



# Enabling the rural poor to overcome poverty in **Viet Nam**

## **Rural poverty in Viet Nam**

Despite recent economic gains, Viet Nam remains a low-income country. Reforms have helped decrease the incidence of poverty from about 58 per cent in 1993 to 32 per cent in 2000, but progress remains precarious. A significant proportion of Vietnamese people live just above the poverty line. Even slight variations in the definition of poverty can push them over that line, sending the poverty rate up.

Viet Nam is primarily an agrarian society. More than three quarters of the population, and 90 per cent of poor people overall, live in rural areas, mainly near river deltas. Almost 80 per cent of the country's poor people depend on agriculture for their livelihood.

Rural poor people generally have small plots of low-quality land or are landless, and opportunities for off-farm employment are scarce. The poorest people live in remote villages, often in upland areas, with limited access to transportation and social interaction. Rural poor people have limited access to productive resources and basic financial services, such as credit and savings. Village, commune, district and regional infrastructure is poorly developed. Rural poor people face harsh natural conditions and frequent natural disasters. They are particularly vulnerable to seasonal hardships,



community-wide crises and unexpected events, such as disease, which increase a household's expenses and reduce income. Poor households tend to include more dependants, especially children. Among age groups, poverty disproportionately affects children. Poor people, particularly ethnic minorities, are often uninformed about their rights and lack access to legal assistance.

The poorest people in Viet Nam include:

- members of the country's 53 ethnic minority groups, who depend mainly on forest resources for a livelihood (they constitute only 13 per cent of the population but account for almost 30 per cent of poor people)
- people living in remote (often upland) areas with a poor natural resource base
- people living in coastal areas that are more prone to adverse climatic events
- households headed by women
- households with disabled members
- migrants
- landless people

Women of ethnic minorities in rural areas are hardest hit by poverty. In general, poverty affects women more severely than men. Women lack decision-making power, have less education and have fewer opportunities than men. They bear heavy workloads and have no voice in household matters, including the crucial issue of reproduction, or in community affairs.

There are broad regional variations in the distribution of poverty. The regions with the highest relative poverty rates include the north-west, north-central, central highlands, central coast and north-east. But in terms of absolute numbers, more poor people live in the north-central and north-east regions, in the Mekong Delta and central coastal regions, which are home to seven out of ten of Viet Nam's poor people.

## Eradicating rural poverty in Viet Nam

Reducing poverty has been a central goal of the Government of Viet Nam since the country was unified in 1976, and it is one of the major objectives of the economic reforms launched in 1986.

In the 1980s, as the country shifted from a centrally planned economy to a market-based one, decision-making became decentralized and individuals began to play greater roles in investment decisions. These changes helped pave the way for community-driven rural development projects. The Comprehensive Poverty Reduction and Growth Strategy, a ten-year action plan, was adopted in May 2002. It includes a comprehensive analysis of poverty, a growth-based strategy for poverty reduction and preliminary identification of priority programmes. The government is currently implementing its Social Economic Development Plan for 2006-2010.

Agricultural and rural development is a crucial part of the government's strategy, which aims to:

- increase resources to improve research and training
- give special attention to the needs of poor farmers and ethnic minorities in mountainous areas
- support rural poor people's access to financial services
- improve security of land tenure
- promote sustainable management of natural resources

# IFAD's strategy in Viet Nam

IFAD works for and with the poorest people in Viet Nam, including ethnic minorities, small-scale farmers and households headed by women. Strategies to reduce poverty and improve living conditions include building partnerships, strengthening institutional capacity and promoting participation. IFAD works with the government and other partners to empower rural poor people so they can have a role in decision-making. To do this, IFAD finances programmes and projects that focus on developing and testing innovative approaches to poverty reduction that can be replicated and scaled up by the government and other agencies. Interventions are area-based and multi-sectoral. They target regions where poverty reduction is a priority.

IFAD programmes and projects in Viet Nam:

- increase access to human and social assets by building the capacity of rural poor people and their institutions, improving women's status and improving food security by diversifying rural incomes and increasing rural employment
- increase access to productive assets, such as land, credit and forest resources, and promote access to technology, to help rural poor people improve resource management and infrastructure
- promote good governance, with emphasis on decentralized project management and grass-roots participation, and on promoting policy reforms

Rural development is the key objective of IFAD programmes and projects in Viet Nam. Participatory rural credit and Participatory Rural Appraisals (PRAs) have proved to be powerful tools for poverty reduction. PRA, for instance, is used successfully in classifying households by wealth and in determining research and training priorities. Another key strategy is building the capacity of self-help groups that enable rural poor people to participate in planning and managing activities. IFAD-initiated community development funds successfully promote participation and empowerment.

