employment. Good health important. Domestic harmony important.	Households with formal registration, established links and networks and good local connections are ranked higher.	Having a stable income, preferably a private-sector job. Having access to formal sector credit.	
Ho Chi Minh City					

Education important: children going to school often listed as a feature of better-off households

Natural Capital

Land is very clearly the most important natural asset of rural households. It is not just a simple matter of quantity, which divides the households with a good life from those with a more stressful life. Some of the notable findings and issues which are seen as determinants of well-being are identified in Box 1: Issues in landholdings below:

Box 1: Issues in landholdings

Quantity	Concentration of landholdings in <i>Tra Vinh</i> , but greater equality in landholdings in <i>Ha Tinh</i> and <i>Lao Cai</i> land allocation problematic for new households access to common property and forestry lands	In <i>Tra Vinh</i> , some better-off households have bought land from poorer households. In all rural sites, established households have either more or better-quality land than the newly-formed households, because newer households are trying to secure land <i>after</i> the land allocation and registration has take place. Having access to common property in <i>Lao Cai</i> and <i>Ha Tinh</i> was crucial to livelihoods.
Quality	Gradient, soil quality, access to irrigation, drainage, proximity to residence	In upland areas, having gently sloping land close to the residence was associated with well-being. In lowland areas, access to irrigation is an important determinant. In coastal areas, having good drainage and non-saline soil characterized landholdings of better-off households (with the exception of shrimp farmers, who generally want saline soil).
Type	Paddy, upland, garden land, coastal land suitable for shrimp raising, suitability for most marketable/desirable produce	A mix of land which allows for subsistence production and diversification into cash crops was a feature of better-off households. Villages with adequate paddy land were described as better off than villages endowed with upland. Having a developed garden is important for producing fruit for sale. In coastal areas, plots suitable for shrimp-farming were considered more valuable than plots only suitable for agriculture.

Findings from *Ha Tinh* and *Lao Cai* suggested that for established households, land was distributed with relative equity with regard to quantity and there were no reports of landlessness. Quality might differentiate household landholdings more than quantity for established households in these areas and these differences in quality could be important in determining the range of crop and non-crop activities open to a household.

Quantity *is* an issue, however, in *Tra Vinh*, where concentration of landholdings is taking place along with a rise in landlessness. Households with large landholdings in *Tra Vinh* are usually considered to be amongst the better off. Quantity is also an issue for newly-formed households. In all the study sites, land use rights to paddy land have been

allocated by the commune authorities. In some areas these rights have been formalized by the distribution of Land Tenure Certificates. Although commune authorities are supposed to hold some land back to allocate to new households, in practice this is not always done. In all three rural sites, newly-formed households had less land and poorer quality land. In *Lao Cai*, the new households had particular difficulty accessing paddy land. In most instances, it seems, these households really only have the land which their extended family can give to them. As a rule, it is rare to find new households in the top well-being category in study sites.

Although not explicitly raised by the households involved in the research, it is worth considering the possible future picture. Assuming a continuation of current trends, findings from the PPAs suggest that the future will see, in *Ha Tinh* and *Lao Cai*, either an increasing fragmentation of landholdings as existing landholdings are divided to provide land for new households or a concentration of landholdings as in *Tra Vinh* as marginal farmers sell up and move off the land completely. Landholdings in these areas can currently just provide for consumption needs (best scenario) or can only cover consumption needs for 6-10 months per year (worst scenario). The need for households in these areas to find either supplementary or alternative, non-farm income sources was raised by farmers in focus groups discussions. This need is very likely to become more pressing over the coming years.

Human Capital

The quantity and quality of a household's labor force and, importantly, the ratio between the number of active laborers and consumers in a household were important determinants of well-being in all sites. Well-being in the study sites is strongly associated with having a favorable ratio of laborers to dependents and these households would normally be well-established (that is, not newly-separated) with either grown-up children who can contribute labor or with few small children (who demand home-based labor and incur considerable food, education and, sometimes, health expenses).

Education arose as an indicator in two senses. First, families in high well-being categories were said to have higher levels of "knowledge", which covers a mixture of education, access to information, skills and technical know-how. In ethnic minority areas, households with higher well-being can usually speak some Vietnamese and may be literate. In the rural context, this knowledge allows the households to develop more productive and stable livelihood systems which are more robust in the face of shocks. It means being aware of new opportunities and having the skills to take advantage of them. In the urban context, higher educational levels mean the possibility of higher-paid and more stable employment. The *Ho Chi Minh City* PPA suggested that completion of lower secondary levels of schooling were the minimum requirement to access these kinds of employment opportunities. "Knowing how to do business" was seen as an attribute of households in the higher well-being categories in *Ho Chi Minh City*.

Education of children also appeared in the well-being rankings. Households in the higher categories not only had adults with more "knowledge", but were often described as sending their children to school and, critically, their children were not being withdrawn early from school. Moving down the well-being categories the criteria shifted, so that in the

bottom two categories, children were either not going to school or were dropping out of school at low levels of attainment.

Household status is an extremely important feature of well-being in *Ho Chi Minh City*: well-being is very often associated with having permanent registration in *Ho Chi Minh City*. Without this status a poor household faces real problems of access to certain services.

Good health is seen as crucial to family well-being because of the devastating economic impact that ill health can have. This is discussed in some detail on section 3.1.

Domestic harmony was considered to be important in many of the well-being rankings conducted in *Ho Chi Minh City* (and less so in *Tra Vinh* and *Lao Cai*), especially by children who were particularly concerned about parental quarrels and domestic violence. In fact, the children tended to be far more candid about some of the more emotional and psychological aspects of well-being and ill-being. Many suggested that well-being included not being looked down upon within the community, not immediately being suspected of any crime and not feeling pushed around by better-off children. With the exception of domestic harmony, adults tended not to raise these topics very directly. However, interviews with the poorer households certainly did often suggest a sense of inferiority.

The role of personalities and personal attributes such as diligence, dynamism, creativity and management skills were considered important in determining the fortunes of a household. The *Lao Cai* PPA contrasted the responses of different poor households to their circumstances and found that there are complex reasons underpinning household responses to poverty which enter the realms of psychology, emotion and personality. More tangibly, perhaps, households in *Ho Chi Minh City* commented that migrants were sometimes less poor simply because their lack of safety net gave them a diligence the resident population was lacking or was able to get by without. The role of personalities is also expressed negatively in describing poorer households, who are often defined as lazy, poor managers or alcohol/drug-addicted.

Social Capital

Well-being included the opportunity to attend community and social events such as weddings, funerals and feast days, which, in all sites, carries a high economic cost. Well-being was also associated with having a network of contacts which facilitates access to services and which provides an informal safety-net against some shocks and crises. Social connections appear to be important in accessing formal sector loans in both rural and urban areas. In *Ha Tinh*, current well-being is also tied to past influence. It seems that some households who were influential during the cooperative period (until 1986) were sometimes able to ensure that the breakup of the cooperative asset base was skewed in their favor. Social capital is considered further on section 3.4.

Financial Capital

Livestock was considered a very important asset and indicator of well-being. Rural households who are deemed better-off generally have more and larger animals than those

who are considered badly off. These are important productive assets, providing draught power for ploughing (buffalo), transport (horses) and manure for fertilizing crops as well as serving as a form of non-cash savings (especially small livestock such as pigs and chickens). Moreover, raising small livestock for sale is one of the few non-crop activities which the poorer households can engage in

Table 4: Patterns of Household Livestock Ownership in Lao Cai below shows how the households in the upper well-being rankings own the larger share of the villages' large livestock.

Table 4: Patterns of Household Livestock Ownership in Lao Cai

District	Muong Khuong						Bao Thang					
Village	Lao Chai		Thai Giang San		Xin Chai		Tan Ho		Nam Tang		Coc Sam	
Ethnic Group	Phu La		Tu Lao, Hmong, Phu La, Tu Di		Hmong		Hmong		Kinh, Hmong, Dao, Han, Giay		Kinh, Nung	
Location	<p style="text-align: center;"> Upland ←————→ Least Midland Most Remote Least Remote </p>											
No. H'holds	28		41		49		54		71		73	
INDICATOR	% total	% poor*	% total	% poor*	% total	% poor	% total	% poor	% total	% poor	% total	% poor
% HHs with cattle	46	11	86	10	17	6	4	0	6	3	4	2
% HHs with own buffalo	54	25	15	0	52	11	74	28	52	11	47	9
* Poor defined as the two lowest categories (III & IV or IV & V) in the village well being ranking												

Access to stable, off-farm income sources emerged as a feature of households in higher categories. Having a regular salary or pension, even if it was small, often placed households in *Ha Tinh* in the top category. The emphasis here was as much on the stability of the payment as on the overall amount. This contrasts with the discussions on day-laboring, which is often seen as an indicator of ill-being in both *Ha Tinh* and *Tra Vinh*. In neither area was there a stable demand for day-labor – it still seems to be highly seasonal and largely agriculturally-based. Households seemed to see day-laboring as a step down in livelihood security levels.

Having a good and stable income from employment was overwhelmingly the most important element of well-being in *Ho Chi Minh City*. In the poor communities where the research was conducted, there is very little to fall back on in the absence of a cash income. Stable jobs with a regular income were extremely coveted.

Having a diversified farm base was also considered an important indicator of well-being: farming households with several non-crop, sideline activities not only had higher income, they were also less vulnerable to failure of any one particular source of income. The narrow range of options for diversifying the farm base was one of the striking features of the *Tra Vinh* study, where the only real options appear to involve considerable investment and a high risk of failure. Households who were able to raise funds to engage in shrimp-farming or duck-raising were considered well-off.

Being able to access formal sector financial services which have favorable borrowing terms tended to place households in the higher categories. The PPA studies provided substantial evidence that, with the possible exception of *Ho Chi Minh City*, poorer households have great difficulty in accessing formal credit sources. Well-being also implies that households are managing to repay their debts. Freedom from indebtedness, and all the anxiety and humiliation which it brings to poor households, could also be considered an asset.

In *Ha Tinh* (and only in *Ha Tinh*), well-being was also associated with being able to pay one's taxes and contributions on time. This is discussed on section 4.2.

Material assets

Overwhelming weight was given to *housing* in the well-being ranking. In these poor areas, having a permanent, strong house with basic furniture and equipment close to one's fields was considered extremely important. This may in part reflect the site locations which all feature particular problems connected with shelter: *Lao Cai* suffers from localized, strong winds which destroy houses; *Ha Tinh* and *Tra Vinh* are prone to typhoons which destroy houses which are made of temporary materials. The migrant community in *Ho Chi Minh City* have concerns over the permanence of their settlement because the authorities have identified certain areas for clearance and upgrading. In *Ho Chi Minh City*, location on a main road or alley was far more favorable since it provided greater access to public utilities.

Other material assets mentioned included motorbikes and machinery, but these generally came some way after housing in the rankings.

2.2 Ill-being: Poor or Vulnerable Households and Their Asset Bases

Ill being was often described to the PPA teams in terms of deprivations: at least in part, ill being was seen as not having the asset endowments which confer well-being. Table 5 below shows the most frequently mentioned features of poor and vulnerable households. The identification of vulnerable groups within the households is based primarily on analysis carried out by the researchers in the study teams. In the site information, respondents do not

routinely express the opinion that women and children are especially disadvantaged despite the acknowledgement that women generally work harder.

Table 5: Typology of poor and vulnerable households

		LAO CAI	HA TINH	TRA VINH	HO CHI MINH CITY
VULNERABLE HOUSEHOLDS	Natural, financial and material capital	Chronically hungry households with a severely limited resource base	Households with limited productive resources, especially land and labor	Chronically hungry households with a severely limited resource base	Households with unstable incomes, few assets and poor quality, unfavorably-located houses
			Households without supplementary, non-crop income	Landless poor with limited off-farm employment opportunities	Households with low and unstable incomes
			Indebted households		
	crises	Households suffering from human or material crises	Households with sick members		Households with sick members or drug addicts/ alcoholics or gamblers
	Human capital, especially household composition	Households and villages with limited language and literacy skills	Households with limited education, skills and knowledge	Households with high levels of illiteracy	Households with uneducated members, without marketable skills and business acumen
		Children not going to school, or dropping out of school before completion			
		Households with many children			Households with many children
		Newly-established households, elderly households and single-parent or separated households			Elderly households or households with disable members
	Cultural, & physical marginalization	Certain ethnic minority groups		Khmer households	
		Households in transition from one location to another			Migrant households
Remoteness			Physically isolated households	Households living on sites scheduled for clearance	
VULNERABLE GROUPS WITHIN HOUSEHOLDS	<p>Women Women have less control over household resource allocation than men and cannot divert expenditure away from “men’s” expenditure (e.g. tobacco and alcohol) into expenditure benefiting other household members. Domestic violence is commonly associated with poverty and alcohol consumption in the PPAs. They may also be used as a coping strategy (selling women for marriage to foreigners, marrying off sons, which brings in daughter-in-law as an additional household laborer).</p>				
	<p>Children In times of hardship in all locations, children from poor households were at risk of being withdrawn from school. Women may also be used as a coping strategy to either reduce expenditure (sent away to live with another family) or raise income (child labor; selling babies for adoption).</p>				

In most instances, poverty and vulnerability were considered almost synonymously, though it was recognized in the studies that some poor households were likely to be more vulnerable than others.

Households with constraints in natural, financial and material capital

These households exemplified in the box 2 below are poor in the strictest sense: they lack economic assets which means very often they cannot produce enough food to feed the family. The narrowness of their household economy means they have not do not yet have sustainable means of covering this consumption deficit and they may have to resort to taking loans or reducing consumption in order to cover a hungry period. In all the rural PPAs, houses with such a hungry period were placed in the lower wealth-ranking categories. In *Ha Tinh*, existence of a hungry period was used by respondents as a criterion in defining the two poorest categories. The difference between the “hungry” category and the “poor” category was in the length of the food deficit and the range of subsidiary activities available to households attempting to cover these deficits. These asset-poor households are very vulnerable to shocks and crises, since their resources are already stretched in an attempt to meet consumption needs. They are also more likely than others to experience shocks because their ranges of income sources is very narrow, thus leaving them exposed to considerable risk if those income sources fail. In the rural context, they are likely to be farmers producing only one or two crops and engaging in very few sideline occupations. In the urban context, they might be dependent on petty trading, rickshaw (cyclo) driving, portering or other highly variable income sources.

Box 2: Households with constraints in natural, financial and material capital

Poor household. Ho Chi Minh City

Huyen, married at the age of 21, and now 29, has already given birth to five children. Her family has a kind of tent for a home, which they put up beside the U Cay canal in district 8. There is no bed, no mat, no electricity and no water in their home. Huyen's husband is a healthy looking man, and works as a construction worker. This is a seasonal occupation, which provides barely enough money for him to "have the odd drink with my friends". Their oldest daughter is 7 years old, but has not yet started school, because she has to help her mother take care of her younger brothers and sisters.

Resource-poor household, Ha Tinh

Viet aged 29, is married with two children and lives in Ha Tinh Province. His house is made of bamboo and located on a hill with a 30 degree slope. His garden has mainly cassava and some lemon trees. There is little furniture in the house (2 beds, a table and some chairs, with a total value of about VND100,000 – approximately US\$7). The family cultivates 2.5 sao (900m²) of rice and yields 80 kg of rice from one sao (360m²). The family cooks meals once a day consisting primarily of rice and salt. The parents eat only the rice left over after the meals, usually only one or two bowls. If there is nothing left, they eat sweet potatoes. The children usually go to the forest to gather firewood and earn an average of VND5,000 (US\$0.30) per day.

Two particularly vulnerable subgroups in this section are landless households and households which are indebted. Both landlessness and indebtedness are states which imply earlier economic problems which have been addressed through asset sale or loans. The Box 3: The dilemma of poor farmers in Tra Vinh - The debt spiral, from the *Tra Vinh PPA* (the only rural area covered by the PPAs where landlessness was a real problem), demonstrates the process of a poor, landless household taking a loan, thus raising expenditure requirements without raising income thus leading to higher disparities between income and expenditure in the future. This appears to be particularly the case in *Ho Chi Minh City*, where interest rate for loans for the poorest and least creditworthy households can exceed 50% per month.

Box 3: The dilemma of poor farmers in Tra Vinh - The debt spiral

A landless family of six living in Tra Vinh Province, has 4 laborers and 2 younger children still in school. The father falls ill and is hospitalized, leaving only 3 wage earners contributing to the family income. The hospital costs are VND500,000 (US\$35), which the family must borrow at a *private moneylender rate of interest rate 10% per month*. Because the family is landless, *the only way to earn income is through wage labor*. The most typical form of wage labor in the area is making leaf panels and digging ponds for shrimp farming for a few months (men only), which nets an average of about VND25,000 (USD1.8) between the three laborers per day (VND750,000 /month) (USD53.6).

Minimum food costs (rice and basic staples) for a family of this size is VND17,000 /day (VND 510,000 /month) (USD36/month). Other household expenses including cigarettes, alcohol, medicines, etc. average about VND 3,000 /day (USD0.2) and school costs average VND 3,000 /day over the year for the 2 children in school, which includes money for breakfast, school contributions, clothes, books and incidentals (total VND 180,000 /month) (USD13). Bare minimum family expenditures therefore comes to VND 690,000/month (USD49). But they must also pay VND 50,000 /month (USD4 interest on the loan they took to pay for the father's medical expenses. Thus the absolute minimum expenditure per month for this family is VND740,000 (USD 53) *f there are any other minor illnesses, mishaps in the family, or a failed shrimp season, they will have a cash shortage and will then either have to borrow rice on credit, sell labor in advance, or take out an additional loan from an informal lender*. Their dilemma is obvious—they will never be able to repay the loan principal VND 500,000 (USD 35.7), condemning them to a spiral of debt from which they cannot escape.

Households facing Crises

Human and material shocks can quickly destabilize poor (and sometimes even wealthy) households. These shocks nearly always have the effect of unexpectedly incurring high costs (for example, repairing typhoon damage to property), reducing income (for example, crop or investment failure) or both (for example, ill health). In response to the crisis, the household has to reallocate labor and financial resources, often taking out loans, selling assets and diverting labor from its normal tasks in order to raise more cash immediately to cover increased expenditure requirements. The latter might involve taking children out of school. The range, nature and impact of crises is discussed further on section 3.1.

Human capital

Household lifecycle and composition effects

The lower ranking categories nearly always include some households who have recently separated from their extended family and established their own nuclear family. The well-being of these households is tied closely to the well-being of their extended family and they will not usually be considered poor if they have set up their own home with a substantial inheritance of land and other assets. Typically, however, they will have a small, poorly-equipped house and, depending on how the land allocation process has been implemented in the locality, may not have much land. The newly separated households are

joined in the lower categories by small, elderly households. The *Ha Tinh* PPA found a surprising number of these households living in poverty. Their extended families, who would be the traditional welfare-provider for such households in rural Vietnam, are also poor and unable to support them. They are distinguished from the newly-separated households by their prospects (their conditions are unlikely to improve) and their heightened vulnerability to ill health.

Table 6 below considers some of the characteristics of these households as identified in three of the PPA sites (household life-cycle effects were not drawn out as a key feature of ill-being in *Tra Vinh*).

