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AND SOCIAL AFFAIRS



THE UNITED NATIONS
IN VIETNAM

REVIEWING THE PAST RESPONDING TO NEW CHALLENGES



A MID-TERM REVIEW OF THE NATIONAL TARGETED PROGRAMME FOR POVERTY REDUCTION, 2006 - 2008

Ha Noi - Viet Nam
June 2009

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EXECUTIVE SUMMARY

1. The National Target Programme for Poverty Reduction (NTP-PR) is, along with the Committee for Ethnic Minority Affairs (CEMA) Programme 135 Phase 2 (P135-II), the cornerstone of the Government of Viet Nam's approach to poverty reduction for the period 2006-2010. In 2008 the National Steering Committee for the NTP-PRs instructed MoLISA to manage and implement a Mid Term Review (MTR) for both NTP-PRs (the NTP-PR and P135-II) covering the period 2006-2008. Leadership of the MTR was assigned to MoLISA's Social Protection Department (SPD) with ILLSA designated to implement the process.
2. The NTP-PR is a national programme combining twelve policies, projects and activities with MoLISA acting as the standing agency. NTP-PR was formally approved in February 2007, though the format has remained largely unchanged since its inception in 1998. The NTP-PR relies heavily upon central government funding and has a total budget provision for the period 2006-2010 of approximately 43,488 billion VND, though directly allocated budget to the NTP-PR accounts for 3,456 billion VND (approximately 200 million USD) of which 2,140 billion VND is direct support from the centre¹.
3. The MTR takes place in a context in which the economy and society of Viet Nam is rapidly changing. The nature of poverty and threats to wellbeing today are fundamentally different to 10 years ago. Poverty is no longer a mass based phenomena requiring large, relatively uniform and straightforward measures to address. Instead, poverty is increasingly found amongst pockets of remote, socially excluded groups on the one hand, and on the other amongst those vulnerable to the new worlds of work and new economic and social processes resulting from Viet Nam's recent rapid socio-economic development. Whilst retrospectively assessing the NTP-PR over the period 2006-2008 then, the MTR is also intended to provide prospective insight into how future NTP-PRs should be configured after 2010, to respond to this new and dynamic context.
4. The MTR is also intended to assess what progress has been made in addressing the findings and recommendations from the 2004 final evaluation of the Hunger Eradication and Poverty Reduction Programme (HEPR), precursor to the current NTP-PR.
5. The MTR assessment is organised around five evaluation dimensions in Section 3 of the report, as follows: design relevance; programme effectiveness in meeting set targets; economy and efficiency in programme management and implementation; targeting efficacy; and beneficiaries' perceptions and quality of service delivery. Six key thematic study modules were developed to support the analysis, with a further four 'common' modules shared with the MTR for P135-II. The main results for each evaluation dimension are discussed briefly below.
6. In terms of design relevance (section 3.1), the NTP-PR appears closely aligned with national poverty reduction priorities as articulated through the SEDP 2006-2010, and includes a range of policies and projects which address different dimensions to poverty. However, component parts of the NTP-PR remain closely controlled by responsible line ministries resulting in a 'silo' based system of delivery which means synergies across programmes are not realised and programme components are not integrated in a way which would maximise poverty reduction impact. The 'top-down' nature of the programme also means it does not perform well in areas which differ substantially from the norm, for example in upland ethnic minority communities where mainstream agricultural models of development are not necessarily viable. These problems of relevance are likely to be exacerbated in the near future as poverty and vulnerability challenges become increasingly heterogeneous and ill suited to 'one size fits all' remedies.

¹ Only seven policies and projects are directly funded through the NTP-PR; three major policies (for credit, health care and education support) have separate funding mechanisms. This accounts for the large discrepancy between the total fund allocation (43.5 billion VND) and the figure of 2,140 billion VND for direct NTP-PR central government funding support.