IFAD programmes and projects recognize the key role that women play in agriculture, livestock raising and rural marketing. They work to improve women's status and give them a voice in the decisions that affect their lives and the lives of their families.

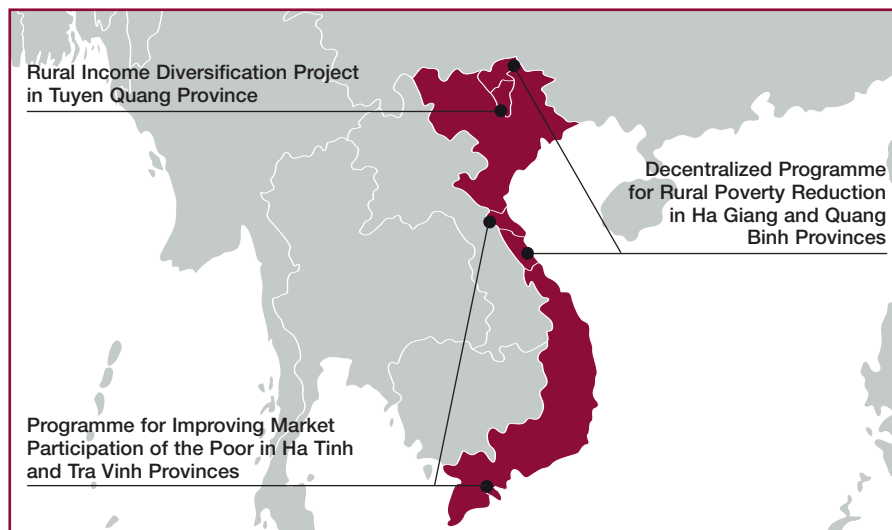
**Projects:** 7

**Total cost:** US\$187.0 million

**Total loan amount:** US\$132.8 million

**Directly benefiting:** 348,000 households





## Ongoing operations

### Programme for Improving Market Participation of the Poor in Ha Tinh and Tra Vinh Provinces

The objective of the programme is to raise the incomes of rural poor people in 50 communes in Ha Tinh province and 30 communes in Tra Vinh province by improving their access to labour, finance, commodities and service markets. Poverty rates are high in these communes, and the majority of the population lives in the rural areas and depends on subsistence farming.

In Ha Tinh, because of the small size of the average landholding, agriculture remains at a subsistence level and the poverty rate is about 40 per cent. In Tra Vinh, one of the poorest provinces in the Mekong Delta, landlessness is a serious problem and 33 per cent of households are poor. There has been a move to diversify and intensify through adoption of higher-value crops.

The programme will concentrate on:

- adding value to agriculture
- improving key markets and market mechanisms
- creating off-farm employment
- linking market-based initiatives to the needs and priorities of poor communes

It benefits poor people in the two provinces and provides an opportunity to introduce, develop and refine activities that will be relevant on a broader scale in other provinces and at the national level. The programme will help raise incomes among poor people, including:

- people who remain in farming
- people who develop rural microenterprises
- people who find permanent employment
- local entrepreneurs who invest in employment-creating opportunities for the rural poor

**Total cost: US\$37.3 million**

**IFAD loan: US\$26.0 million**

**Duration: 5 years**

**Cofinancing (grants):**

- German Agency for Technical Cooperation (GTZ) (US\$3.9 million)
- Department for International Development of the United Kingdom of Great Britain and Northern Ireland (DFID) (US\$600,000)

**Geographical area: Ha Tinh and Tra Vinh provinces**

**Directly benefiting: 50,000 households**



The programme targets groups of vulnerable poor people such as households with underemployed members and limited landholdings, women and households headed by women, underemployed youth and ethnic minorities, including the Khmer in Tra Vinh.

The programme emphasizes local participation and promotes the rural poor by:

- interacting and participating in markets by providing support for market opportunities
- facilitating increased access to jobs by improving job linkages and skills and facilitating increased added value of production
- financing enterprises through credit and investments
- participating in decision-making for programme activities
- expanding financing for activities that are performing well, through a performance incentive budget

## Decentralized Programme for Rural Poverty Reduction in Ha Giang and Quang Binh Provinces

This programme focuses on two of the poorest communities in the country in two distant provinces, each with a unique geography and climate. The programme is enhancing the ability of participants to manage commune-level institutions, promoting the government's ongoing decentralization process, and establishing management structures and delivery services that respond to the needs of the participants. The ultimate goal is to improve the productivity, income levels and food security of poor households, especially for ethnic minorities and women.