Table 6: The Household Lifecycle and Poverty: the newly-separated households and small, elderly households

<p>Lao Cai Province Only certain proportions of <i>young or old</i> households in each village are considered to be in the poorest categories. For young, newly separated households, it depends on the land resources they are able to acquire (which is increasingly hard) and the level of debt incurred getting married or building a new house. The vulnerability of elderly households is tied to the well-being of their extended families.</p>	<p>Ho Chi Minh City The <i>elderly</i> who live alone were described as a particularly vulnerable group. These households may have no children, or their children may have died or abandoned them. They cannot work any longer and have no source of income. They are described by the PPA teams as: “<i>poor, helpless, sad and lonely</i>”. Newly-formed households are not described as a particularly vulnerable group.</p>	<p>Ha Tinh Province <i>Newly separated households</i> are regarded as poor and vulnerable. This category made up more than 50% of the poor households in some communes. New households splitting away from poor, existing households may start with “<i>little more than mud hut in terms of assets</i>” <i>Elderly households</i> are often sick or weak and unable to support themselves. They are also often alone because their families have moved out and, in some place, the elderly family members have handed over the family home to the younger members and the older members live separately nearby.</p>
<p><i>Newly-separated household, Ha Tinh</i></p>		
<p>Hoa, a 22-year old woman, and her husband, live in a small thatch-roofed house with their baby. Their house has almost no furniture. Her husband said: ‘Before our marriage, we lived in the same house with our parents. They arranged our wedding, which was very costly and required help from us because our parents are poor. Now, we have started our new life. We were given 100 kg of rice which was my share from my family’s rice fields. We still owe some money for the wedding and for building this small house.’ His father said: “my son had to borrow money and relied on support from relatives to build that house”</p>		
<p><i>Elderly household, Ha Tinh</i></p>		
<p>Ha is aged 72. In 1972, his house was destroyed by bombs. His wife and one of his children died in the air-raid and he was wounded. He has 3 daughters who are married to husbands who live far away. His two sons are masons. He himself works 7 <i>thuoc</i> (233 m²) of fields and each crop brings in from 60 to 70 kilograms of rice, but is not able to work very hard because of his age. He’s also got 3 <i>sao</i> (1500m²) of garden land with some fruit trees. As the garden soil is poor and he is not strong enough to work it very well, his income from it is low. He has received no support from his sons or daughters and suffers from occasional food shortages. He is unwilling to live with his sons “to avoid giving them troubles” or daughters because he says, “after marriage, they become members of their husbands’ families.” He is not a member of the local branch of the Elderly Association as he cannot pay the monthly membership fee of 500VND.</p>		

Households who have many children and those that have few adult laborers, such as single parent families, also face hardship. In rural areas, producing enough food to feed a

family, or having the diversity of income sources to cover consumption needs, requires a significant input of adult labor. Similarly, in *Ho Chi Minh City*, covering basic consumption costs requires either one large cash income (very rare amongst the poorer communities) or several small incomes. Households with unfavorable dependency ratios are at a strong disadvantage in their attempts to cover basic consumption needs. Women-headed households are very often clustered in the poorer categories of the well-being rankings. Although less numerous in number, male-headed, single-parent households are also disadvantaged (Table 7: Households that have separated presents some examples from the PPA studies)

Table 7: Households that have separated

Lao Cai Province Single parent households are nearly always associated with a death of one of the parents. In midland villages, there is a fairly sizeable number of women headed households, particularly amongst Kinh women from families that have moved to the New Economic Zones. Single parent households are often in the lowest well being category.	Ha Tinh Province Households with only one primary laborer are some of the poorest households in Ha Tinh. These households are more likely to be female-headed (men are more likely to migrate and widowed or divorced men are likely to remarry), but are not exclusively so. Nearly all women-headed households visited during the PPA were poor	Ho Chi Minh City Being a single parent led to great difficulties in raising enough income to fund the entire family. Where the main breadwinner has been “lost” there is particular hardship. Losing one adult in the household was associated in the PPA with withdrawing children from school.	Tra Vinh Province In Duyen Hai with one exception, all women-headed households were ranked either as “poor” or “very poor”. Widows had difficulty changing the name on the Land Tenure Certificate from their deceased husbands to their own. Without formally holding land, they had difficulty accessing loans. Other widows reported that they could not access loans simply because they had no husband to guarantee the loans.
<p>Widowhood and poverty in Tra Vinh Mai is a 37 year old widow whose husband died in 1997 when she was 3 months pregnant. Unable to work while pregnant, and struggling to raise 2 other young children, she quickly fell into debt and had to mortgage their land for about 3 million VND to buy food. Life improved a little after she went to <i>Ho Chi Minh City</i> to work as a domestic servant between 1997-8, but she is still 2 million VND in debt. Mai currently goes out to work from 6.30am to 5pm and lists her main difficulties as having the money to buy back her land, and then loneliness. Her older daughter is now in grade 6 at school, while the younger daughter is still too young for school. When her husband died, amongst the village institutions Mai cites as having been most useful to her were her neighbors, the Women’s Union and then the health care service. Mai says that other households with more assets borrowed Hunger Eradication and Poverty Reduction program (HEPR) funds, but she has been refused. When she has approached private moneylenders they also have denied her a loan claiming that she has no loan security because she has no land and no husband. Her dream now is to save enough capital to raise pigs and ducks, while her daughter’s dream is freedom from debt for her mother.</p>			

Education, literacy and technical skills

Limited literacy, numeracy, language and technical skills were considered important features of ill-being in all sites. In *Ho Chi Minh City*, lacking marketable skills made a household very vulnerable in the face of an extremely competitive market for unskilled labor. In rural areas, households with poor literacy, numeracy and language skills felt they were vulnerable to being cheated in the market place. Lack of technical skills were cited as a causes of high rates of animal disease and death, low crop yields and restricted household economies, all of which increase household vulnerability and poverty. Where the PPAs found incidents of children not attending school, this was nearly always associated with poverty and the direct, indirect and opportunity costs of sending children to school. In *Lao Cai*, there is also a relationship between ethnicity and educational attainment. This raises the prospect of poverty being sustained into the next generation as their endowments of lower quality human capital places the new generation of poor households at a disadvantage.

Cultural and physical marginalization

Newcomers to areas are often characterized in the PPA reports as having lower asset endowments. The newcomers to *Ho Chi Minh City* – the migrant community – are a significant poor minority. The difficulties they face in obtaining permission to reside permanently in *Ho Chi Minh City* means that the migrants, especially the poor migrants, tend to live on the margins of city life. Without the permanent registration, they are unlikely to be introduced for a formal sector job. They are therefore likely to earn their living performing unskilled tasks in the informal sector where there is little security. They are not eligible to benefit from services made available under the Hunger Eradication and Poverty Reduction (HEPR) program, which include low interest loans, free health care and exemptions from education costs. They are also not able to own property or to connect to electricity and water supplies. In some instances, they live in migrant communities which have limited interaction with the resident communities. They are extremely vulnerable in times of hardship or crisis because they lack the social connections and networks of informal support which the resident urban poor enjoy. Because they are unable to obtain formal sector credit, borrowing is normally always organized through informal channels. Reportedly, prices for such credit are high (up to 60-70% per month was quoted) and ruthless means are used to ensure repayment. Of all the vulnerable groups covered in the PPAs, the poor migrant community probably face some of the greatest hurdles to escaping their poverty.

Newcomers are also suffering disadvantage in rural areas, such as *Lao Cai* and *Tra Vinh*, where there are households who have moved into New Economic Zones⁷. In *Lao Cai*, there are also households moving from one commune to another in search of better or more land. These households seem to have less land, with dubious tenancy rights, than other households. They are often farming the land that nobody else wants – the steepest land close to the hilltops.

⁷ Following reunification in 1975, the Government established a programme which moved households from densely populated areas to less densely populated areas. This resettlement, planned, organised and controlled by Government, was the main form of internal migration in Vietnam in the 1980's.

Physical remoteness was found to exacerbate vulnerability in *Tra Vinh* and *Lao Cai*. Inaccessibility seemed to be correlated with lower overall asset holdings and a narrower range of income-earning activities. This then suggests a two-sided problem of first being more likely to suffer a significant shock (because the limited range of activities means failure in any one has a greater impact) and being less able to cope with the crisis (because there are fewer assets to fall back on). As well as having low levels of natural and financial capital, households in remote areas also suffer from a chronic lack of information about the wider world, about new techniques and sound practices. In ethnic minority areas, low literacy levels and inability to speak the national language aggravates this general lack of information and sense of isolation. In some of the villages in *Lao Cai*, for example, even the village managers had very limited literacy and language skills. Their abilities to represent their constituencies to high levels in the local administration are then limited and the whole village may become marginalized. The *Lao Cai* PPA covered a Hmong village in a mixed-ethnicity, midland commune. Although the Hmong village was only 5km from the commune center, it had very limited access to services relative to the other villages in the commune: whilst the Viet Nam Bank for Agriculture & Rural Development (VBA) had brought its services to the other villages in the commune, not a single person from the Hmong village had taken a formal sector loan (see table 19). Similarly, the district Women's Union representative commented that this was the first time that she had ever visited this accessible village.

2.3 Trends in Well-being and Ill-being

Overall trends in well-being and ill-being

Poor rural households interviewed during the PPAs in *Tra Vinh* and *Ha Tinh* perceive a definite improvement in well being over the past five to ten years. In *Tra Vinh*, the 10-year timeline exercise indicated that 80% of households in the poorest study District felt that their livelihoods had improved. When they look back, lowland farmers see collectivized agriculture with low returns to the individual farming households. The household is now the main productive unit and households feel that they have much greater control over their lives. Rural households, with the exception of the most remote, highland villages perceive a broadening in the range of income-earning opportunities which has helped them to stabilize and develop their livelihood systems. They have their own land and they are allowed to engage in subsidiary, non-crop activities and retain the profits. They have also benefited from improvements in infrastructure, such as irrigation which improve the productivity of their key productive resource: land. Significantly, for the households in *Ha Tinh*, improvements in transport and better communication links with other parts of the country mean that it is now easier to migrate spontaneously (as opposed to being resettled in New Economic Zones) and earn money in the urban areas. Many of the better-off households are receiving remittances from migrant family members.

Box 4: Trends in well-being and ill being in Tra Vinh & Ha Tinh

“Most people in **Tra Vinh** are better off than they were ten years ago. They have higher incomes, more savings, better nutrition and health, more government services and more of their children are attending school (and staying there longer). Even when remarking upon their personal problems, most respondents strongly confirmed these trends. In addition, it appears that the government’s efforts to target poor people (through HEPR programs and other services) have had some success. In addition, most people in **Tra Vinh** expect life to continue to get better”.

“While overall poverty has been greatly reduced over the past ten years, most people in **Ha Tinh** Province say they are still poor. Yet declines in poverty have been quite large, especially for households categorized into the lowest category, extremely poor or hungry. Overwhelmingly, the percentage of households falling into this category has declined from about two-thirds of the village to less than half, meanwhile the number of “better off” households has risen from almost nothing to about 10%”

In **Lao Cai**, the study team asserted that changes in the last 10 years had “created a situation whereby many households are currently engaged in a dynamic process of income diversification, especially in the more accessible midland districts, which has had a noticeable impact on living standards in these more favorable areas”. These recent changes include:

- Land allocation and the return to household-based production systems;
- New market opportunities associated with increased spending power in district/provincial towns; and
- The availability of new sources of capital for investment.

There was recognition, however, that these positive trends were more evident in the midland than in the highland areas, and that poorer households were less likely to have benefited as much as some of the better off households.

A more ambiguous picture of general trends appears from the poor communities in **Ho Chi Minh City**: indeed, the quantitative survey which the PPA team carried out as a complement to the qualitative research suggests that more than half the poorest households believe their overall well-being has deteriorated in recent years. Table 8 below illustrates some of the most dominant changes. Respondents were very worried about unemployment, which they judge to be a more dominant problem now than in the past. This is area-specific: close to the ports, wharves, warehouses, markets and enterprises, there has been an opening up in employment opportunities. Close to busy shopping centers or main roads, there are opportunities for earning money through cyclo driving, trading on the street or contract piece-work. In other areas, enterprises had either mechanized, reducing the demand for labor, or closed down, possibly as a result of the regional recession. Certain policy changes have constrained livelihoods for the poor: street vendors are no longer allowed to trade on the pavement as a result of Decree 36⁸ and cyclo drivers are finding their routes curtailed as more and more roads become closed to cyclo. In addition, there was considerable anxiety

⁸ Decree 36-CP on Ensuring Traffic Order and Safety on Roads and in Urban Centers, which stipulates that pavements should be kept clear of itinerant vendors

amongst all groups in the community about the increase in social deviance, including drug abuse, alcoholism, gambling, prostitution and crime⁹. Improvements in infrastructure (in those areas which have not been earmarked for clearance) were noted as a positive trend, but there are growing concerns about the overall environment and level of pollution, though the poor were less worried by this than the wealthy. Poor households noted that education costs had risen in the recent past and that the poor were facing increasing hardship trying to send their children to school. This meant that poor households were withdrawing children from school at an earlier stage. Although access to better-paid, formal sector jobs would require a minimum of lower-secondary education, children from poor households were likely to drop out before this level.

Table 8: Trends in well-being in Ho Chi Minh City

CHANGES IN THE HOUSEHOLD ECONOMY OVER THE LAST 5 YEARS	VERY POOR (73/73)	POOR (146/146)	AVERAGE (92/92)	BETTER OFF (98/98)	TOTAL (409/40)
Improved	15	40	43	68	166
Worse	41	68	25	13	147
No change	17	38	24	17	96
ISSUES OF GREATEST IMPORTANCE	(80/73)	(155/146)	(91/92)	(84/98)	(410/40)
Having a stable job and income	15	24	17	7	63
Children's education	7	17	18	19	61
Having enough money to cover basic needs	19	21	8	0	48
Repairing the house	10	29	0	0	39
Taking/repaying a loan	17	14	0	0	31
Social evils	0	0	9	17	26
Flooding and pollution	0	0	7	9	16
Other	12	50	32	32	126

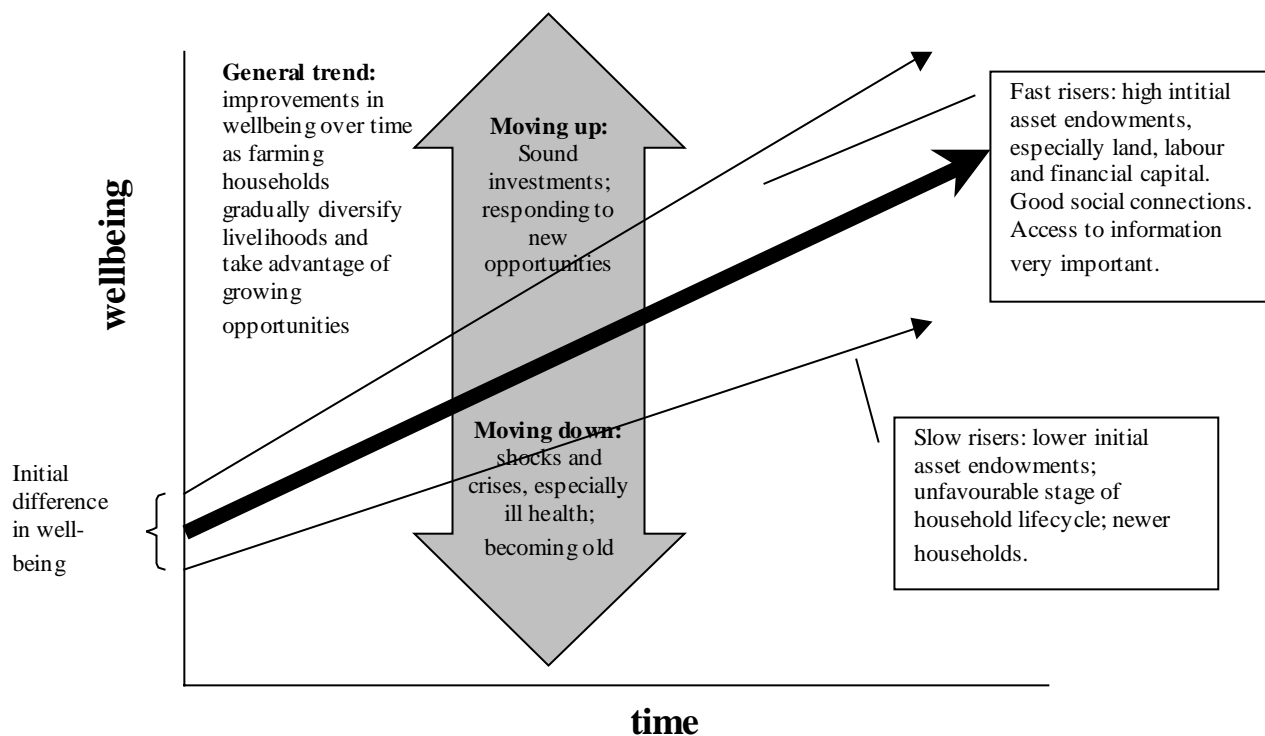
(80/73) = number of responses/number of households

Individual household changes in well-being and ill-being: upward and downward mobility

Whilst overall trends for the average rural household suggest a gradual improvement in well-being over the past few years, there are interesting patterns emerging of changes within the village. Some households are prospering more than others whilst an unfortunate few are becoming relatively, and possibly absolutely, poorer. Whether or not a household sits on the solid black arrow of improvement (see Figure 1 below) or on a line of a different gradient depends on a number of factors.

⁹ These activities are often referred to as “social evils” in Vietnam

Figure 1: Trends in well-being over time (rural areas)



The PPA findings suggest that households who have enjoyed the most rapid gains in well-being over the last few years are likely to have started from a favorable position in terms of overall household wellbeing. In particular, they are likely to:

- be at a stage in the household life cycle which allows them to invest labor in new activities or in intensification of existing activities
- have access to information about markets and new techniques
- in rural areas, have land and financial endowments which allow them to cover consumption needs without resorting to selling assets or taking loans
- have access to garden land and space for sideline occupations
- have access to reserves or formal sector credit to invest in new activities. In all rural study sites, there was a clear consensus that access to the latter is generally skewed in favor of the wealthy
- in urban areas, have permanent registration and a source of regular income
- in all sites, be healthy

Box 5: The Importance of Information in moving out of Poverty

Nga's household 10 years ago belonged to level 4 (hungry), now they belong to level 1 (better off). They started off in a small house at the edge of the village left to them by their parents when they first began to live as a separate household. This house now has a tile roof. They have developed their income and assets step by step. First they raised chickens, ducks, and pigs. Mr. Nga. Says "farmers need to know how to chose breeds". He learned this by reading books and participating in agricultural extension programs.

He also grows oranges and from this he has earned an annual income of VND 1.5 million (USD 107) for 4 successive years. His orange trees were stricken with blue fungus and yellow leaf disease so he switched to growing litchi planted with low-growing crops (peanut) providing him with high output (the peanuts are harvested every 4 months). He twice obtained loans to invest in tree cultivation and livestock, and he always repaid on time. Besides this, he also keeps 3 bee apiaries which provide him with an income of VND 1 million (20 bottles of honey). In the future, he is going to apply the VAC model because he thinks it is a stable and correct way to do business.

Households on more gentle trajectories might well be facing constraints in benefiting from the overall improvement in the general environment. The comment from a resident in ***Ha Tinh***, "*there are more opportunities than before, but poor people take advantage of them less*", has resonance across the PPA study sites. As an example, improved irrigation is said to have been an important reason why conditions have improved in general for households in ***Ha Tinh***. However, households who have less to invest in new varieties and complementary fertilizers/pesticides, who lack information about the adoption of high-yielding varieties and who face labor constraints in producing a second crop might have seen fewer gains from the infrastructural improvements.

Households experiencing sudden drops in well-being are almost always doing so as a result of some kind of shock or crisis. This is covered in the following section. Though not constituting a widespread phenomenon, some households in both ***Ha Tinh*** and ***Ho Chi Minh City*** are reported to have reduced their relative well-being because of gambling losses.

Asset endowment, trends in livelihood systems and inequality

If a household's climb in well-being is associated, in part, with their initial starting point, it follows that the more equal the spread in well-being across households at the beginning of a timeframe (usually 5-10 years ago in these studies), the less the growth paths will diverge over time. With the exception of the very remote, highland villages in ***Lao Cai***, there was a sense of some widening of the gap between households. However, this is very much more noticeable in ***Tra Vinh*** and ***Ho Chi Minh City*** than in northern sites (***Ha Tinh*** and ***Lao Cai***). The PPAs revealed two factors which might potentially limit the degree to which the gap between rich and poor is widening.

First, in the northern sites, the inequality in asset endowment at a village level is not great. The key productive asset – agricultural land – is still available to nearly all

households and there are no descriptions in the *Lao Cai* and *Ha Tinh* PPAs of households who are effectively assetless. Inequality in *quantities* of paddy land distributed to different households are likely to be small. The exception to this statement is the newer households who are likely to lose out on quantity and quality of land because these households are being formed since the allocation of land has taken place and their only access to land might be through their extended family. These households apart, the most significant differences between households are likely to occur in terms of land *quality*, access to financial services and in human capital, all of which might be slightly biased in favor of the better off households. Securing reasonably-priced loans from the formal sector, including subsidized loans apparently targeted to the poor certainly seems to be the preserve of the better-off and the better-connected and there are notable variations in human capital, with the better-off households being favored in terms of quantity and quality of laborers. However, the overall picture in the north is *not* one of great social and economic disparity. So although the better-off in a village are perhaps becoming even more better-off more quickly than the poorer households, the initial spread between these groups is not so great as to have generated a significant gap *so far*.

The second factor which may have limited the development of a large gap between the poor and the non-poor in *Ha Tinh* and *Lao Cai* is the fragility and vulnerability of even the better-off households to shocks. The better-off households in these poor villages have by no means reached the stage where their livelihood systems are immune to shocks and crises. Several of the PPA case studies demonstrating vulnerability described the demise of *better-off* households in the face of problems. It is possible that the high-risk nature of many of the investment opportunities which have opened up may be slowing down the rise of the wealthier households as the spiral of surplus-generation and capital accumulation is punctuated periodically by destabilizing shocks.

The situation in *Tra Vinh* and *Ho Chi Minh City* appears to be rather different. In *Tra Vinh*, access to land is reportedly far less equitable than in *Ha Tinh* or the paddy-growing, midland villages of *Lao Cai*. The report describes a group of households whose only assets are their houses and their labor. Their labor is unskilled and the demand for such labor is both limited and seasonal. There are descriptions of a contrasting group of people who are accumulating land and generating a reasonable income converting the land into shrimp-raising ponds which, with luck, then generate large profits. The picture is one of far greater stratification than in the northern sites. Unless growth of non-farm enterprises leads to an increase in the demand for the poor households only productive asset, labor, the future could see a widening of this gap.

The greatest growth in opportunities in all the poor rural area still seems to be largely agricultural. Even the day-laboring opportunities are predominantly seasonal and agricultural. This is manifestly not the case in *Ho Chi Minh City*. In *Ho Chi Minh City*, there are far more opportunities for getting richer through employment and setting up small businesses. Households who become better off in this way, often become *much* better off: the gains from accessing and taking advantage of these opportunities are higher than the comparable returns, in the rural area, to investing in a little livestock and an orange orchard. However, the barriers which the poor households face in accessing such opportunities seem to be more impenetrable than those faced by their rural counterparts. Part of the constraint is

legal: without permanent registration papers, formal employment opportunities are extremely limited and access to financial capital to establish a business is expensive. The quality of human capital is also critical (completion of lower secondary school being a minimum requirement for a reasonably-paid job) and the poor households in *Ho Chi Minh City* have lower education levels and are educating their children to lower levels. Whilst the case studies in the northern PPAs suggest that the poorer households might incrementally build up their assets to the point where their livelihoods become more secure through, perhaps successfully raising some pigs, reinvesting the surplus and successfully raising some buffalo, reinvesting the surplus and successfully embarking on some small trading activities, and so on, this gentle path to a more stable livelihood is not described in the *Ho Chi Minh City* report. Bridging the gap between scraping a fragile, daily living and leading a more secure existence seems to be very difficult for the urban poor, especially the migrants.

Factors which might increase differentiation between households

Many of the trends identified by the PPAs indicate that the future might see a widening of the gap between poorer and better off households, or indeed the gap in welfare between different groups. These include:

- 1) In *Ho Chi Minh City*, the immense difficulties associated with only having temporary residency status mean that poor migrants face unusual constraints in trying to develop their household income bases. As long as the policy remains that they are to be excluded from certain services, then they will remain at a relative disadvantage. This is also a problem in *Tra Vinh* and *Lao Cai*, where the populations have also been fairly mobile.
- 2) Poor households in *Ho Chi Minh City* repeatedly commented on the irony that the poor had to fund more of the infrastructure around them than the wealthy. This observation is based on the fact that better-off households tend to live on main roads or large alleys, where the government funds construction and repair works. Poorer households live deep in the narrow alleys, where pathways and lighting have to be provided by the community themselves. Better-located households are more likely to be able to secure electricity and water connections. Households deeper in the alleys tend to repurchase these services from the wealthier households at a considerable markup.
- 3) The limited supply of subsidized, formal sector credit is accessed more readily by the better-off and the better-connected. This is the finding in all three rural project sites (in *Ho Chi Minh City* the permanently resident poor have enjoyed reasonable access to these loans). This has the unfortunate effect of leaving poorer households dependent on more expensive, informal credit whilst the better-off households can secure cheaper formal sector loans. This constrains the ability of poor households to develop their livelihoods in a sustainable fashion. The pattern, in *Tra Vinh* and *Ho Chi Minh City*, of the poorest households being chronically indebted to the informal sector suggests a distressing downward spiral in well-being. Stories of taking new loans, at still higher rates, to pay off old loans, are commonplace amongst these poorest households.
- 4) The tendency for poorer households to withdraw their children from school before they have completed basic education suggests that the next generation from these households will also grow up poorer.

- 5) The practice, in *Ha Tinh*, of levying contributions on a per capita basis tends to be punitive for the poor, since the poorer households are usually larger. Table 18 shows how the overall burden of taxes plus contributions is regressive in *Ha Tinh*.
- 6) The dynamic effect of richer households having better connections, which then brings them preferential access to services and scarce resources was mentioned in *Ha Tinh* as a source of inequality
- 7) The inaffordability of health care for poor households. Ill health makes poor households much, much poorer and poor households are more likely to have sick members. This circle can be seriously impoverishing.
- 8) The absence of an off-farm private sector which could absorb some of the labor coming off the land already in *Tra Vinh* (and in the future elsewhere) constrains the potential for households with limited asset bases to earn a cash income.
- 9) The low level of input poor households have into decisions which affect their lives means that decisions might reflect the interests of the better-off households more than the poorer households.

Factors which might mitigate against growing differentiation

On the positive side, households described trends which should make it easier for poorer households to catch up with better-off households or, at least, not get poorer:

- 1) The freedom to migrate: in *Ha Tinh*, many of the better-off households were receiving remittances from elsewhere in Vietnam from household members who were migrating on either a long- or short-term basis
- 2) The recent push in Government towards improving transparency at the commune levels may help poorer households to have a greater input into decision-making at these levels. [Note: this was not raised by communities, but has been added by the author for the sake of a more complete picture]
- 3) If a substantial off-farm private sector which raises demand for unskilled labor can be stimulated, this will provide a very useful safety net for poor households with limited asset bases. This was mentioned by households in *Ha Tinh*.
- 4) Many of the actions listed under “priorities of the poor” would also have an equalizing effect (see table 25).

Chapter 3: Vulnerability, Security and Coping with Hardship

3.1 Perceptions of Risk and Vulnerability

All the PPAs emphasized the vulnerability of poor households. The poorest households in all four areas have livelihood systems which are so fragile and finely-balanced that a small misfortune will destabilize the household for many years. The *Ha Tinh* PPA site synthesis report quotes R.H. Tawney's well known reference, which has resonance across all four research areas: "*the position of the rural population is that of a man standing permanently up to the neck in water, so that even a ripple is sufficient to drown him*"¹⁰. Findings from the *Ho Chi Minh City* PPA strongly suggest that this analogy could apply equally well to some of the poor, urban communities. Crises or shocks which either require immediate outlays of cash expenditure or which diminish already low and irregular income, or both, reportedly have long term effects on livelihood strategies and well-being.

The most commonly quoted shocks and crises are presented in the table below. Of all of these, illness, death of a main laborer, livestock disease and failure of an investment appear to be particularly prevalent and destabilizing. Reports indicate that these may represent a significant setback for even relatively wealthy households: the case study below of household responses to ill health is from a family who was originally placed high on the wealth-ranking lists. For those without capital reserves, even the smallest economic shock may have crippling results. As a woman in *Ha Tinh* said, "*A poor harvest makes things unstable for three years. Recovery is only possible if all the crops are good.*" Households in *Lao Cai* suggested that it would take perhaps five years to recover from the death of livestock. This is especially true for large livestock used for traction since this will have knock-on income effect in future years as the household then has to either wait to borrow an animal for ploughing and therefore plough at an unsuitable time or the household will have to exchange labor for use of a ploughing animal, thereby reducing the labor available to their own household.

¹⁰ R.H. Tawney; Land and Labor in China; 1966; p. 77

Table 9: Most frequently Cited Crises in the PPA research areas

	Type of Crisis	Effect	Ha Tinh	Lao Cai	Tra Vinh	Ho Chi Minh City
HUMAN CRISIS	Illness	High indirect and direct treatment costs and loss of income through reduced labor	*	*	*	*
			Significant risk/high impact			
	Death of a laborer	Funeral expenses and loss of income from labor	*	*	*	*
	Alcoholism, drug addiction and gambling	High expenditure, reduced income from lost income		*	*	*
CROPS	Crop loss: Rats/mice or other pests	Reduced income	*			
	Crop loss: landslide	Reduced income		*		
	Crop loss: Weather (floods; droughts; typhoons; storms and high winds)	Reduced income	*	*		
NON-CROP, ECONOMIC	Death of animals/animal epidemic	Reduced income; reduced assets and security	*	*	*	
			Significant risk/high impact			
	Failure of investment	Reduced income: inability to repay debts	*		*	*
			High risk		Very high risk	
	Unemployment	Reduced income			*	*
MATERIAL	Damage to housing (weather; fire)	High expenditure	typhoons	Fire; storms		Fire; site clearance
	Theft		*	*		

Human shocks and crises

A long term illness or death in the family is one of the most frequently-mentioned reasons why households find themselves in severe difficulties. It appears that young families are especially vulnerable to this type of crises when one of the laborers is suddenly and unexpectedly incapacitated or dies, as shown by the following story in the box 6 below. Human crises such as these are also the major cause of households suddenly and dramatically becoming much poorer. This is especially the case when the household has to go beyond the commune (health centre) to the district or further afield in order to get

treatment for a serious illness. The *Ha Tinh* PPA reports that 57% of households becoming worse off, did so due to illness.

Box 6: Human Shocks death of a main labourer

Seng (44 years old). Lao Cai Province

Seng is a widow who has two daughters (aged 13 and 17). Her husband died 12 years ago in 1987. One day he went to his father's house to help him kill a pig which had a disease. After killing the pig, they had a party and drank a lot then he came home to sleep. Five days later, he didn't let her go to work because he knew he was going to die. After he died, she faced a lot of difficulties for many years. The children were still young, their house was damaged and they had neither buffalo, pigs nor chickens. The family still lacks food every year. In times of food shortage she has to work for other families for 2kg maize to eat. She has also sent the 2nd child to work for a richer family in return for a small cow.

The case study in the box 7 shows the kinds of responses which a household might have to make in the event of ill health. This example is from *Lao Cai*, from a village where there is some community support but where there is little opportunity for external sources of finances. Where this family has sold assets and withdrawn children from school, a family in a more accessible area might have reallocated resources differently. In lowland areas where access to larger loans from the informal sector is a possibility, this might be a first response. This will then have a knock-on effect as high interest payments, perhaps 10% in rural areas and up to 60% in *Ho Chi Minh City*, are added to the family's expenditure requirements in future years. Whilst dealing with a labour loss (because the illness reduces available labour), the household then faces a need to generate higher incomes than previously in order to cover the debt. In *Tra Vinh*, the PPA teams found households selling land in order to raise cash to cover the costs of ill health. This has clear implications for future income-generating potential. If a household has had to take out a loan as well as sell productive assets, then the prospects for repaying the loan can be bleak. Both the *Tra Vinh* and *Ho Chi Minh City* reports describe a debt spiral which commonly traps the poorest households.

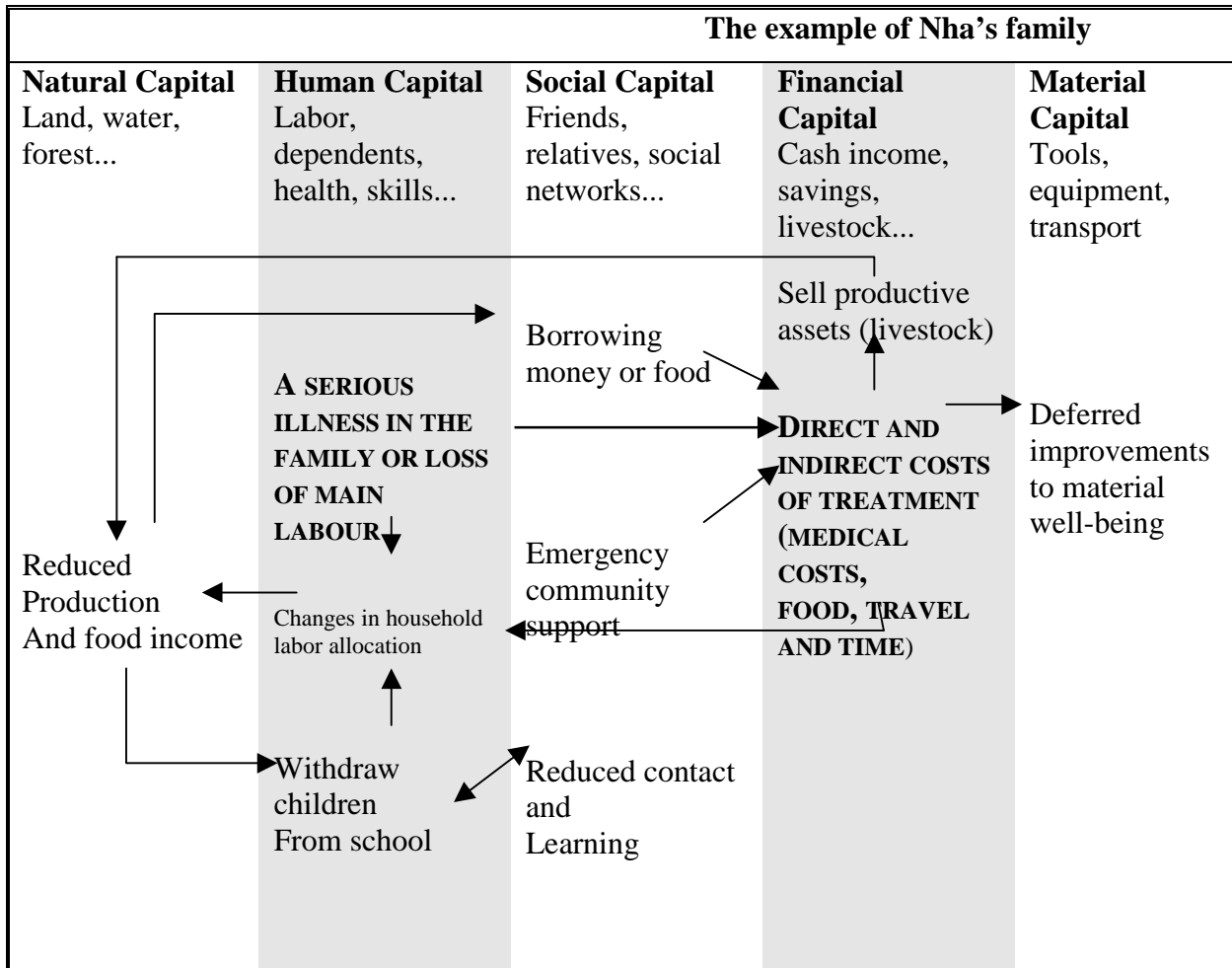
Box 7 : Human Shocks: the costs of ill health

Nha (26 years old). Lao Cai Province

Nha's family has 12 members. They used to be one of the richest families in the village but now they are one of the poorest. They have suffered two shocks in recent years. Firstly his father died 2 years ago. So there are now only 2 main labourers in the family – Nha and his mother who is 40 years old. Nha has two young children. Two years ago, his daughter Lu Seo Pao also had a serious illness and had to be operated on in the district and province hospital. His family had to sell 4 buffaloes, 1 horse and 2 pigs to cover the expenses of going to get treatment and the operation cost several million VND but still she is not cured. All the people in his community helped but no one can support more than 20,000 VND. Moreover, Nha's younger brother - Lu Seo Seng, who was studying in grade 6, had to leave school in order to help his family. Nha says that *"If Lu Seo Pao was not ill, his family would still have many buffaloes, he could have a house for his younger brother and Seng could study further."*

The situation of the household in box 7 can be illustrated by looking at the impact of the serious illness on other capital resources (Table 10).

Table 10: Constraints and difficulties in managing capital endowments following a health crisis



This is a common pattern of knock on effects to a serious illness, whereby the household has to mobilize assets to cover the costs of obtaining treatment, or they borrow or sell their labor, altering allocation patterns of household labor. In *Lao Cai*, withdrawing children from school is also a common response to such situations which, of course, has longer term consequences for the individual and household opportunities. As noted above, this mainly happens when a household needs to cover the direct and indirect costs of treatment at the district (including transport, food, medicines etc.). Many poor households will not even consider taking this step in the first place. Both the *Lao Cai* and *Ho Chi Minh City* teams found people living with ill-health on a long term basis because the costs of seeking treatment were simply unaffordable.

There are many stories across the PPAs of the destabilizing impact of alcohol or drug abuse. First, there is the effect of redirecting expenditure away from other items in order to purchase the alcohol. Secondly, the more severe cases of alcohol abuse lead to a reduction in household labor, which then reduces household income. Drug abuse, which is most common in *Ho Chi Minh City*, is also associated with family members committing

crimes, which leads to increased expenditure as families have to pay fines. Alcohol abuse is very often connected to domestic violence in the case studies and this has an impact on domestic harmony and wider well-being.

Agricultural and economic losses

Several kinds of economic shocks and crises were recorded in the rural study villages including:

- Loss of crops due to drought, flood, storms, wind damage, landslides and pest damage
- Loss of livestock due to epidemics
- Failure of an investment in new activity or an attempt to diversify the household economic base.

In addition,

- Fluctuations in the labor market added instability to people's lives in ***Ho Chi Minh City*** and a change in employment arrangements could leave a household extremely vulnerable.

Failure of crops due to climatic conditions and pest infestations was a particular problem in ***Lao Cai*** and ***Ha Tinh***. Pests, insects and rats, had caused a serious reduction in crop yields in ***Ha Tinh***. Poorer farmers were unable to afford to take protective measures against such losses (see box 8). This reduction in rural income drives households to find alternative means of financing consumption. Households with diversified income sources might be able to withstand this kind of crisis because there are other income sources to fall back on. The more restricted the economic base of the household, the more problematic this kind of shock becomes. In areas where there is a well-developed labor market and in families which have a labor surplus, there might be an opportunity to make up a shortfall through day-laboring. Households with labor constraints and a very limited range of economic activities often end up either taking loans, restricting expenditure (including food and education) or selling assets to cover consumption in the short term. Taking loans usually raise future expenditure because of the interest payments. Even where loans are taken from friends or neighbors, there may be requirement for some kind of reciprocation in the future (for example, provision of labor at a future date). Selling assets constrains future income generation and limits the household's ability to withstand future shocks.

Box 8: Agricultural and economic losses

An's household had to leave the garden (about 300 m²) empty because rats had destroyed so much of it in the past. His wife said that there was no income from potatoes or peanuts last year due to rats. They heard about rat prevention methods from ***Ha Tinh*** Provincial Television, but they did not have money to invest in them. Mrs Lan said that the "destruction by rats nowadays is more severe than air-raids by B52 bombers." [This area was heavily bombed during the war with the USA.]

The loss of livestock can have serious consequences on the household economy given the importance of these household assets and pivotal role played by livestock in the farming systems of rural Vietnam. Livestock death and disease is considered to be one of the main factors contributing to poverty in nearly all the villages covered in the *Lao Cai* PPA and was also mentioned in *Tra Vinh* and *Ha Tinh*. Death of buffaloes limit future income because ploughing cannot be carried out at the correct time. Buffalo may also have been purchased with the assistance of a loan, which then may not be easily repaid because incomes have dropped. In the absence of viable mechanisms for cash savings in the rural areas, small livestock are commonly used as a form of savings to be divested when cash is needed. Death of chickens and pigs therefore make it more difficult to even out the fluctuating flows of income and expenditure over the course of the year.