**Total cost:** US\$38.8 million

**IFAD loan:** US\$24.1million

**IFAD grant:** US\$631,000

**Duration:** 2005-2011

**Geographical area:** Northern upland and north-central regions

**Directly benefiting:** 20,000 rural households

## Rural Income Diversification Project in Tuyen Quang Province

Poor people in 900 villages in the upland areas of Tuyen Quang province, most of them ethnic minorities, are participating in a project to identify their needs. The project provides training in agriculture and animal husbandry, credit, marketing and food storage and processing. Agricultural training is complemented by demonstration plots that show the success of new techniques and varieties under local conditions. The project is working to improve infrastructure, health services and credit. It is also strengthening village-level institutions, such as savings and credit groups, user groups and village development boards.

**Total cost:** US\$30.4 million

**IFAD loan:** US\$20.9 million

**Duration:** 2002-2008

**Geographical area:** North-central region

**Directly benefiting:** 49,000 rural households

# Completed operations

## Ha Tinh Rural Development Project

Total cost: US\$19.1 million

IFAD loan: US\$15.4 million

Duration: 1999-2005

Geographical area: North-central region

Directly benefiting: 84,000 poor rural households

## Ha Giang Development Project for Ethnic Minorities

Total cost: US\$18.4 million

IFAD loan: US\$12.5 million

Duration: 1998-2003

Geographical area: Northern upland region

Directly benefiting: 34,000 households in ethnic communities

## Agricultural Resources Conservation and Development Project in Quang Binh Province

Total cost: US\$17.9 million

IFAD loan: US\$14.4 million

Duration: 1996-2002

Geographical area: North-central region

Directly benefiting: 65,000 rural households

## Participatory Resource Management Project – Tuyen Quang Province

Total cost: US\$25.1 million

IFAD loan: US\$18.3 million

Duration: 1993-2001

Geographical area: Northern upland region

Directly benefiting: 46,000 rural poor people



# IFAD's strategy for rural poverty reduction in Asia and the Pacific

Viet Nam is part of IFAD's Asia and the Pacific region, which is home to half of the world's population and two thirds of the world's poor people. Over the last three decades, the region has experienced an unprecedented economic transformation and a significant reduction in poverty. However, while many parts of the region benefited from the "economic miracle", others were bypassed, particularly in South Asia. Poverty remains an endemic problem in many parts of Asia, and poverty reduction efforts are further challenged by growing income disparities and high economic vulnerability due to rapid economic growth. Ongoing IFAD assessments of rural poverty in the region confirm that women, landless people and indigenous peoples are among the poorest in Asia. IFAD continues to assign high priority to these groups and to the development of the upland and mountainous areas where most of them live. Since 1978, IFAD has funded 180 projects in the region, for a total commitment of nearly US\$3.0 billion. Many grant funded projects have also been implemented in agricultural research, training, policy analysis and implementation support.

IFAD's strategy in the region focuses on achieving four main objectives:

- changing unequal gender relations in order to increase the ownership and control of assets by women and women's participation in community management
- enhancing the productivity of staple foods in less-favoured areas, primarily through sustainable agricultural technologies
- supporting the reform of property rights and tenure rights among marginalized minorities and indigenous peoples
- expanding the capabilities of poor and vulnerable people through greater access to self-help groups, local capital, new skills and technologies



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For further information on rural poverty  
in Viet Nam, visit the Rural Poverty Portal:  
<http://www.ruralpovertyportal.org>



## Building a poverty free world

IFAD is a specialized agency of the United Nations dedicated to combating poverty in the most disadvantaged regions of the world.

Through low-interest loans and grants, it develops and finances programmes and projects that enable rural poor people to overcome poverty themselves.

Since starting operations in 1978, IFAD has invested US\$9.5 billion in 732 programmes and projects around the world. These operations have enabled more than 300 million small farmers, herders, fishers, landless workers, artisans and members of indigenous communities to take steps to achieve better lives for themselves and their families.

But this represents only part of the total investment in IFAD programmes and projects. In the past 28 years, a further US\$16.2 billion in cofinancing has been provided by governments, project participants, multilateral and bilateral donors and other partners.

Working with partners, including rural poor people, governments, NGOs, financial and development institutions, and the private sector, IFAD tackles poverty not just as a lender but also as an advocate for rural poor people. One of its priorities is to assist rural poor people in developing and strengthening their organizations so that they can advance their interests and remove the obstacles that prevent so many people, especially women, from creating a better life for themselves. In this way, rural poor people are able to participate more fully in determining and directing their own development.



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