Failure of an investment, especially when funded by a loan, can leave a family in an extremely vulnerable position. Some of the most dramatic examples of this are provided by the *Tra Vinh PPA* (see box 9). In *Tra Vinh* it appears that there are very limited opportunities to diversify the household and farm economy. Poor households attempting to develop a stronger economic base with multiple income sources do not seem to have a range of low-risk, low-input options to chose from. Agricultural diversification is limited by the poor, saline soil and consequently households invest their surplus (or borrowed capital) into relatively high risk activities such as duck and shrimp raising. If the investment fails, the household faces an income deficit which will have to be funded through loans, alternative income sources (if available) or by selling assets. In addition, if the household took a loan in order to fund the investment, additional cash must be raised to fund interest payments and the repayment of the principal. In *Ha Tinh*, the PPA report suggests that 14% of households experiencing a deterioration in well-being did so as a result of a failed investment.

Box 9 : Failure of an investment in watermelon production in Tra Vinh

Binh and Xay are 62 years old and have been living in their village for 3 years.

They moved to the village from **Tra Vinh** town because their oldest son lives there. Because they do not own any suitable land, they have not invested much into shrimp raising, although they have contributed to the oldest son's shrimp ponds.

Since moving to their village, they have planted three seasons of watermelon. They spent most of their savings on their first watermelon crop, which failed. A second watermelon season failed due to poor weather last year and simultaneously the 5000 shrimp they were raising died. For their 3rd watermelon season they went into debt for the first time in their lives, buying fertilizer on credit. On the day we visited, Mrs. Xay was almost in tears because she had just realized the melon seeds they had planted this year were bad seeds and that the melons, although ripe, were much smaller than she anticipated. This means there will be no profit from this third season: their investment of over VND1million will only yield sales of between VND6-700,000 and she will be unable to repay the fertilizer retailer. Their daughter-in-law was 8 months' pregnant at the time of our visit and Mrs. Xay said tearfully, "I don't know what we're going to do".

Material losses

In general, the loss of material property does not have such deep or lasting consequences as human shocks or crises. In part this is because in most villages there are strong informal community support mechanisms to help people out in such emergencies which can offset the high expenditures incurred. Box 10 below gives some examples.

Box 10: Material Losses in Lao Cai and Ha Tinh

Tha and Thanh in Lao Cai Province

Tha and Thanh have 1 son and 2 daughters and have lived in Lao Cai since their parents moved to the New Economic Zone. In early 1998 their house burnt down completely. As Tha says “*everything was in the fire even the chopsticks*”. Now this family is in Category 4 relatively in the well-being ranking list. When the house was burnt, they received 900,000 VND from the commune. They also got labor support from the neighbors to rebuild the house with 3 rooms and a tile roof. Tha’s parents gave them money to buy some bricks. Then in 1999 they borrowed 5 million VND from the Bank of Agriculture for which they had to mortgage the new house. The village leader trusted their capacity. They took the loan to buy rice and bought buffalo and fertilizer to invest in production. Tha’s brother gave him a mother pig which has given birth to 9 small piglets.

Vu, Nhan Loc Commune, Ha Tinh

Typhoons have also effected Vu’s family severely. High winds caused damage to her thatched house this August: friends helped them conduct the repairs. The house collapsed due to storm damage in 1992. They had to borrow 100,000 dong to rebuild it but were able to pay back this loan within a few months.

3.2 Livelihood Security

Livelihood security was mentioned in all the research sites as being a common source of concern and was usually discussed in the sense of having the wherewithal to withstand shocks. To the households involved in the PPAs it represents the mirror-image of vulnerability. Cutting across the PPAs there is a consensus that households who are able to withstand these kinds of shocks have one or more of the following:

- Some form of stable income, such as salaried employment, pension or regular social welfare allowance
- Inherited capital with savings or other assets which can be realized in times of crisis without threatening future consumption
- Diversified income sources
- Supportive community structures

Households with these particular profiles are universally at the top of the well-being rankings in poor villages and in no site did the profile of the poorer households include the characteristics which make the household secure: they were always in the vulnerable category.

Stability of employment and income

Stability of employment and income came up repeatedly in the well-being rankings in *Ho Chi Minh City* and security was interpreted as having a secure job by a very large number of respondents. Stability of income seemed to be almost more important than level of income and even children would comment on the necessity for a regular wage in order to have a secure household. Most of the poor households are dependent on income sources which have little security and some respondents suggested that this security had been further undermined in the last few years. The development of some industrial sectors has been constrained by the slowdown in economic growth in the region, which had led, for example, to lay-offs in shoe factories. This had a direct effect on poor households who had registration cards which allowed permanent residency. Poor, migrant households are less directly affected by the contraction in the formal sector because they have considerable difficulty applying for formal work without permanent registration in the city. The slowdown in economic growth had also led to reductions in construction contracts which had squeezed some poor household incomes. Incomes from trading, a very important though more variable income source for poor households, had been severely undermined by Government policy (Decree 36) which restricts the use of pavements for trading activities. Government policy had also limited earnings from rickshaw (cyclo) driving by restricting the routes which cyclo can use. The introduction of labor-saving investments in local industry had led to a drop in demand for certain types of labor (for example, a local wheat flour processing factory was now able to bring wheat from the boats mechanically rather than using human labor). The influx of migrants had led to a resented drop in portering rates, according to many legally-resident respondents. Whilst nearly all households wanted employment that provided regular income, the interviews and exercises suggested this was becoming more elusive.

Having a salary or regular source of income was also considered important in *Ha Tinh*. Families in the top well-being category were often characterized by having either a salaried member or by receiving a Government allowance. Even though these allowances are not large – perhaps about VND200,000 per month (approximately \$15), the stability of the regular payment brings a real sense of security. There is a qualitative difference between having a regular job, which places a household in a high category, and selling labor on a daily basis, which often places a household in a lower category. Day labor brings cash at certain times of the year (perhaps 25-30,000VND (or \$2) per day for a man and 15-20,000VND (or \$1.40) per day for a woman for about two to three months a year) but it does not seem to bring security. In both *Ha Tinh* and *Tra Vinh*, demand for day laborers is simply not dependable enough to make a sufficient contribution to household livelihood security.

Inherited Wealth

Rural households who have inherited wealth were usually at the top of the well-being rankings and were considered to be low risk in terms of their vulnerability to outside shocks. These households might have cash savings or have assets which could be divested in times of crisis. Whilst for a poorer household, sale of an asset would severely jeopardize productive potential in the future, the wealthier households might have more slack: they

could sell off one buffalo, for example, but as long as they have more than one buffalo originally they still have traction power to plough their fields. Similarly households who are not simply dependent on paddy production are seen to be able to confront shocks without suffering severe losses in current and future welfare. In some of the poorest villages however, even the wealthiest households are at risk. One case study from the *Lao Cai* PPA (see box 9) described the demise of one of the wealthiest households in the village after suffering the double shock of the death of a main laborer and the illness of child in a short space of time. The household had to sell 4 buffaloes, 1 horse, two pigs, take the son out of school and had help from the local community in order to pay for the operation, which cost several million Dong. The household is now one of the poorest in the village.

Security of Shelter

Security of shelter was a matter of concern to poor households in *Ho Chi Minh City* who live on land earmarked for clearance and upgrading. Certain settlements are under constant threat of clearance. This is compounded by lack of information about the authorities' plans, so that people simply did not know how long they would be able to stay in their current location. The insecurity related to shelter diminishes the investment which households (and Government) make in the environment and the level of pollution was described as a problem by some. Threats to their shelter was a fear repeatedly raised by children in discussions about security (see box 11).

Box 11: Children's perceptions of threats to security (Ho Chi Minh City)

<i>Housing:</i>	House being "cleared"; house collapsing or flooding; neighborhood fires destroying houses; eviction from rental property because parents have defaulted on the rent; low-hanging electricity cables causing accidents
<i>Education:</i>	Being pulled out from school because parents cannot afford costs; school is closed down; teachers beating and humiliating children
<i>Domestic:</i>	Father drinking and beating mother; shouting and quarrelling in the household
<i>Social:</i>	Neighborhood fights; drug addiction
<i>Self-esteem:</i>	being considered inferior by wealthier households; being beaten by richer children
<i>Economic:</i>	Unstable income; being hungry; having bad clothes
<i>Health:</i>	Concern about mothers' health and inability to afford good health care for parents

3.3 Coping with Declines in Well-being

Although the overall trend in Vietnam is one of improvement in well-being even for poor households, there are times when households have to cope with declines in well-being. Seasonal hardship is a feature of poor, rural livelihoods, and a range of coping strategies are found in the PPAs to deal with seasonal shortfalls. Households also have to cope with unpredicted shocks and crises from time to time. In *Ho Chi Minh City*, poor households might have to cope with fluctuations in the demand for day labor or services

which they sell. The most commonly mentioned coping strategies found in the PPAs are detailed below (Table 11).

What is striking about the coping strategies described by poor households is the overwhelming role for actions taken by the household themselves. The community may help to some extent, but these are all poor communities and the level of assistance available from friends and relatives and informal networks is generally limited to immediate but small inputs. Similarly there are some formal safety nets which seem to operate rather sporadically. Where these have been provided they are undoubtedly appreciated, but their place in the overall picture of coping with drops in well-being is really very limited. As far as coping with hardship is concerned, the household has to look largely to its own resources.

Table 11: Mechanisms for coping with declines in well-being

	Lao Cai	Ha Tinh	Ho Chi Minh City	Tra Vinh
Coping mechanisms within the community	Some help available from the local community in all four sites			
Formal safety nets	Some formal safety nets available, though very limited in scope and irregular in distribution			
Borrowing small amounts of cash for day-to-day expenditure	Common strategy, but only small amounts available from friends or relatives at favorable rates			
Borrowing large sums of cash from neighbors	More difficult: poor households are often part of poor, extended families with limited spare resources. In some villages, no household is well-off enough to make large loans			
Borrowing money from moneylenders	Only common in the midland villages at interest of about 8-10% per month		Reportedly common. High interest (20-70% per month) and repayments ruthlessly enforced	Not easy, because the moneylenders do not consider the poor to be creditworthy
Selling assets, liquidating savings	Livestock	Livestock	Houses	Land and livestock
Find day labor, including migration	In highland, labor sold locally for food.	If available: migration to urban areas increasingly common	If available	If available: some migration to <i>Ho Chi Minh City</i>
Send children laboring	May work on own farm or on others' farms		May sell lottery tickets, sell noodle soup, help parents with piece work..	
Withdrawing children from school at low levels of attainment	Mentioned in all four research sites as a strategy to deal with general poverty, unpredicted shocks and seasonal hardship.			
Selling women for marriage and babies for adoption			Quite common in study districts	
Selling blood			Common: approximately VND150000 (USD10) per time	
Living with ill-health	Especially in the highland villages		Especially for migrants who have no exemption for fees	
Reducing consumption	Mentioned amongst the poor households for all four sites			
Gathering food or firewood from the forest	Hunting, gathering wild food	Gathering firewood for sale	Urban equivalent: scavenging in markets	Collecting leaves for weaving panels

Mechanisms in the community

In all four study sites, the first point of assistance for poor households would be family, then friends, then the community and most households would be able to get some kind of support from within the community. This might include access to small cash or food loans, access to common property, the ability to exchange labor for food, cash or land or the ability to borrow labor (for example, for childcare so that the parents can leave the house to earn money). These mechanisms are covered in the section on social capital.

Formal safety nets

There was little mention of formal safety nets in general, and no mention at all in *Tra Vinh*. In *Ha Tinh*, there had been some tax reductions following a bad harvest. These were not targeted: everyone benefited from the exemption whether they lost crops or not. In all 6 study villages in *Lao Cai* Province, food is made available to some hungry households each year to cover critical food shortage periods such as pre-harvest. This is part of the state budget and the food relief is handled locally by the Commune Peoples Committee. Box 12: **Food Support in one District of Lao Cai Province** shows the trends in food support in one District of the Lao Cai PPA study site:

Box 12: Food Support in one District of Lao Cai Province

	1993	1998
Number households	682	245
Amount in rice Kg	25,968	11,230
Amount in '000 VND	---	34,682

However, the budget allocation is small and therefore cannot reach everyone. It appears that although Commune cadres make a great effort to distribute this assistance to the most needy households they are, in practice, having to exclude some households. The targeting of this food assistance is therefore based more on supply, rather than on the assessment of 'hungry' households, as shown by the following example in box 13.

Box 13: Food Support in Ta Gia Khau Commune in Lao Cai Province

Ta Gia Khau Commune has been receiving food support from the government for the last 10 years. According to the recent assessment made by the Commune Peoples Committee, there are 64 households that need this support in the Commune. However, because of limited supply it is currently distributed to only 8 out of the 10 villages in the commune. In 1998, each person in the selected households got 5kg rice (at about 3500 VND/kg).

Households were not aware of the targeting criteria and had not been involved in the identification of beneficiaries.

Borrowing money and food

This is one of the most commonly mentioned strategies and is found in all the study areas. As a coping strategy against a temporary drop in well-being, this borrowing is very unlikely to be from a formal financial service provider: formal sector loans are not widely available to the poor and even when they are, the application process is too arduous to make money available quickly. Poor households borrow in a wide range of ways. The *Lao Cai* PPA list 11 forms of credit which a poor household might try to access. The *Tra Vinh PPA* lists 9 different ways of borrowing. Table 12: Different forms of borrowing in Tra Vinh and Lao Cai summarizes these below.

Table 12: Different forms of borrowing in Tra Vinh and Lao Cai

Tra Vinh	Lao Cai
Mortgage assets such as land	Borrowing cash from relatives to repay back loans
Borrow large amounts from relatives or helpful neighbors	Borrowing food from relatives or neighbors to pay back in kind
Borrow small amounts from relatives or helpful neighbors	Borrowing cash from relatives at no interest
Borrow large amounts from private money lenders	Borrowing cash from neighbors with interest (4%)
Borrow small amounts from private money lenders	Emergency borrowing from money lenders / neighbors (interest rate of 8% - 10% per month)
	Borrowing livestock for ploughing
Join neighborhood hui (ROSCA)	Borrowing manure for crop fields
	Seasonal borrowing of crop land from relatives or in other villages
Purchase shrimp fry and shrimp food on credit	Purchasing food and materials on credit from shopkeepers
Purchase rice on credit	Borrowing from Agriculture Bank
Borrow from preferential government lending programs (HEPR, WU, VBP, Ethnic minorities board)	Borrowing from HEPR / VBA for livestock

Concerns were raised in the *Ho Chi Minh City* and *Tra Vinh* reports that some poor households were becoming caught in a debt trap. They take a loan to deal with an immediate crisis, but this loan adds substantially to the household outgoings because of the high interest rates. They are unable to raise the supplementary income needed to pay for the loan repayments and have to take another loan to honor the first. In *Ho Chi Minh City*, moneylenders may choose to use thugs or the local Mafia to extract repayments from

defaulting households. Commonly, defaulting householders are taken by moneylenders to hire-purchase shops where they can obtain an item on credit, sell it and use the proceeds to pay off the moneylender. Of course, this then leaves a larger debt to be repaid at high interest rates. Taking loans in some instances was cited as a *reason* for poverty and some households were very reluctant to take loans in case they could not repay. These more ruthless tactics by moneylenders are not reported in the rural areas. The pressure to repay there comes from the knowledge that if you default, you are unlikely to get another loan from anyone else.

Under the Hunger Eradication and Poverty Reduction Program (HEPR) the Government attempts to make subsidized loans available to poor households. Whilst well-intentioned, this facility is not having the desired effect in many instances. There were some positive examples of successful HEPR activities in *Ho Chi Minh City*, but the rural PPA teams rarely found poor households who had been able to access such a loan. (An exception to this was some poor households in *Tra Vinh* who had been given a loan without even really applying for it and had not been asked for any repayments.) Because it is subsidized, it is also in short supply and highly rationed. As such, those households with the better connections in the village tend to be best placed to apply for these loans. Additionally, the criteria attached to these loans seem automatically to exclude their own target group. First, those without permanent registration are not allowed to receive them. This eliminates many of the poor migrant households in *Ho Chi Minh City*. Secondly, the loans are available only for investment purposes, whereas the poor commonly have to take loans to cover health costs, education costs and consumption. Thirdly, those responsible for allocating the loans tend to exclude anyone they perceive as being non-creditworthy. This generally excludes the poorer households.

There often seems to be a psychological cost to being in debt. Many households, especially in *Ho Chi Minh City*, commented on the anxiety and stress that being indebted brings. In *Ha Tinh*, one respondent commented that women would be sent out to get the local loans from friends and neighbors which are often used to cover consumption shortfalls because the men did not like to appear desperate. They were more inclined to apply for the formal loans, dealing with the larger sums of money and the outside institutions.

Selling Assets

Households who have livestock will often have to sell them in times of crisis, though they may be quite reluctant to do so since livestock represent, often, a key source of cash income. The *Lao Cai* PPA suggests that households will, as a first response to needing cash, generally attempt to divert labor away from farming to cash-earning activities in preference to selling off livestock. In *Tra Vinh*, poorer households may sell off their land in times of crisis, with profound repercussions for future productive potential given the lack of day-laboring opportunities there (see Box 14: Landlessness in Tra Vinh). In *Ho Chi Minh City*, households in crisis are seen to sell their houses, if they have them. They then downgrade either to renting or buy a cheaper house.

Box 14: Landlessness in Tra Vinh

Poor landless people in both districts identify the mutually reinforcing problems of reliance on day laboring and lack of productive resources as two of their most serious problems. Given the low returns today laboring, it is not surprising that this results in an inability to save money or develop the skills necessary to break out of poverty.

In Chau Thanh, people perceived that the labor market is becoming more competitive, as more poor and landless people enter it. While there is a higher percentage of landless people in Duyen Hai than in Chau Thanh (18% vs. 10%), there is a higher percentage of “near-landless” in Chau Thanh (14% vs. 6%) than in Duyen Hai. It may be that high-risk shrimp farming in Duyen Hai has resulted in more rapid landlessness than in Chau Thanh, and that the process is just beginning to be felt in Chau Thanh.

Landlessness contributes to chronic indebtedness and extreme vulnerability. Most poor told team members that being landless is a “lose-lose” game; the longer one is landless, the worse one’s situation becomes. Therefore, the long-term landless in Duyen Hai have dropped further down the economic ladder.

Poor landless people in both districts have difficulty accessing services, and have few opportunities to improve their lives. Landless labourers are likely to have less access to health and other services because they are away from their homes working during daylight hours when cadres visit. As many landless people travel for weeks or seasons at a time, they also miss other village-wide services, such as credit applications or extension training requiring several days involvement.

Laboring

Diverting labor away from agricultural tasks to cash-earning tasks is a common response to decline in well-being in *Lao Cai*. A sudden need for cash in the upland areas, some of which are not highly monetized, requires some reallocation of household resources. If a household has surplus labor, then this can be used to earn money, usually doing agricultural tasks for wealthier households within the commune. Households who do not have surplus labor, and this seems to be most, will be laboring possibly at a cost of lower agricultural returns at harvest time. Where this labor reallocation leaves a gap in the farming systems, there is an added incentive to withdraw children from school so that they can help. Day laboring is the main source of cash for poor households in *Tra Vinh* who have sold their land. However, it appears that the demand for labor is seasonal and not at all robust. Day laboring is not so much a coping strategy as a survival strategy in *Ho Chi Minh City*, where there is no agricultural land to fall back on. Poor households are always in search of jobs which can provide regular income. Migrant households are less likely to find stable work because their lack of permanent registration in the City constitutes a real handicap when applying for jobs.

In areas where local labor markets are yet to generate sufficient demand for unskilled labor, some migration is evident. This is particularly true in *Ha Tinh*, where households commented that the freedom to migrate was one of the most beneficial changes over the last few years. The analysis of the impact of migration on the household was more mixed, however. Whether or not the net result was positive for the remaining household depended largely on the relationship between the remittances sent back (sometimes zero),

the reduced expenditure demands because of the reduction in mouths to feed and the additional workburden (sometimes considerable) generated by the departure of a primary laborer. Some villages had quite high rates of either seasonal or permanent migration.

Child labor

For some of the poorest households in both urban and rural areas, child labor provides extra sources of cash in times of hardship (by working for cash) or provides indirect support by substituting for adult labor when adult labor is displaced from its usual task (for example, taking on more work inside the house or on the farm in order to release adult labor to earn cash). In ***Ho Chi Minh City***, the most common activities for children included:

- scavenging
- selling lottery tickets
- selling noodle soup or other food products on the street
- doing piecework at home or in small workshops (e.g. making toothpicks, plastic objects, fake paper money for worship and religious rites, packaging incense sticks and polishing copper incense burners)
- working as domestic servants (mainly girls)
- portering
- mason's assistants (mainly older boys)

In ***Lao Cai***, children and young laborers from poor households are sometimes sent to live with other households for a period of 2-3 years. In the host household, the child performs accepted tasks for children, such as watching the buffalo, feeding the pigs and looking after younger children. In return, the child is fed and the child's parent may receive young livestock to raise as payment. This is seen as a mutually beneficial arrangement: one household receives needed labor whilst the poor household is able to minimize expenditures without depriving the child of food *and* receives payment in form of livestock. After a few years, the child returns to live with the parents again. Some child laboring was evident in ***Tra Vinh*** (sending children away to work as domestic workers) though the overriding problem in ***Tra Vinh*** appears to be lack of demand for labor which perhaps is limiting the extent to which child labor is used as a coping mechanism. In ***Ho Chi Minh City***, households sometimes sent children away to live in the countryside with relatives.

Withdrawing children from school

This was a common response to declines in well-being. Indeed, the ***Lao Cai*** report found that this was nearly always amongst the first responses to a crisis. There are many references in the PPAs to the cost of education and the burden this places on poor households. These costs include the direct costs of fees, books, pens and the various contributions to insurance and construction funds. They also include the cost of clothing and food. There are also opportunity costs in terms of the lost labor, though this varies according to the age of the child and across location. Where the perceived returns to education are low

because having a few years of often low-quality primary education is thought unlikely to make a difference to future livelihoods, the very tangible costs of sending children to school may soon begin to outweigh the perceived benefits. This is particularly the case in times of crisis when resources are so stretched that basic consumption is threatened.

Selling Blood

Selling blood, described in box 15 below, was quite commonly mentioned as a coping strategy in areas close to main hospitals. The amount raised from one visit to a hospital equates to one week's worth of day laboring for one person, so the appeal is quite understandable. The PPA teams found that some poor households were suffering health problems from over-donating blood. People in *Ho Chi Minh City* were commonly going more than once a month.

Box 15: Selling blood in Ho Chi Minh City

Thuy is 30 years old, and lives in a little house with her husband and three children aged 12, 10 and 7. She sells noodle soup on the street, but cannot operate in one place as she used to because of the recent government regulations. She earns around 15,000 dong a day. Her husband drives a cyclo which he rents for 3,000 dong a day. His income is low and irregular, particularly now that cyclos are becoming less and less popular. Sometimes, when her business capital runs low, Thuy borrows money from a moneylender. The way Thuy has found of keeping the family afloat in times of difficulty is to sell her blood. She started doing this 10 years ago, when her own mother was very ill, and money was needed for her treatment. Since that time, she has sold blood very often, about twice a month on average. On each occasion she earns 140,000 dong.

Selling women and babies

This was found to be reasonably common in *Ho Chi Minh City*, and there were also isolated cases of selling women in *Ha Tinh* and *Tra Vinh*. In *Ho Chi Minh City*, women might be sold to Taiwanese or other foreigners for considerable sums of money (see Box 16: **Selling Woman in Ho Chi Minh**).

Excluding the costs of the wedding and jewelry, the families of the bride might earn between \$1000-\$7000. Such are the sums of money that average and better-off families are also attracted by this particular form of trade. There is also a fairly common practice of selling women as temporary, local wives to foreigners resident in *Ho Chi Minh City*. Selling babies for adoption for between VND1-9 million (US\$70-650) was also quoted as a strategy for poor households. Unusually, households might sell more than one child or even conceive deliberately with a view to raising an income from adoption.

Box 16: Selling women in Ho Chi Minh

Trinh has seven daughters. Her husband is dead. A few years ago, her eldest daughter, Phuoc, got a job in a restaurant, and from there went on to prostitution, in order to support her mother and sisters. Two years ago, through the services of a broker, Phuoc was married to Taiwanese man for around 4,500 \$. One year later, another of Trinh's daughters divorced her husband and married a Taiwanese man. Trinh's house has now been repaired. It is in good condition and well furnished

Expenditure reducing strategies: living with ill-health and reducing consumption

Reducing the number of meals, reducing the size of meals and substituting inferior foodstuffs for preferred staples were all commonly mentioned responses to seasonal food shortages and other crises which meant that household resources were stretched. This generates speculation that overall health may be affected in the longer term and that the quality of labor might suffer. There was no obvious pattern to certain members of the family suffering particular nutritional deprivations: girls did not seem to be fed less than boys, nor women less than men.. Additionally, households in both *Lao Cai* and *Ho Chi Minh City* were found to be living with ill-health on a long term basis in order to avoid consultation and treatment costs which would strain household resources.

Gathering food or products from the forests

In *Lao Cai*, men may go hunting in the forests to raise incomes. Children might gather wild food, such as mushrooms and bamboo shoots. In *Ha Tinh*, households gather firewood for sale from the forest to the detriment of the environment. This raises very low income and is seen as an indicator of a poor household. In *Tra Vinh*, poor households gather local palm leaves to weave panels. In *Ho Chi Minh City*, children sometimes scavenge or beg for food.

Other, less frequently-mentioned coping strategies

Pick-pocketing and theft were mentioned in Ho Chi Minh City as desperate measures to raise income when all else had failed. There was some mention of more serious crime as a strategy for funding drug habits. There was little direct questioning about prostitution, but it appeared to be a regular feature of urban life in the study areas of Ho Chi Minh City and there were suggestions that a few girls of 16-17 years of age from poor households were using this as a way of earning a living.

3.4 The Role of the Community: Social Capital, Social Cohesion and Social Exclusion

All the PPAs considered the relationship between individual poor households and the community and examined the networks within a community which would provide support in times of hardship. Almost invariably, the community is the first point of assistance for poor households facing some kind of crisis. They also investigated the circumstances which might lead the community to exclude certain households from these supportive networks. Although there is little systematic exclusion of particular groups, there

are households who are more on the peripheries of village or community life. These households are often poor.

Social Capital and Cohesion

The community is an important source of immediate support for poor households facing hardship. In all the PPA sites, there was some social capital which poor households could draw on, though in some instances, the level of help which could be expected was very small. This loose network of informal and formal social relations does help fragile households cope with certain crises and Table 13 below indicates some of the support mechanisms available. Of all of these mechanisms, borrowing cash or food from friends and relatives was the most frequently mentioned. Although these support networks are vital for poor households, the overall level of support provided is quite small. For households facing serious problems, it will almost certainly be necessary to look beyond these more benevolent sources to raise money.

Table 13: Community Support Mechanisms by site

Community support mechanisms	Site
Borrowing cash, food or labor in times of crisis or hardship	found in all sites
Membership of savings clubs or ROSCAs (rotating savings and credit associations)	Found in <i>Ha Tinh</i> , <i>Tra Vinh</i> and <i>Ho Chi Minh City</i>
Access to mutual or reciprocal assistance such as labor exchange for housebuilding; exchanging labor for food	<i>Lao Cai</i>
Community contributions to wedding and funeral expenses	Found in all sites
Community-organized handouts or food parcels for the very sick or elderly	<i>Ha Tinh</i>
Access to common property, for example for livestock grazing or to forestry products for housebuilding or food supplements	<i>Lao Cai</i>
Moral support (for example, coming to help when a husband is beating up his wife)	<i>Ho Chi Minh City</i>
Sharing work or contracts	<i>Ho Chi Minh City</i>

The Cost of Social Capital

Social capital, whilst performing an important function for poor households in Vietnam, requires some investment even by very poor households. With few exceptions (such as support from one's immediate family) these networks of support which they fall back on seem to be held together by complex webs of reciprocal arrangements rather than being simply a form of handout. The PPAs suggest that poor households have to pay to access social capital, just as they pay to access any other capital (see

Table 14: Costs of ceremonies and social events in Tra Vinh).

Table 14: Costs of ceremonies and social events in Tra Vinh

Celebration	Expected Contribution
<i>Death-days in community:</i>	1 kg sugar or ½ kg MSG
<i>In own household:</i>	500,000 dong/year
<i>Weddings</i>	Cash contribution: <ul style="list-style-type: none"> • 10,000 - 40,000 VND in Hoa Loi commune • up to 100,000 VND in Thanh My commune
<i>1st birthday</i>	10,000 VND
<i>Tet</i>	600,000 VND

At every site (*Tra Vinh, Ha Tinh, HCMC and Lao Cai*), poor households commented on the cost of weddings, funerals, traditional ceremonies and celebrations. This includes holding celebrations for members of their own families and making contributions to the ceremonies of others. Table 10 indicates the kinds of expenditures a household might have to make for different events. Respondents reported that on average they would have to attend 20 such functions per year. A household might spend as much as VND1million (US\$70) per annum on these expenditures and would rather go into debt to cover such costs than not be able to contribute. This was also found to be the case in *Ha Tinh*, where households reported taking loans at 10% per month interest to cover wedding costs. Whilst local officials often comment that communities are poor because of wasteful expenditure, the PPA teams, with the exception of the *Ha Tinh* team, felt that this was probably quite rational and necessary expenditure by poor households in order to ensure that they remained part of the community. It is the price one pays to remain in the community and to enjoy the support this can offer (informal loans; emergency help; the right to reciprocal labor exchange; the right to common property) in times of crisis. The *Lao Cai* team concluded that: “*the legitimacy of people’s position in local society and their ability in the future to draw on various forms of informal social support is dependent on “giving” at these critical junctures when they start a new phase of life- opening a new house,, or getting married. Borrowing for these special occasions is therefore a means of being able to give “a good event” in the short term, in the expectation that other people will help out in the future.*”

Poor households definitely feel these costs are expensive - and there are some households who are excluded because they cannot afford to participate - but it is a form of insurance which cannot be provided by any other service provider. If willingness to pay is seen as an indicator, community social relations are clearly performing a function which is valuable (even invaluable) to poor households. In *Tra Vinh*, the researchers felt that the high cost of investing in social capital meant that poorer households were able to accumulate lower levels of social capital than better-off households. In the midland villages of *Lao Cai*, villagers described poorer households as having “*restricted social relations*” and “*few relations with outsiders and community*”.

Variations in Social Capital

The *Lao Cai* PPA found that the nature and level of social capital varied within their study area. In some communities there is a strong sense of community spirit and a keen sense of obligation for the wealthier households to help their poorer relatives and neighbors and this often seems to be the case in less stratified, long-established villages in the highlands where there is only one ethnic group. The greater equality in the more remote villages meant that there was a more cohesive community and more reciprocal help on favorable terms: there is a sense that it is important to help households in times of need because the assisting household might need help itself some time in the future. In the midland areas, there is less chance that a wealthier household today will be a needy household tomorrow and therefore there is less need for the wealthier household to invest in these kind of reciprocal arrangements with poorer households. In more accessible areas, however, the role of social capital sometimes has a slightly different slant - connections which allow string-pulling, preferential access to resources and a way to get ahead through social connections for example. This form of social capital, using “who you know” as a means of trying to improve household livelihood, was also seen to be very important in *Ha Tinh* and *Ho Chi Minh City*, and there are strong indications that this kind of social capital is more readily accessed by the better-off households.

Long term, legal residents of *Ho Chi Minh City* who are living in established communities have some arrangements for mutual self-help, though there are also contradictory reports of deteriorating social relations. Finding work for friends and relatives or sharing work was reported. Some wealthier households help poorer households by providing childcare whilst parents are out at work. Some households reported that neighbors had helped out in times of need and one woman reported that neighbors would intervene when her husband beat her. ROSCAs (rotating savings and credit associations) and informal savings clubs were commonplace and there were also reports of communities working together to upgrade their alley and pathways (though it is not clear that this was not enforced by the local leadership). The Chinese community was said to be particularly cohesive. But there were also reports of increasing quarrels and fights and there were comments suggesting that people were keeping themselves to themselves far more than in the past.

Social Exclusion and Problems with Community Cohesion

Social Exclusion

There is no caste system in Vietnam and no formalized social structure which might lead to large numbers of people being treated as outcasts. With the exception of *Ha Tinh*, all the PPA sites had heterogeneous populations - in *Lao Cai* and *Tra Vinh* there are significant ethnic minority populations and in the study areas of *Ho Chi Minh City* people from all over the country are living close together. Still, however, social exclusion was not a main theme arising in well-being rankings or in discussions on poverty. Indeed, the *Ha Tinh* PPA team were impressed by efforts made by the community to *include* certain disadvantaged members of the community.

But although the overall picture is one of general inclusiveness, there were examples of groups being socially excluded in all the PPA sites. In some instances, the

whole communities were excluded (such as certain migrant squatter settlements in *Ho Chi Minh City* and certain ethnic minority villages or hamlets). It is difficult to unravel social exclusion from more general marginalization and isolation in some cases and some of the examples below may really represent social neglect rather than conscious and deliberate exclusion. There are also cases of people being excluded within their communities. Exclusion was usually based on gender, ethnicity or migrant status. Where communities were relatively homogeneous socially, there was some exclusion on economic grounds. The poor expressed a sense of being inferior and, sometimes, humiliated because of their poverty. Even if they were not exactly outcasts, they took a position on the peripheries of local community life rather than the center. Table 15 summarises some of the types of exclusion experienced by poor households.

Table 15: Summary of types of social exclusion experienced, in order of priority

<u>Types of exclusion experienced</u>	<u>By whom?</u>	<u>Site</u>
Sense of inferiority leading to self-exclusion	The poor; migrants; some Khmer groups	<i>Ha Tinh; Ho Chi Minh City; Tra Vinh</i>
Exclusion within an inner-city environment	Migrant communities	<i>Ho Chi Minh City</i>
Formal exclusion from participating in certain activities based on civil status	Migrants	<i>Ho Chi Minh City, Tra Vinh</i>
Linguistic and cultural isolation	Ethnic minorities living in a predominantly Kinh commune	<i>Lao Cai; Tra Vinh</i>
Exclusion based on economic status or practical constraints	The poor; women with heavy workloads	<i>Ha Tinh; Tra Vinh</i>
Exclusion within a community based on community disapproval of household activities	Single mothers; drug addicts	<i>Ha Tinh; Ho Chi Minh City</i>

Sense of inferiority leading to self-exclusion

The *Tra Vinh PPA* suggests that the poorer households feel looked down on by wealthier households, exemplified by the case of one poor farmer who “*went to buy some la [a kind of leaf] and the owner asked me how I could have the money to buy this. I felt very ashamed and didn’t go back again*”. This lack of self-respect is compounded if households fall into debt. One woman, who had fallen into debt after an experiment with watermelon cultivation failed, said, “*our debt keeps us up at night – owing money is an awful feeling. It makes me feel so terrible when they [the lenders] come to my house to demand their money and I cannot pay it – I feel very ashamed that they are looking down on me*”. One team felt that the Khmer households in *Tra Vinh* had been stereotyped by their Kinh neighbors as

being poor planners and managers for so long that Khmer households had internalized this prejudice and now believed it of themselves.

There were many comments from the three site reports in the *Ho Chi Minh City* study which referred to the humiliation of being poor and the sense of inferiority which was felt particularly by poor children. Adults were often humiliated by their indebtedness and felt unable to hold their heads up as they walked about the neighborhood. Indeed, humiliation was used as a tactic by money lenders to extract repayment from defaulting households. Children repeatedly expressed distress that the richer children looked down on them and that the teacher humiliated them in school by exposing the fact that the parents were behind in their payments. “*The poor children are looked down upon by others and have few friends. Children of rich families have many friends*”, commented a group of children interviewed. They were immediately suspected by better off households to be guilty if something had been stolen in the neighborhood and they were chased out of the wealthier peoples houses when they tried to go to watch TV. Many children seem to have no birth certificates because mothers abscond from the hospital after delivery to avoid payment. Without the birth certificate it is difficult to register the child in school.

Exclusion within an inner-city environment and formal exclusion from participating in certain activities based on civil status

The descriptions of the migrant population in *Ho Chi Minh City* (those who do not have permanent registration, or *ho khau*) were strongly suggestive of social exclusion: one site report commented on the derogatory names which were used by permanent residents for migrants from different parts of the country. Without the *ho khau*, households have difficulty accessing public services, cannot enjoy exemptions from school fees, cannot secure HEPR loans and cannot be introduced for a stable job. Interviewees from the migrant community describe themselves as “*visitors – eating and living in another’s place*”. One site report describes an area known as the “tribal hamlet”. This is populated by households with no *ho khau*, although they have been resident in *Ho Chi Minh City* for up to 10 years. It is called the tribal hamlet because it is so infamous for poverty, muggings and drug abuse that no outsider will allow their sons or daughters to marry anyone from the hamlet. Young people from within the hamlet are forced to marry from within their “tribe”. Communities of migrants living on the river (“floating migrants”) are also said to have very little contact with the legally resident population.

Linguistic and cultural isolation

Whilst being less of an issue within any given community, cultural and linguistic differences were seen to contribute to the overall isolation experienced by the ethnic minority groups in the northern uplands. This was particularly true with regards to people’s access to information. Where village level leaders were unable to speak or write Vietnamese well, this meant that the flow of information down to the households was often constrained. Similarly, the ability for that community to represent itself to higher level, decision-making authorities was constrained. The effect is to make the whole community more introspective and introverted so they partly self-exclude themselves from wider society. The Khmer communities in *Tra Vinh* expressed a similar sense of general isolation from the wider

world, explaining that the *Kinh* majority enjoyed higher levels of well-being because they traveled more and had more exposure to outside ideas: “we hear about *Tra Vinh* [town] but have no concept of it”. Khmer respondents reported feeling vulnerable when trading or going to the market because of their linguistic disadvantages and lower literacy skills. They felt they had no way of knowing if they were being cheated.

Exclusion based on economic status or practical constraints

Although there were some examples of poor households been having actively encouraged to participate in community life, there were also examples of the poorer households feeling excluded. One of the site reports from the *Ha Tinh* PPA (Thuong Loc, 1999:17) suggested that the poor could not attend weddings and other social ceremonies because they could not afford to bring money as a gift and they are too ashamed to attend without bringing money. The site report also mentioned that the poor were looked down upon and that “it was difficult for their children to get married when they grew up as few people liked the children from the poor”. Several reports - *Lao Cai* in particular - commented that the very heavy workload which women struggled with prevented them from taking an active role in community and social activities. In some areas, women were attending more events outside the home than before (especially in *Ha Tinh*), socializing was still considered to be mainly a male activity.

Exclusion within a community based on community disapproval of household activities

In *Ho Chi Minh City*, households with drug addicts were often avoided by other households and stigmatized as being involved in “social evils”. One poor household had had their application for school fee exemption turned down because the house was often rented during the day by gamblers. In *Ha Tinh*, women who had become pregnant outside wedlock met with community disapproval and lived on the margins of the village (see box 17). There was no mention of the fathers of these children being excluded in the same way.

Box 17: Community disapproval: a single mother

Ms. Hien is 38 and a single mother. She had been living with her parents until last February. Now, she and her daughter live in a thatched house on a hill with one bed, separate from the village as she has a bad reputation amongst the villagers for having her daughter out of wedlock. She has a small pig, which weighs about 15 kgs., four ducks and some chickens given to her by her younger brother. She said she dared not raise too much livestock for security reasons. To meet the costs [of children's books, clothes, etc.], she has to sell her paddy in the market and her family has to eat cassava and sweet potatoes with a very small amount of rice for three months. She also has to sell chickens and pigs, borrow from relatives, or spend time laboring in order to earn enough to buy food.

Breakdowns in Community Cohesion: Conflict and Crime

Concerns over animal theft led to animals – horses and buffalo – being kept inside the house at nighttime in the *Lao Cai* study area. Even manure was being kept inside the house in order to protect against theft. Households were aware that this was unsanitary, but felt the potential loss from livestock threat was too great to take any chances. The threat of

theft here was seen as coming from outside the village. There had also been some reports of women being tricked in the District town and being kidnapped and smuggled over the border to China where there is a shortage of wives.

In *Ho Chi Minh City* local leaders expressed concerns over increases in burglaries and theft, which they felt was linked to a growing problem with drug-abuse. Migrants were blamed for some of the deterioration in the law and order situation. Unemployment was also described as being at the root of some crime problems by increasing alcohol abuse which in turn increased the number of fights. It seemed to vary from ward to ward whether households felt there had been an increase or decrease in fighting and burglaries. However there was agreement across the sites that there had been an increase in drug abuse. The three *Ho Chi Minh City* site reports make repeated reference to violence: domestic violence (mentioned especially by children); the use of physical force to extract loan repayments and fights within the neighborhood.

In *Ha Tinh* there were reported reductions in crimes against property and fights following improvements in local policing. Improved economic conditions were said to have led to a reduction in theft. In addition, the introduction of improved irrigation facilities in one village had reduced conflict over water.

Conflict resolution and justice

Conflict resolution in the poor areas visited for the PPAs is overwhelmingly informal. There are few formal systems for lodging complaints and the first stop for the poor village or urban dweller is the Commune or Ward Chairman. If disputes cannot be settled satisfactorily at this level, then there is an office in the District which registers complaints and mediates in disputes. However, it is not clear how well these systems function, how much they are used, or whether they are strictly impartial. Victims of crime may approach the police or local militia, but this does not always ensure satisfactory follow-up.

There are no stories of poor households successfully bringing other people to trial in the PPAs. There are several stories of poor households going to the police for help, but receiving none. One woman in *Ho Chi Minh City*, after being subjected to great abuse by the moneylender to whom she was in debt, went to the police for assistance. It was their view that they could do nothing because she owed money. Women seeking support in the face of domestic violence are generally referred to the Women's Union, who then tries to reconcile problems between the husband and wife. Certainly women receive no support to leave an abusive husband.

Chapter 4: Institutional Analysis

All PPA teams conducted institutional analysis in the research sites. Teams reported varying success with different tools, but had most difficulty with the institutional ranking. Discussing institutions and, in particular, their weaknesses is problematic in the Vietnamese context. Vietnam has an extremely strong state sector which reaches down to every village. One can speculate that at times households might have been self-censoring. Poor households are dependent on good relations with the local administration to access services and resource. Under these conditions, there would be good reasons for a poor householder to reign in the most negative views.

4.1 Informal and Formal Institutions

Perhaps because of the context and perhaps because of the questioning, many of the respondents saw “institutions” as formal organizations. In Vietnam, these are mainly branches of the Government administration (see right for structure), branches of the Party and mass organizations, which are affiliated to the Party. Table 16: Commonly mentioned formal institutions below indicates the most important government institutions mentioned by households in different sites. The level of importance attributed to these organizations varied considerably from site to site. In some places, certain mass organizations were thought to be unhelpful beyond the immediate family circle of the leader. In other locations, the same mass organization would rank highly for poor households. In the absence of institutional mechanisms to ensure leadership quality, much seemed to depend on the personality of the individual leader in each location. The only common point from all locations was the overwhelming importance of the village manager (rural sites) or the head of the household unit¹¹ (urban sites) in people’s lives.

Levels of Administration

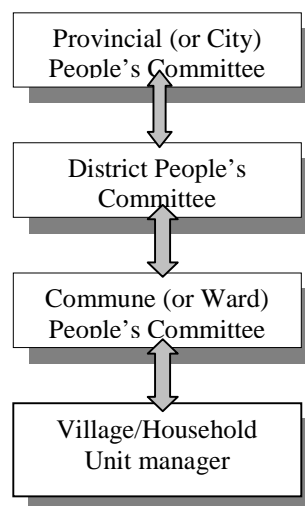


Table 16: Commonly mentioned formal institutions

Most frequently mentioned	Sometimes mentioned	Rarely mentioned
Village manager/head of the household unit	Commune health services	Agricultural extension office
Commune/Ward People’s Committee	Peasants Association	Commune police
Veteran’s association (<i>Ha Tinh</i>)	Elderly association (<i>Ha Tinh</i>)	Teachers
Women’s Union (<i>Ha Tinh</i>)	Women’s Union (<i>Tra Vinh</i>)	Vets
Youth Union	Aquaculture extension (<i>Tra Vinh</i>)	
HEPR (<i>Ho Chi Minh City</i> , poor and non-poor groups)	VBA (mentioned more by rich than poor)	HEPR (rural sites)

¹¹ The urban ward (*khu pho* in Vietnamese) is broken down into several clusters of households called household units in the Ho Chi Minh City PPA (*to dan pho* in Vietnamese).

The balance between reliance on formal and informal institutions also varied across sites. Rural Vietnam does not have the range of civil society organizations which might be found in other Asian countries: the list of informal institutions which are important in people’s lives did not extend very much beyond those in the Table 17: Commonly mentioned informal institutions. In *Ha Tinh*, “relatives” and “neighbors” were not often mentioned. However, when they were mentioned, they were ranked very highly in terms of importance of assistance. The *Tra Vinh* PPA found that poorer households ranked informal institutions – mostly friends and family – above formal institutions and that this situation was reversed for the wealthier households. This perhaps indicates greater disparity in access to formal sector services in *Tra Vinh* than in *Ha Tinh*. There was a greater range of private sector institutions mentioned in *Ho Chi Minh City*, where some companies were seen to give support in times of crisis. There, wealthier groups seemed to attach more value to these private sector institutions than less well-off groups, perhaps indicative of better social connections. Migrant groups in *Ho Chi Minh City* produced an extremely limited list of institutions in their analysis, suggestive of significant alienation from the normal institutions which other groups commonly interact with.

Table 17: Commonly mentioned informal institutions

Often mentioned	Sometimes mentioned
Friends and neighbors	Savings groups and ROSCAs
Relatives	Food traders and input suppliers
Moneylenders	Private doctors

Within a household, it often seems to be the case that men will interact more with the formal organizations and women more with the informal networks. For example, in one site it was mentioned that men would generally be the one to take out a formal sector loan, whilst women are more likely to be sent out to ask for the community-based loans. Women also mentioned that they were overlooked by extension services in favor of their menfolk. Also, it is usually the man who attends the village meetings on behalf of the household.

4.2 Poor Households and the Administration

“It is clear that Government and Party institutions do play an important role in people’s lives. In particular, it appears that the Village Manager plays a crucial role as intermediary between people and state which is perhaps why it was inevitably ranked highest. For example, in Son Ham Commune, one respondent said, “for all matters, people go to the Village Manager to ask”” (Ha Tinh Province)

In *Ha Tinh*, *Lao Cai* and *Tra Vinh*, the village management was an important part of people’s lives. In *Ha Tinh*, in particular, the village manager came top of the rankings in nearly all villages for nearly all attributes. In parallel, in *Ho Chi Minh City* the head of the household unit was also seen as an important person who could help with applications for

fee exemptions and with introductions for jobs. These positions are elected and salaried, though the pay is equivalent to only one or two days' unskilled labor. Generally, the village managers enjoy the trust of the people. Higher levels of administration seem quite remote to the households, who report little direct contact with the Commune officials.

Information flows, representation and voice

The village manager has a key role in disseminating information to the households in his/her administrative area and the degree to which this official has close ties with the administrative levels above can determine to a large degree the amount and quality of information which people receive about Government policy and services. As well as being an implementer of Government policy, the village/household unit manager is also supposed to play a role in channeling information from the households up to the higher levels of authority. This seems to happen sporadically, if at all, and, with a few notable exceptions, poor households felt that their ability to influence decisions taken at a level higher than the village management was really very slight. There may be a number of reasons for this:

- 1) The village manager is not good at or may face very serious constraints in canvassing opinions, or believes them to be irrelevant: “*they don't invite me to meetings, but they invite me to public works*”, said one poor villager in ***Tra Vinh***
- 2) The village manager may be selective in gathering feedback, dismissing the views of the poorer households as ill-informed.
- 3) All village managers in the rural sites were men. There was no evidence from any rural site that these men thought it necessary to consider women's perspectives separately from those of their male relatives
- 4) Certain households or people might not have the confidence to speak up
- 5) The village manager might be ignored by higher levels of the administration because they believe the views he is presenting are irrelevant *or* because the village manager does not speak their language, they are unable to understand him well
- 6) The village may be physically remote from the commune headquarters and the interaction between the village and commune may be limited

The box 18 below from ***Tra Vinh*** suggests a certain sense of powerlessness and resignation by a householder who is losing land to a project he has been told nothing about, even though the consequences for his own household are significant.

Box 18: Lack of information, consultation and compensation: Tra Vinh

At one time Tung owned 30 cong of land. A few years ago he lost 12 cong when a road was dug through the commune. Last year he lost another 13 cong due to the digging of the irrigation canal. This land was not lying idle – his family had dug ponds and invested in shrimp and crab that he was raising at the time. They lost everything.

He knows that nobody who lost land due to this project will be compensated, and does not want special treatment. However, he did feel that he should be compensated for his investments in digging the ponds and buying inputs for the crops. He was never invited to any meeting or discussion to be informed, and though he has submitted a claim to local officials, has had no response beyond being told to wait. *“I know the government built the canal to help the citizens, but they should at least have taken into account the people who would lose their land.”*

There may be similar constraints taking household views from the commune up to the District. Certainly, the PPA discussions suggest people feel that their views are not listened to or acted upon. There were many quotes in the documents along the following lines:

“The policy of the party is that the people know, the people discuss, the people do, but here people only implement the last part, which is the people do” (Ha Tinh)

and

“I am glad I was invited to a meeting today, but do we get to talk? Usually we do not get to talk, we just come and listen to them talk.” (Tra Vinh)

The degree to which commune, District and Provincial levels of Government can fully represent the needs of poor households might also be constrained by their ethnic and gender biases. An analysis presented in the *Lao Cai* PPA shows how:

- The Kinh, Tay, Nung are generally well represented ethnic groups in both *Lao Cai* PPA districts in relation to their overall share of the total population.
- In both districts, the Hmong particularly, and the Dao are the main ethnic groups that are under-represented in all sectors (and at Peoples Committee level in the midland area) according to their share of the total population.
- In a midland District, the sector departments are all staffed primarily with Kinh people (Health 49.3%, Education 58%, Agriculture 78%) to a much higher extent than their proportion of the total population (10%). The same is true in the highland District but to a lesser extent.
- Women are greatly under-represented in the Commune Peoples Committees in both districts.
- Women’s representation in the Health and Education sectors at district and commune level is high in both districts.
- Women are, however, under-represented in the Agriculture sector.

Transparency and financing of local government

In *Ha Tinh* there were considerable complaints about the level of fees and contributions levied by the local authorities. These contributions are on top of their

nationally-mandated agriculture tax, and took the households' overall burden of taxes and contributions up to about 25-40% of their total income. Furthermore, many of these contributions were levied on a per capita basis which, since poorer households are often bigger, had a regressive effect. Table 18 exemplifies the regressive nature of this burden.

Table 18: The Calculation of Taxes for Three Hypothetical Households

Assumptions		`Poor`	`Middle`	`Rich`
No. of adults		2	2	2
No. of children attending school		3	3	3
Land allocation per person (sao)		1.3	1.3	1.3
Total land area		6.5	6.5	6.5
Average yield (kgs/sao/crop)		90	120	250
<i>Total yield (kgs/year)</i>		<i>1170</i>	<i>1560</i>	<i>3250</i>
Taxes		kgs paddy	kgs paddy	kgs paddy
Agricultural tax	11% yield	128.7	171.6	357.5
Commune and village tax	10% yield	117	156	325
Residential tax	7 kgs/year/HH	7	7	7
<i>Total</i>		<i>252.7</i>	<i>334.6</i>	<i>689.5</i>
Commune contributions		kgs paddy	kgs paddy	kgs paddy
Commune budget	3 kgs/laborer/year	6	6	6
Security and defense	3 kgs/sao/year	19.5	19.5	19.5
Natural disaster	1.5 kgs/laborer/year	3	3	3
Transport/irrigation	4 kgs/sao/year	26	26	26
Welfare (tinh nghia)	2 kgs/laborer/year	4	4	4
School construction	7 kgs/person/year	35	35	35
Education promotion fund	7 kgs/person/year	35	35	35
Other construction fund	7 kgs/person/year	35	35	35
<i>Total</i>		<i>163.5</i>	<i>163.5</i>	<i>163.5</i>
Village contributions				
Transportation/irrigation	3 kgs/sao/year	19.5	19.5	19.5
Village budget	1-3 kgs/sao/year	13	13	13
Rat killing	1-2 kgs/sao/year	9.75	9.75	9.75
<i>Total</i>		<i>42.25</i>	<i>42.25</i>	<i>42.25</i>
Total Taxes and Contributions		458.45	540.35	895.25
% of Total Income		39%	35%	28%

Households say that they have little information about what their money is spent on. Where they feel that they are shouldering a high tax burden and yet they see few services and limited local development in return, there are some allegations about corruption against local leaders (which the team were unable to corroborate). Mechanisms for appeal, if they exist, are ill-defined. People feel they have to pay the taxes without questioning: “*All decisions are top-down. For example, decisions on contributions, fees, taxes and the like...*”

all the people could do is what they are required to do as informed by the Village Manager". There were reports of officials going to collect taxes with the local militia, who threaten to take the house door away if the household does not pay immediately. Households fear theft and do not dare to refuse.

It is interesting and notable that this was only an issue in one site. Since ethnic minorities are subject to a preferential tax regime, it is unlikely that the issue would arise there. However, households did not mention that the tax burden was particularly heavy in *Tra Vinh* either. It may be, as suggested by another recent study, that this particular problem of poor households has a regional element to it.

Poor households, local Government and service delivery

Government services which concerned poor households most of all included:

- Health services
- Education Services
- Agricultural and aquaculture extension services, including vets
- Loans provided under the Hunger Eradication and Poverty Reduction Program and by the Vietnam Bank for Agriculture and Rural Development (VBARD)

There were complaints about all these services, but particularly about the accessibility of the poor to these services.

Health Services, even in the highland villages of *Lao Cai* where exemptions applied, were perceived as being too expensive and poor quality. Many households commented on their preference for private services, noting that the private practitioner would come to your house and would often provide treatment on credit. The distance to commune health stations in some villages demanded a whole day traveling there and back, a high cost in terms of lost labor. Other households complained that health staff demanded payment for drugs which are supposed to be made available free of charge under a national campaign (for example, malaria medicine).

Poor households in both *Lao Cai* and *Ho Chi Minh City* were observed living with ill health on a long term basis in order to avoid the costs of treatment and consultation. The cost of health care was a particular problem to poor, elderly households.

Education Services were also seen to be neglecting some of the poorest groups. All PPAs noted that poverty or food insecurity was the single most important factor in causing children to drop out of school at low levels of attainment. In *Ha Tinh*, where traditionally there is considerable emphasis placed on the importance of education, householders were complaining that they were encountering problems covering their consumption needs as a result of paying school fees and costs, which rise as the pupil moves up the educational levels. The link between poverty and school dropouts is not limited to rural areas. The box below indicated that poor families in *Ho Chi Minh City* are having difficulties covering the costs of primary education. This is particularly true for those without permanent registration, because they are not eligible for fee exemptions as the resident poor are. This

is compounded by a formality which demands that children must have birth certificates in order to enroll in mainstream primary school. Many households in *Ho Chi Minh City* and *Tra Vinh* had either given birth at home (*Tra Vinh*) or absconded from the hospital (*Ho Chi Minh City*) in order to avoid fee payment. They are then unable to obtain birth certificates for their children.

Box 19: Costs of primary education in Ho Chi Minh City

“Primary education is far from free in HCM City, and is in fact becoming increasingly expensive. The reduction of state subsidies some years ago means that parents have to cover more of the expenses involved than before. These expenses surpass the financial capacity of the poorest families, particularly those with many children. The dilemma that many focus groups have identified is that the majority of poor families cannot afford to send their children to school beyond primary level, if at all, and at the same time they cannot afford not to, since they know that a low level of education is likely to keep them in the poverty trap. Unfortunately the impossibility of paying the necessary school expenses is the overriding factor, leaving most parents and children with aspirations that remain unfulfilled and without any prospect of a change for the better. One specific problem is the accumulation of expenses at the start of the school year, which poor families have great difficulty in paying at one time. Where there are more than one or two children of school-going age in a family, often one child has to drop out of school to let another one in, or one or more children don’t go to school at all, or else some or all of them go to special free classes which are of inferior quality, and which seldom provide them with the necessary qualifications or tools to get a good job afterwards”.

Access to education is not only differentiated by economic status: the *Lao Cai* PPA found that there are patterns of illiteracy related to: i) well being / economic status; ii) sex; iii) remoteness; iv) ethnicity.

1. Illiteracy is clearly higher amongst poorest category households according to the village well being ranking

Across the board, regardless of sex, distance, or minority status, poor households have lower literacy levels compared to the % for the whole village. For instance, while 15% of households in Thai Giang San have girls who are literate, none of these is from poor households (0%). Data from Coc Sam village provides even stronger evidence that literacy and schooling is linked to poverty. In this midland, integrated and predominantly Kinh village, 93% of all households have males that are literate, yet only 27% of poor households do.

2. Female literacy is significantly lower than male literacy in all but one village.

Female illiteracy is likely to be correlated with remoteness and ethnicity. In Tan Ho, which is only a relatively remote village in Bao Thang district, males are literate in 43% of households, yet only 4% have literate women. No poor household here has literate women or girls. Levels of literacy amongst females in remote areas are also lower than their counterparts in the midlands. In Lao Chai, 11% of households have literate girls, in stark contrast to Coc Sam

3. Literacy levels are lower in remote areas.

which has achieved near universal literacy amongst females at 99%. Interestingly, female literacy is higher than male literacy in Coc Sam amongst poor and total households.

4. Literacy is closely related to ethnicity

Overall, the four remote villages have 44% or less male literacy amongst total households. This contrasts with 69% and 93% in the two most accessible villages. As pointed out above, this gap is even greater for female literacy.

The four villages that have 100% ethnic minorities show lower levels of literacy than villages with a significant number of Kinh households. Regarding male literacy: For example, Coc Sam village, which is 98% Kinh has 93% male literacy. Certainly these findings need to be interpreted with caution and balance. Ethnicity alone does not determine literacy rates.

All PPAs commented that this association of poverty and lower educational attainment would reinforce a tendency for poverty to be inherited by the next generation. This logic could be extended to the other sub-groups who are receiving little education: where certain ethnic minorities and women are already disadvantaged and marginalized, this failure to deliver education services equally across all groups will tend to perpetuate their isolation and so their poverty.

Agricultural and Aquacultural Extension Services face difficulties in their outreach to more remote areas. Most of the focus group discussions held with poor farmers raised the issue of lack of technical information. Farmers felt deprived of an opportunity to develop their plots because they lack the skills and knowledge which could lead to important productivity increases. Whilst this limited outreach is probably substantially due to resource constraints in the District Extension Stations, there were also concerns about the overall approach to agricultural extension. There were certain instances, especially in *Tra Vinh*, where poor households felt that they had been overlooked for inclusion in training and this was voiced particularly by women. There were also concerns about the directive, plan-led extension activities which had taken place in *Ha Tinh*, where farmers had been encouraged to grow sugar cane on unsuitable soil because this was part of the agricultural plans for the area. Although the Government has withdrawn from direct management in agriculture, agricultural promotion activities still seem to be far from demand-led.

Formal sector financial services, including those which are targeted to the poor, seem in **rural** sites to be bypassing the poorest groups. In *Ha Tinh*, the PPA suggested that, “*most of the poor, and perhaps all of the poorest people in the PPA communes currently have no access to loans through official sources*”, leading poor residents in one poor commune to note, “*whilst the rich get loans, the poor get consideration for loans*”. The main formal sector financial service providers in rural Vietnam are the Vietnam Bank of Agriculture (VBA) and the Vietnam Bank for the Poor (VBP), but because the VBP is administered by the VBA, many households do not see a difference between the two institutions. The VBP (with the Women’s Union, often) is the conduit for subsidized loan funds from the Hunger Eradication and Poverty Reduction (HEPR) and other programs.

Because these funds are subsidized, their supply is highly restricted and loans from this source are in high demand. Though not as cheap as VBP loans, VBA loans are still very much cheaper than the informal sector and, as such, are quite sought after. (see Box 20 below)

Box 20: Connections and Access to Credit in Tra Vinh

Many poor people felt that richer households were receiving funds meant for the poor. A participant in a focus group discussion recalled when discussing HEPR loans, that: *“There were some meetings and they told us to make applications, but then only three people received credit. All of these people were not poor at all . . . they had land and buffalo.”* Other similar cases included a very wealthy man (whose family owns 40 cong of land) being given a loan of 5,000,000 VND meant for victims of Hurricane Linda, while poor families were denied these funds on the grounds that they lacked collateral or had existing debt. In another case, a household ranked ‘average’ in well-being (with 10 cong of land), was able to receive loans from 3 funds: VND 4 million from the Hurricane Linda Fund, VND 5 million from the House Foundation Funds, and VND 2 million from the Women’s Union.

Factors which skew access to these credit sources in favor of the better off include:

- 1) Potential applicants for loans from these sources have to have approval of the Village Manager and Commune Chairman. Households with more influence with the authorities are likely to gain preferential access to formal sector loans: *“Loans have been given at the subjective decision of the Xom (village) leaders, who provided the loan to the person he liked”* (from *Ha Tinh* PPA).
- 2) Procedures for application and criteria for approving loans are not transparent and are quite complex. Households had little information about different formal sources of loans. Those with information and literacy skills stand a higher chance of a successful application.
- 3) There are costs involved in applying for these loans which involve going to the Bank several times, filling out the forms, getting approvals. There are also unofficial costs which have to be paid to the Bank officers sometimes.
- 4) Although technically no collateral is needed for some of these loans, informally Commune Managers are reluctant to authorize loans to those whom they feel are uncreditworthy.
- 5) Loans are tied to investment uses, whereas poor households very commonly have to take loans to cover health or consumption costs.
- 6) General isolation and lack of influence: being from an ethnic minority village with village leaders who are newly-literate and less aware of opportunities was a severe disadvantage in *Lao Cai* Province, as table 19: Levels of institutional borrowing in one midland commune, *Lao Cai*, shows.

Table 19: Levels of institutional borrowing in one midland commune, Lao Cai

Coc Sam Village	Tan Ho Village
Village situated on main road 99% Kinh ethnic group 71 households. 91% households borrowing.	Village situated 6 kilometers off main road 100% Hmong ethnic group 47 households. 0% households borrowing.
<ul style="list-style-type: none"> • HEPR / Bank for the Poor: loans amounting to 74 million VND issued to 32 households. • Agriculture and Rural Development Bank: loans amounting to 20m VND (1994), 30m VND (1995), 60m VND (1996-97), 70m VND (1998). 	<ul style="list-style-type: none"> • No Bank lending.

In *Ho Chi Minh City*, however, it seems as if there is greater access to formal sector credit by poorer households. The PPA reports that, by and large, poor households are accessing the loans designed to reach them *with the important exception of the migrants who lack permanent registration*.

Targeting

As the previous section on Government services suggests, the PPAs suggest there are considerable problems with targeting services and safety nets to poor households. In particular, the rural sites all made reference to the problems with the official definitions of poverty. All districts covered by the PPAs were using the Ministry of Labor, Invalids and Social Affairs (MOLISA) definition, which is 15kg of unhusked rice income per capita per month (approximately US\$4). At the point of identification of poor households, this indicator becomes difficult to apply, particularly in *Lao Cai* where calculation requires conversion from other crops. In *Lao Cai*, different organizations (the VBP and the Farmer's Association) collecting information on the number of poor households came up with quite different numbers, despite using the same indicator (see table 20).

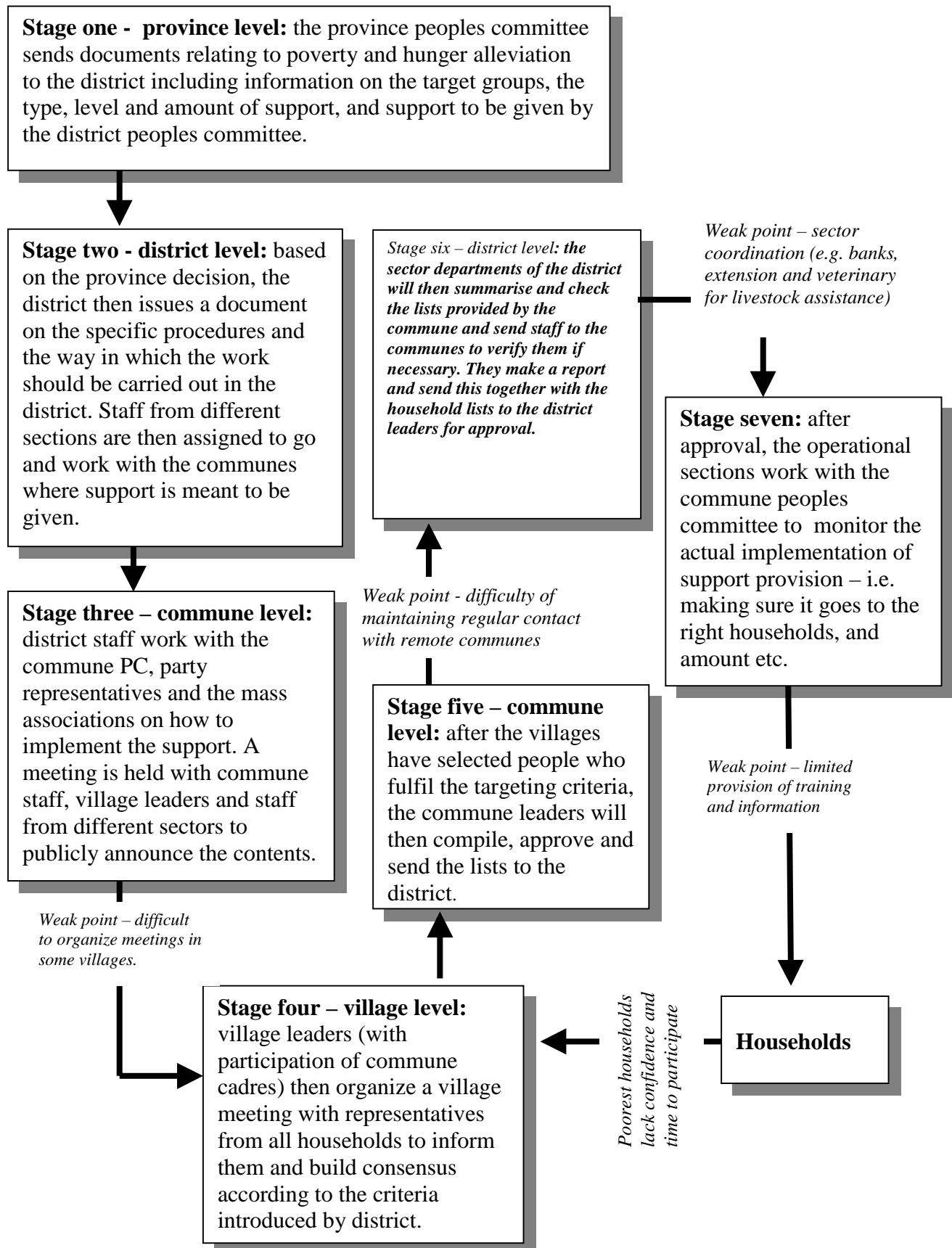
Table 20: Percentage of poor and hungry households in two communes according to two organizations

Source	Muong Khuong			Bao Thang		
	% poor	% hungry	% total	% poor	% poor	% total
DOLISA /Farmers Association	13%	3%	16%	17%	3%	20%
Bank for the Poor	4%	10%	14%	23%	7%	30%

All the rural PPA teams felt that defining poverty by this single criterion led to an underestimation of the numbers of poor households. They further felt that it narrowed the dimensions and problems of poverty in local authorities' minds which leads to inappropriate emphasis on a very narrow range of poverty alleviation interventions.

The *Lao Cai* PPA included a chart which shows the weak points in the targeting mechanisms of the local authorities. This is reproduced overleaf.

Figure 2: Chart Showing the Stages in Targeting, Selection, Verification and Assistance to the Poor



CHAPTER 5: Gender Relations

Views of women were actively sought during the PPAs and all the research teams held women-only discussions and interviews in order to gather female perspectives on issues. Most of the issues raised by poor women were the same issues as raised by men, though sometimes with a slightly different emphasis: for poor men and women, the primary problem is generating a stable and sufficient income to cover consumption needs. For poor households, other problems are secondary to this. Women did identify some problems which were uniquely associated with their gender, such as issues of reproductive health. Other issues, however, were not raised directly by women as a problem, but have been interpreted as such by the research teams. Workloads are example of this: women are so used to their disproportionately heavy workloads that they do not regard them as abnormal whilst outsiders look at the daily timelines and see a burden so heavy as to raise concerns about possible health effects.

Box 21: Gender based problems in PPA Study Sites

Gender-based problem	Sites mentioned
Unequal decision-making power in the household	<i>Lao Cai, Tra Vinh, Ha Tinh</i>
Disproportionately heavy workloads	<i>Lao Cai, Tra Vinh, Ha Tinh</i>
Health issues	<i>Lao Cai, Tra Vinh</i>
Domestic violence	<i>Lao Cai, Ho Chi Minh City, Tra Vinh, Ha Tinh</i>
Access to and voice in institutions	<i>Lao Cai, Tra Vinh, Ha Tinh</i>
Access to education for ethnic minority women	<i>Lao Cai, Tra Vinh</i>
Vulnerability to declines in well-being	<i>Lao Cai, Ho Chi Minh City, Tra Vinh</i>
Women as a tool in coping with hardship	<i>Lao Cai, Ho Chi Minh City</i>

Women and Decisions in the Household

There are interesting contradictions in the discussions on financial management in the households. Whilst men often talk about women being the money managers (for example, in *Ha Tinh*) and suggest that important decisions are shared, this does not mean that the household is managed in accordance with women's priorities (or even shared priorities). Women in both *Tra Vinh* and *Lao Cai* commented on the amount of scarce household resources which are spent on alcohol and tobacco, both items used only by men. It seems that even if women are the nominal money managers, they do not actually have the power within the household to curtail this expenditure

In *Tra Vinh*: “almost all households reported that men spent a significant portion of household income on tobacco and alcohol, despite women's disapproval. A man said that he meets with his friends to drink about 20 times per month, each time spending around

VND30,000 (or VND600,000(US\$43) per month). In many households this constitutes around 50% of monthly income. One woman said , “*whenever they make money, men in the neighborhood pool their money together for alcohol and food – if they have money they make a dog, if not, a duck....women do not dare to eat, they save their money in case someone in the family gets sick.*””

In **Lao Cai**: “A Hmong woman exclaimed: “Men can spend money freely on drinking and cards, and yet we women don’t dare even spend an extra bit on a piece of candy at the market.””

An important area in which women report having little control is reproductive decisions. In **Ha Tinh**, the preference for a male child puts considerable pressure on women to keep having children until a boy is delivered: “*If you cannot produce a son, your husband will marry another girl and you’ll be spurned by the people in your village.*” In **Lao Cai**, women reported having to have more children even though the family could not afford it because the husband wanted more children. The PPA study team also listened to women whose husbands had beaten them when they found out that their wives had been fitted with IUD’s and forced their wives to **remove** the IUD’s. Women in **Tra Vinh** also reported a lack of control over reproductive decisions.

Discussions about changes over time in **Ha Tinh** summarized in Table 21: Changes in women's responsibility and authority in Ha Tinh below suggest that women’s authority within the household might have improved a little over recent years, but the men remain dominant.

Table 21: Changes in women's responsibility and authority in Ha Tinh

10=most dominant in this role	Average Scores (2 women’s, 3 men’s groups)			
	Past		Present	
	Men	Women	Men	Women
Responsibility for family/housework	4.3	10	5	10
Responsibility in social affairs	10	4.2	10	5.5
Right to decide within family	10	5.3	9.7	6.5
Right to decide in social affairs	10	4	10	5

Women and workloads

“Men discriminate against us and there remains a biased view that women’s work is minor. Men don’t do anything to help women because of ideas about the differences between what husbands and wives should do.” PPA women’s group discussion in Ha Tinh Province, 1998.

Discussions both in *Ha Tinh* and in *Lao Cai* suggest that men are beginning to contribute a little more to the burden of housework. It is clear from a study of the daily schedules, however, that the burden of these work still falls overwhelmingly on the women’s shoulders. Where this combines with long hours of agricultural or day labor, the total workburden which women endure is significant. The daily timetable in Table 22: Daily timetable for a woman in Lao Cai below for women in *Lao Cai* is illustrative of this:

Table 22: Daily timetable for a woman in Lao Cai

4:00	Wake up Cook breakfast for family Prepare meal for pigs and chickens Collect water Feed pigs, chickens and horses.
6:30	Have breakfast and feed the family
7:00	Walk to fields (often 3-10km away)
8:00-12:00 pm	Work in field
12:00-12:30	Have lunch and rest in the fields.
12:30-5:00	Continue working in the fields.
6:00-7:00	Walk back home. Collect fuelwood on way. Or process hemp by hand.
7:00-8:00	
8:00-9:00	Cook dinner for family and animals. Feed all, wash clothes and children.
9:00-10:00	
10:30-11:00pm	Grind corn and pound rice by hand for next day. Embroider clothes. Go to bed.

There are several repercussions from this long working day. The first is that the women are quite clearly physically overworked, especially since in the upland areas there is a very good chance that she will also either be pregnant or breastfeeding whilst carrying out all these tasks. Women report a number of health problems which result from this overwork. The second consequence is that women have no time for social activities and, by extension, for learning in an informal environment from the experiences of others. Thirdly, women have no chance to participate in evening literacy classes, if available and relevant. Fourthly, women are unable to participate in village meetings and decision-making fora.

Women and domestic violence

There was strong evidence of significant levels of wife-beating in all sites except ***Ha Tinh***, where respondents suggested that husbands were now treating wives better because livelihoods had improved and the stress of economic hardship had lessened. In ***Ho Chi Minh City***, it is the children who talk most about wife-beating when they discuss dimensions of poverty. Seeing their fathers beat their mothers causes immense distress for the children. The women themselves complain less about the beatings and the researchers in the ***Ho Chi Minh City*** study explained that this is because the women believe it is “normal” for husbands to beat up their wives. In one highland village in the ***Lao Cai*** study, a women’s focus group estimated that 70% of husbands subjected their wives to regular physical violence. In another, lowland village, they estimated that 40% of wives were regularly beaten. The section on domestic violence concludes ominously, “*that these wife beatings occurred in both a remote, minority village as well as a midland, economically integrated village indicates that domestic violence against women cuts across economic and ethnic lines, and may be more widespread than is realized.*”

Respondents reported a very strong link between alcohol consumption and domestic violence, as illustrated by this passage from ***Tra Vinh***:

“Another woman complained that these drinking bouts can result in physical abuse when husbands come home drunk. *There are 2 men who live near me who beat their wives*”, said an interviewee who confirmed comments a number of women had made about spates of drinking/ partying by groups of men. Another woman in Xom Chua confided, “*Lots of women in this neighborhood are beaten by their husbands. Lucky for me my brother lives nearby, so if my husband starts coming after me I run to my brother’s house.*”

Women and health

Women reported health problems which were caused or exacerbated by their heavy workburdens, limited ante- and post-natal care and gynecological diseases.

Their workburdens (see above) mean that in many instances women are working beyond their physical capacities, sleeping only 4-6 hours per night and having no time for relaxation. They reported suffering from back pains, headaches, arthritis and fatigue as a result of overwork. There was also an indirect health effect on the rest of the family because women were too busy to enforce proper hygiene on their children.

In ***Lao Cai*** and ***Ha Tinh***, many women give birth at home without medical attendance. Ante-natal and post-natal services are nearly non-existent in many of the more remote villages. If the women are fortunate, they might be able to rest and be looked after by a relative, but this is by no means the norm in poorer households. In ***Lao Cai*** (see box 21), they might have to go back out to the fields within a few days of delivery. In poor households, they are unlikely to be able to afford the extra nutrients they require whilst pregnant and breastfeeding.

Box 22: Women and Health

Ly Thi Lan. Han ethnic group. Lao Cai Province

When we arrived to interview Lan's household we found that she had given birth three days previously to a third daughter. Lan and her husband came to Nam Tang first in 1992. Lan is generally responsible for the agricultural work, while her husband does off farm labor in other communes (7 or 8 days at a time). She gave birth at home, while her husband was away. The grandmother comes to help out with cooking etc., and has brought some rice. The household has one chicken, which lays an egg on most days so she can eat these. But she appeared to be very weak after the birth. She said she plans to rest for about 25 days, but if it rains she will go to work sooner because land would need to be planted.

Insanitary living conditions and a dependence on IUDs and abortions as the main forms of contraception lead women to report a high incidence of gynecological problems. Family planning campaigns rarely try to engage men or encourage them to take responsibility for contraception.

Women and institutions

Men usually attend village meetings on behalf of the households. In rural areas, women are poorly represented in the Government administration and there is no perceived need to seek women's views separately from their husbands. This might be partly because the Women's Union is supposed to play the role of ensuring that women's interests are considered. However, the Women's Union does not have good outreach in some of the more remote parts of the uplands. It does not always have a representative constituency, since not all women can afford to be members, and it does not always have an active local leader with the ear of the Commune leadership. And even if the Women's Union is effective in representing women in a particular area, this does not necessarily replace the need for direct mechanisms which allow women to speak for themselves in decision-making arena.

Women's access to formal institutions is often limited. If there is a male household head, he would normally be the person to access formal sector credit. It is also likely that the man's name will be on the Land Tenure Certificate rather than the woman's. Widows interviewed during the PPAs suggested that this caused great difficulties after their husbands' death, because the procedures for changing the name on the land title were highly complex and elusive. Without the correct name on the land title, it is problematic trying to secure a loan.

Education and Ethnic Minority Women

Ethnic minority women are disadvantaged relative to their menfolk in terms of access to education. This is very clear in the literacy figures presented in the *Lao Cai* PPA (see Table 23: Proportion of males and females literate in Vietnamese Language): only in the predominantly Kinh village were female literacy rates comparable to those of men (actually they were higher).

Table 23: Proportion of males and females literate in Vietnamese Language (able to speak, read and write) in Two Districts of Lao Cai

<i>District</i>	<i>Muong Khuong</i>			<i>Bao Thang</i>		
<i>Village</i>	Lao Chai	Thai Giang San	Xin Chai	Tan Ho	Nam Tang	Coc Sam
<i>Ethnic Group</i>	Phu La	Tu Lao, Hmong, Phu La, Tu Di	Hmong	Hmong	Kinh, Han, Dao, Hmong, Giay	Kinh, Nung
<i>Location</i>	Upland Most Remote Remote			Midland Least		
<i>No. H'holds</i>	28	41	49	54	71	73
<i>% Total HHs with Males / Females literate</i>	43 / 11	34 / 15	44 / 23	43 / 4	69 / 66	93 / 99

These very low literacy rates and language skills tend to reinforce the tendency for women from these communities to be marginalized and isolated. Without language skills and numeracy skills, they do not like to go to market, for fear of being cheated. Information is not widely available in a format which they can absorb and their exposure to new ideas is therefore limited.

Women and coping strategies

There were several examples of women being “used” as a coping strategy during times of hardship. In *Lao Cai*, the research team found that households might respond to a lack of labor by marrying off their eldest son. This then brings a daughter-in-law into the family who will then have to labor for her new household. One family had done this in order to keep their son in school: they could not afford to lose his labor and so found him a wife who could labor for him whilst he completed school. In *Ho Chi Minh City*, there were several cases of women being sold to foreigners for US\$1000-3000, which would then pull their families out of poverty. There were also cases of men making their wives pregnant so that the babies could be sold for adoption.

CHAPTER 6: Priorities and Problems of Poor Households

Many of the key problems which the poor face come through in the above examination of well-being and ill-being. These problems are summarized in Table 25 which spans the next two pages. In the table, some of the “problems” also appear under the cause column (“resulting from...”). This reflects the difficulty both respondents and researchers faced in picking causes and problems of poverty. The reality is that poverty is, for the most unlucky, a self-reinforcing circle: being asset poor and marginalized means you cannot access those services which might help you out of poverty. As an example: one factor in a household’s poverty might be the low levels of education. But the poverty prevents the household from investing in the children’s education, so the household labor force remains unskilled and uninformed and the household remains poor. Similarly with ill health. Poor households suffer more ill-health because of their poverty: they lack clean water and sound preventative health skills and resources. But because they are poor, they are less well-placed to cope with their ill-health.

PPA teams analyzed the problems and priorities of the poor in segregated groups: with women, with men, with the elderly, with children and with young people. The *Lao Cai* team also canvassed the views of local officials to assess different viewpoints on what was needed by poor households. With the exception of the children’s groups, similar *problems* were raised by different groups, with the main variation being in terms of emphasis. Table 24 below gives an example of the relative viewpoints.

Table 24: Prioritized needs of Different Groups of Poor People in Lao Cai Commune

Mixed Group’s Priorities	Women's Groups' Priorities
<ul style="list-style-type: none"> • Provide loans • Improved transport • Irrigation • Children can go to school • Health care services • Kill insects harming plants and livestock • Decrease contributions • Improve intellectual standards, apply technical /scientific advances 	<ul style="list-style-type: none"> • Provide loans • Children can go to school • Health care, family planning services • Kill insects harming plants and livestock • Decrease contributions • Improve intellectual standards, apply technical /scientific advances, training for women
Elderly Groups' Priorities	Children’s Groups' Priorities
<ul style="list-style-type: none"> • Free-of-charge medical examinations • Improved transport • Stable irrigation • Provide loans • Social insurance for farmers • Improve intellectual standards, apply technical /scientific advances • Have places for meetings and entertainment 	<ul style="list-style-type: none"> • Houses that don't leak and are near school • Roads to school are not muddy • Decrease contributions for school • Enough books • Don't have to cut wood, watch cows • Have a place for entertainment

Table 25: Problems and causes of problems raised by poor households

Problem	Resulting from....
Chronic hunger	A lack of land (<i>landlessness a special case in Tra Vinh</i>), or poor quality land, or landholdings which do not allow the development of a broad range of on-farm activities and which cannot produce enough food or cash income to feed a family
	Extraction of a high proportion of gross income in the form of taxes, fees and contributions leaving net income which is insufficient to cover basic needs (<i>only in Ha Tinh</i>)
	Unfavorable phase of the household lifecycle: too many consumers and not enough laborers
	A lack of off-farm income generating opportunities to augment or substitute for meager on-farm income
	A competitive labor market with little long term security for unskilled laborers (<i>especially in Ho Chi Minh City</i>)
	Fragile livelihood systems (<i>see below</i>)
Occasional hunger	Inability to confront crises such as ill health or failure of an investment, without forgoing current or future food consumption
	High level of risk involved in diversifying income sources for a poor household
Fragile livelihood systems	Restricted diversification of household activities because of:
	Limited information on techniques and markets, exacerbated by linguistic and literacy constraints
	Limited access to capital for investment and fear of indebtedness
	High risk or failure and consequent hardship
	Lack of labor
Remoteness from markets which promotes a reliance on food self-sufficiency	
High instance of crop failure due to drought or floods and very high incidence of animal disease	
Unstable labor market (<i>for Ho Chi Minh City</i>); lack of opportunities for off-farm income (<i>rural areas</i>)	
Indebtedness	Limited access to formal sector financial services; limited range of formal sector financial services appropriate for the poor; limited access to facilities for safe and profitable cash savings; limited cash incomes to cover interest payments and principal repayments.
Limited access to government services	Unaware of some Government programs because the communication flow is interrupted/general lack of information
	Very restricted supplies of subsidized inputs (such as HEPR credit) are captured by the better-connected households
	Physical remoteness
	Too expensive or not appropriate to needs, especially health and education services
Exclusion, isolation, marginalization (lack of voice)	Excluded by status (<i>migrants in Ho Chi Minh City</i>) or by gender (some service target the household head)
	Exclusion on grounds of poverty, ethnicity, gender, legal status, provenance, perceived antisocial behavior, self-exclusion based on inferiority complex
	Isolation on grounds of physical remoteness, workload
	Marginalization on grounds of:
	Limited language skills, limited understanding of and exposure to wider environment, lack of confidence means certain poorer households have little input into local decision-making
Low levels of representation by leaders because leaders also lack language or literacy skills or because they are not taken seriously by higher levels of administration	
Women and certain ethnic groups underrepresented in local leadership	
Non-consultative, non-participative, non-transparent leadership styles (varies tremendously)	
Gender: women generally do not attend decision-making meetings	

Poor health	<p>Poor preventive health care: little health education; poor nutrition; poor hygiene; restricted access to clean drinking water; livestock management techniques which have negative health effects; smoking; alcoholism and drug addiction (sometimes)</p> <p>Problems in curative health including: inability to afford medical care; inability to afford indirect costs of health care; ineligibility for health fee exemption (<i>migrants, Ho Chi Minh City</i>); self-treatment and self-prescription of drugs; variable quality of health services</p> <p>Gender: overwork; problems associated with having many children; problems caused by IUD's; physical abuse by husband</p>
Low education	<p>High costs of education Direct costs: school fees (though the earliest levels, certain ethnic groups and "alternative" classes may be exempt); school construction fees; insurance costs; clothes; textbooks; pens; food</p> <p>Opportunity costs: child labor sometimes an important coping strategy</p> <p>Low perceived benefits Inappropriate curriculum; teaching in a foreign language (for ethnic minority groups); low quality teaching; low parental value attached to education; limited scope for using education because off-farm opportunities are so restricted; returns to girls education sometimes seen to accrue to future husband's parents</p>
Lack of information	<p>Low literacy skills; limited language skills; limited education</p> <p>Low ownership of radios; low outreach of media</p> <p>Problems with the flow of communication – several weak points which interrupt information flow to and from households</p>
Low quality housing	Lack of funds to invest in housing; insecurity about permanence of housing because of city upgrading plans
Insecure family environment	Economic stress and alcohol abuse. Children were deeply concerned about domestic violence, quarrels between parents and the threat of marital break-up.
Gender-specific problems	<p>Health problems from overwork and troublesome contraceptive methods</p> <p>Domestic violence, associated with alcohol abuse and economic stress</p> <p>Limited decision-making power within the family; limited ability to control the allocation of household resources</p> <p>Legal difficulties: difficult to transfer land into a widow's name following the death of her husband, which in turn limits access to formal sector credit</p> <p>In ethnic minority areas, lower educational enrolment and attainment for girls constraining overall development, limiting language skills and increasing isolation from the wider world.</p>
Problems specific to migrants	<p>Lower social capital; limited range of social connections</p> <p>Living in areas earmarked for clearance</p> <p>Exposure to drugs and crime</p> <p>Ineligibility for permanent registration leading to:</p> <p style="padding-left: 40px;">Restricted access to Government programs, for example HEPR loans</p> <p style="padding-left: 40px;">Difficulties in obtaining steady employment</p> <p style="padding-left: 40px;">Difficulties in buying property and connecting to public utilities</p> <p style="padding-left: 40px;">Ineligibility for exemption from education and health costs</p>
Inferiority complex	<p>Bad attitude of wealthier households and local officials towards poor households</p> <p>Being in debt and being humiliated by moneylenders</p> <p>In some instances, due to poor households' involvement in drug or alcohol abuse or gambling</p>

The poor prioritize interventions which will increase and stabilize agricultural and off-farm incomes

Hunger, the inability to cover basic food needs throughout the year, is mentioned in all sites by poor groups. This is caused in rural areas by a low asset base and undiversified livelihood systems which, together, produce inadequate income to feed all the mouths. Not only are the livelihoods chronically inadequate. They are also vulnerable to the risk of failure which then leads to acute crises, the impact of which may last for many years. Where paddy land is farmed, the poor accord high priority to the development of *effective irrigation systems*. Access to *formal sector financial services* is considered important in attempts to diversify farm bases into new, profitable activities. Extremely high priority is also attached to the dissemination of *more information* on new techniques, on markets and on government services available. In **Ha Tinh**, households strongly prioritized a reduction in their contributions to the Commune, which they found regressive and punitively high.

An improvement in off-farm employment opportunities was a particular priority in all areas except Lao Cai

Increased opportunity for *earning cash by working off the farm* was seen as an important strategy for handling household livelihoods. Demand for labor is still constrained in the rural areas visited and is often seasonal in nature, therefore contributing little to overall stability. *Improved employment opportunities* was overwhelmingly the highest priority in **Ho Chi Minh City**, where most of the poor households studied were living a very vulnerable existence.

With few exceptions, the poor prioritize interventions which will help their children to attend and finish school

Poor households visited were very much aware that good education for their children could provide a longer term strategy for developing their livelihoods. This, however, is often overridden by short term concerns over *food security* which leads to the expenditure-reducing, income-raising strategy of withdrawing children from school and using them to help contribute to the family income. Where local education options were seen as being low quality (for example, the alternative basic education classes in **Ho Chi Minh City**) or inappropriate (for example, in some ethnic minority areas) there was less incentive to maintain a child's education in the face of a household economic crisis. Whilst part of the response to this problem lies within the education sector – specifically reducing costs to poor households whilst improving quality and relevance of education – improving education completion rates is also a matter of improving livelihood security.

The children interviewed were particularly concerned that they should be able to go to school like the other children, have uniforms like the other children, have textbooks like the other children, have their school fees paid on time like the other children and have lunch like the other children.

Improvements in infrastructure were often seen as being part of the solution to problems of poor households

Improving physical access through the development of new roads or upgrading of existing ones, was considered very important by poor households. The ***Lao Cai*** and ***Tra Vinh*** PPAs strongly suggest that physical isolation is closely related to more general marginalisation from the wider community and economy. Although remote communities might have higher levels of social capital within their village, they are generally more vulnerable to shocks and crises because the whole community is poorer. They are also more prone to crises, because their isolation from markets discourages diversification of incomes sources and their access to information is extremely constrained. Other infrastructural improvements which were prioritized varied from site to site, but included school upgrades and upgrades to teacher accommodation, clean water supplies and improvements to irrigation and drainage systems.

Households prioritized access to formal sector financial services to help with consumption and investment, but greatly feared the prospect of indebtedness

The HEPR as it is currently implemented gives a key role to the provision of subsidized credit. Over the coming years, the components of the HEPR will be broadened and the PPA research suggests that this is very important: the needs of poor households are unlikely to be met by cheap loans alone. In particular, health care, education, information, training, infrastructure and institutional reform are seen by poor households as having an important role in providing them with more stable livelihoods.

For the greater part, formal financial services are not reaching the poor. Even those services specifically designed to serve the poor are not reaching them. This is partly because, as with many subsidized inputs, their supply is limited and they are informally rationed. In these circumstances, the better-off and better-connected households seem to enjoy greater access to the loans being made available at subsidized interest rates. Since the poorest households are paying around 10% per month for informal loans in rural areas and 20-30% per month (even up to 60%-70%) in ***Ho Chi Minh City***, it seems unnecessary to depress artificially the formal sector rates, thus limiting the supply of funds.

The PPAs raise the serious question of whether the provision of subsidized credit through the formal banking sector is actually the best way to assist poor households. In many instances, their demand for cash could be more appropriately served by access to facilities for cash savings: in the case of ill health, for example, a household requires money more quickly than is often possible through the formal banking services. As much as access to existing credit sources, poor households voiced a need for *a greater range of more appropriate financial services*. Table 26: Financial needs of the poor - current and required financial services from ***Lao Cai*** gives some examples. It is important that the provision of credit alone is not seen as a sufficient response to all household problems. Simple provision of wider access to credit without addressing some of the other dimensions of poverty – such as ill health, low education, the high levels of risk involved in diversifying on- and off-farm activities and the general lack of opportunities for investment might simply lead to greater indebtedness. Being trapped in debt is one of the greatest fears expressed by many poor households.

Table 26: Financial needs of the poor - current and required financial services

Demand or Need	Current Strategies	Financial Service Required
Immediate demand for large amounts of cash in response to a severe crises such as ill-health	Not available for many poorest people. Raising cash for costs of a medical emergency outside the commune may be prohibitive.	<ul style="list-style-type: none"> • Medical insurance. • Strengthened community safety nets to cover side costs (e.g. food banks).
Immediate demands for moderate amounts of cash in response to a crisis such as ill health, damage to property.	May be met by: <ol style="list-style-type: none"> a) Borrowing from friends and relatives (with attendant reciprocal obligations) b) Borrowing from money lenders (at high cost) c) Selling financial assets (livestock). 	<ul style="list-style-type: none"> • Quickly approved emergency loans. • Easily accessible savings accounts or community based savings schemes.
Cash or food to meet seasonal shortfall in food production.	May be met by: <ol style="list-style-type: none"> a) selling labor d) borrowing from friends and relatives (with attendant reciprocal obligations). 	<ul style="list-style-type: none"> • Timely short term consumption loans • Easily accessible savings accounts or community based savings schemes.
Cash for regular annual expenditure (e.g. school fees, materials, taxes)	Selling labor, informal borrowing.	<ul style="list-style-type: none"> • Time deposit or fixed term savings accounts.
Investment in new opportunities.	Current lending schemes (e.g. HERP/VBA and MRDP) limited in terms of loan period and products available.	<ul style="list-style-type: none"> • Wider variety of loans to suit the nature of investment.

In all sites, poor households felt that access to information was a high priority

Poor households in all sites feel under-informed about Government programs, about new techniques which might help them to improve their livelihoods and about the wider world. It is difficult to emphasize enough how important this was judged to be by poor households. Groups who feel particularly under-informed are:

- Migrants (especially those without permanent registration)
- ethnic minorities (especially those with limited language skills)
- women (especially those with limited literacy or language skills or those who are particularly overworked)

PPA reports suggested a range of proposals which could help direct information better towards these groups.

For poor migrants, equal access to government services is a priority

The poor migrant communities who lack permanent registration are arguably amongst the most marginalized groups in Vietnam. They face official discrimination, which is not true of any other group in Vietnam. The discrimination is part of Government's policy to limit rural-urban migration. It is difficult to tell whether or not this policy is working (maybe there *would* be larger inflows if these controls were removed), but what can be seen is that recent poor migrants arriving in ***Ho Chi Minh City*** suffer additional hardship on account of this policy. If the poorest urban residents are not allowed access to services designed to protect and improve the lives of the poor, then the prospects of creating a real urban underclass must be considerable.

Box 23: Migrant family in Ho Chi Minh City

Hanh's family has a temporary residence permit. Hanh lives with his wife, Hoa, and 4 children, whose ages range from 2 to 13. The family's only assets are an old wooden bed, an old bicycle, a few bowls and chopsticks and some pieces of clothing that hang in different corners of the house. They share 32 square metres of living space with 2 other families, in all 11 people.

Hanh and Hoa had both dropped out of school after grade 3, which means that they are barely able to read and write. Hanh works as a mason's helper, earning 20,000 dong per day, and Hoa is a washerwoman, earning on average around 150,000 dong per month. In both cases, their work is irregular.

Three years ago, they took a private loan of 600,000 dong at a high rate of interest, which they have not yet been able to repay. They want all their children to go to school, but do not see how they can cover the expenses in the future. Hoa would like to get a loan from the HEPR programme, which would enable her to start a small business, settle their debts, and pay for their children's education. Because of their residence status, they do not qualify for a government loan, and they cannot expect any help from their relatives, who are in the same boat. They see no solutions to their problems and no way for their children to escape poverty in their turn.

Poor households feel that interventions should be better-targeted

In all sites, poor households complained that services intended for them were not reaching them. They further complained that they were charged for services which were supposed to be free or subsidized. Poor households wanted:

- to *know* what services they were entitled to, so they could demand them
- for costs and procedures to be made *transparent* so that they would know if they were being charge unfairly or whether they are entitled to exemptions
- to *know* the criteria for identifying beneficiaries in poverty reduction
- activities, so they would *know* whether they were included
- to *be involved* in the identification of beneficiaries for these programs.

Poor households feel they should be involved in the decisions which affect them

Repeatedly on reading the PPA reports, the reader is struck by the lack of influence poor households perceive they hold over local-level decisions. The system currently operates to inform households on matters which local authorities feel they need to know about. In the PPA sites the system does not ensure consultation and does not seek to involve the population actively in decisions which effect their livelihoods. In order to develop locally-relevant, pro-poor interventions poor households will have to be involved in the planning process far more actively than hitherto. This, in turn, will require that commune leaders and cadres:

- have the methods and techniques for listening to and targeting poor women, men and children
- have skills in community-based planning and monitoring
- are able to facilitate and support initiatives and processes led by local people, rather than directly managing all of them.

For the elderly, access to affordable health care was a priority

All poor households suffer greatly when a family member falls sick because of the high direct and indirect costs of seeking treatment. Because the elderly are more prone to illness, this hits them with particular force. All the PPA site reports include recommendations about making public health services more affordable and accessible to poor households.

For children, a secure and harmonious family and community environment was priority

Children from poor households in *Ho Chi Minh City* expressed considerable anxiety in their discussions with the research team. They see violence in the home and are often the victim of this violence themselves. They see fights in the neighborhood and witness the heavy-handedness of the Mafia and moneylenders. They face hostility in the community and they feel humiliated by their poverty. They deeply fear the crime and drug addiction they see their older siblings become involved with. What they prioritize is a happy, healthy home life, a peaceful, supportive community and going to school without being ridiculed by either the richer children or the teachers.

Domestic violence might be limited by public campaigns and truly concerted police efforts to bring abusive husbands to justice. Most people point out that the domestic violence is mostly related to either poverty or alcohol or both. Campaigns that seek to reduce male alcohol consumption might therefore have a helpful impact, but this will be a tough challenge. It is probably only through sustained improvements in the livelihoods of poor households and communities that most of the children's concerns will be addressed.

Information sources

For the sake of readability, this report does not footnote every quotation from the PPA site reports. Unless otherwise annotated, it should be assumed that analysis and information presented here from the different sites is drawn from the following documents and sources:

For Lao Cai

1. *Lao Cai Province Participatory Poverty Assessment 1999, Final Draft for Discussion*, Edwin Shanks, Bui Dinh Toai, Pham Dung Dai and Vo Thanh Son, Vietnam Sweden Mountain Rural Development Program
2. Discussions with team members

For Ha Tinh

1. *Ha Tinh Participatory Poverty Assessment Report, Draft for Discussion* Actionaid Vietnam in collaboration with Ha Tinh Province Committee for NGO Affairs and Hanoi Research and Training Center for Community Development
2. Site reports from Son Ham Commune, 1998 and 1999; Thinh Loc Commune, 1998 and 1999; Thach Dinh Commune, 1998; Ky Lam Commune, 1998; Cam Duong Commune, 1998; Dai Nai commune, 1998; Thuong Loc commune, 1999
3. An internal memorandum concerning some quantitative data from Ha Tinh
4. Discussions with PPA team members

For Tra Vinh

1. *Participatory Poverty Assessment in Duyen Hai and Chau Thanh Districts, Tra Vinh Province, Vietnam*, (Draft) April 1999, Oxfam GB
2. *Site Report of a Participatory Poverty Assessment in Duyen Hai District, Tra Vinh Province*, Nguyen Phuong Quynh Trang, Hanoi, Vietnam, May 1999
3. Untitled site report from Chau Thanh District
4. Discussions with PPA team members

For Ho Chi Minh City

1. *A Participatory Poverty Assessment in Ho Chi Minh City*, July 1999, Save the Children Fund UK
2. *A Report on the Participatory Poverty Assessment in Binh Thanh District, Ho Chi Minh City*, April 1999, Huynh Thi Ngoc Tuyet et al
3. *Report of Survey Results (Focus Group Discussions) on the Participatory Poverty Assessment in District 6, Ho Chi Minh City* April 1999, Nguyen Thi Hai et al
4. *PPA Report – District 8 – HCMC* (first draft)

Meetings with PPA team member