7. NTP-PR effectiveness in meeting set targets (section 3.2) has improved considerably on previous years, but is still hampered by a critical disconnect between target setting and budget planning. This makes monitoring and evaluation, and management control of the programme extremely difficult. Reported results and budget dispersal are not closely related, (see Tables 4 and 5), a problem compounded by the 'silo' based delivery discussed above. The programme is significantly down on fund dispersal against plan, with total spending to the end of 2008 reported as 696.5 billion VND, against the plan to 2010 of 2,140 billion VND (33% against a projected 60% to 2008). Target setting is not transparent and is seldom based upon local needs. Nevertheless, a large number of beneficiaries have been reached by the component parts of the programme, particularly the credit policy, health care support policy, educational support policy and project for basic construction development.
8. Section 3.3 discusses economy and efficiency in NTP-PR management and implementation. NTP-PR component policies and projects each have different responsible implementing agencies, different budgeting processes delivered at different times through different mechanisms. Overall coordination and management is therefore extremely difficult. Whilst according to design, seven of the policies and project are regulated by a common set of budgetary and allocation norms which establishes a common legal corridor, three of the biggest components (the policies for credit, health and education support) remain outside of NTP-PR control entirely. Effective implementation of the programme is hampered by the poor engagement of poverty reduction steering committees at the local level, and no dedicated staff for poverty reduction. Staff and communities have no opportunity to engage in planning and decision making for the NTP-PR and so still remain disempowered 'recipients', rather than active agents of the programme. Improving information dissemination at all levels remains a critical requirement.
9. Targeting efficacy (section 3.4) of the NTP-PR is difficult to assess, but an estimate of 10% 'leakage' is arrived at, meaning 10% of beneficiaries of the NTP-PR are 'non-poor'. This is extremely low by international standards. Regarding coverage of the poor, roughly half of those classified as 'poor' are reached by the NTP-PR, though the number is likely in fact to be higher. Problems in estimating targeting efficacy are rooted in the different methodologies of DoLISA and GSO (responsible for the VHLSS) in defining what it is to be poor. What is apparent is that the current system of classifying the poor is unwieldy and results in a time 'lag' in the delivery of assistance to the poor, meaning they perhaps cannot access benefits when they most need them. The local system of classifying the poor is also open to significant pressure from higher level officials to meet targets, whether they correspond to 'real' poverty levels or not. A quick, simple and transparent poverty classification methodology is needed in the future which better captures multi-dimensional aspects of the experience of poverty.
10. Assessing beneficiaries perceptions and quality of service delivery (section 3.5) relied upon findings from the MTR Qualitative Survey (QS). Overall, the level of satisfaction of beneficiaries is reported as being 'relatively high' (though with significant variations across component projects and policies). This is particularly the case for the policies on credit support, health and educational support, housing support and the project for infrastructure development. Whilst the NTP-PR is reported to have had a 'positive impact' upon income and livelihoods, there are reported concerns with the level of information disclosure and communication, which are considered 'generally not good'.
11. Key findings from the MTR under each of the five evaluation dimensions are listed in Section 4, and recommendations arising from the MTR are made in Section 5, under two sub-headings; short term recommendations to improve the NTP-PR in the remaining implementation period to 2010; and medium to long term recommendations to inform the debate about the future configuration of NTP-PRs after 2010². Short term recommendations advocate the following: 1) take steps towards implementing a Results Based Management (RBM) approach, with detailed sub-recommendations made under five pillars considered necessary for implementing RBM; 2) develop and implement a master capacity building plan, which aims to build up sustainable capacity in both national and local public institutions to plan, manage and review

² Detailed recommendations for each of the component projects and policies of the NTP-PR are made in Annex 1.

poverty reduction policies and programmes; and 3) foster a policy dialogue on wider public sector reforms necessary in the near future.

12. Four medium to long term recommendations are made, as follows: 1) progressively design, expand and implement social protection policies with universal coverage for the vulnerable including children, pregnant and lactating women, the elderly, the sick and invalids, the unemployed and those affected by natural disasters; 2) focus future targeted poverty reduction programmes exclusively on the poorest areas, i.e. the 61 poorest districts, develop tailor made packages derived from clearly articulated local needs and eradicate duplication between targeted poverty reduction programmes; 3) progressively implement RBM within the framework of a comprehensive long term vision at MoLISA; and 4) provide technical and financial support to MoLISA to implement the above three recommendations within a budgetary support framework.

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***“Policies are usually good, implementation approach
and management structure often not”***

Comment made through the NGO Community of Practice

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LIST OF ACRONYMS

CEMA	Committee for Ethnic Minorities Affairs
CPC	Commune People's Committee
DEMA	Department for Ethnic Minority Affairs
DoLISA	Department of Labor, Invalids and Social Affairs
DPC	District People's Committee
EMWG	Ethnic Minority Working Group (within the NGO Forum)
GSO	General Statistics Office
HEPR	Hunger Eradication and Poverty Reduction Programme
IDEA	Institute for Development in Economics and Administration
ILSSA	Institute for Labor Science and Social Affairs (in MOLISA)
IPC	International Poverty Centre
KIP	Key Issue Paper
MARD	Ministry of Agriculture and Rural Development
MfDR	Managing for Development Results
MoC	Ministry of Construction
MoET	Ministry of Education and Training
MoF	Ministry of Finance
MoH	Ministry of Health
MoJ	Ministry of Justice
MoLISA	Ministry of Labor, Invalids, and Social Affairs
MPI	Ministry of Planning and Investment
MTR	Mid-Term Review
NGO	Non Governmental Organisation
NTP-PRs	National Targeted Programmes for Poverty Reduction
NTP-PR	National Targeted Programme for Poverty Reduction (one of the NTP-PRs)
NTP-PR CO	NTP-PR Co-ordination Office (within SPD)
P135-II	Programme 135 Phase II or Socio-Economic Development for Ethnic Minorities and Mountainous Areas Phase II (another one of the NTP-PRs)
PETS	Public Expenditure Tracking Survey
PPC	Provincial People's Committee
PR	Poverty Reduction
PRC	People's Republic of China
QS	Qualitative Survey
RBM	Results-Based Management
SBV	State Bank Viet Nam
SEDP	Socio-Economic Development Plan
SEDS	Socio-Economic Development Strategy
SPB	Social Policy Bank
SPD	Department for Social Protection (in MOLISA)
TWG	Technical Working Group (for the MTR)
UNDP	United Nations Development Programme

UNICEF	United Nations Children's Fund
USD	United States Dollar
VASS	Viet Nam Academy for Social Sciences
VHLSS	Viet Nam Household Living Standards Survey
VND	Viet Nam Dong
WB	World Bank
WTO	World Trade Organisation

N1	Study of the relevance and effectiveness of NTP-PR
N2	Qualitative Survey (QS) on beneficiary perceptions of NTP-PR
N3	NTP-PR Public Expenditure Tracking Survey + (PETS+)
N4	Quantitative analysis of targeting efficacy of NTP-PR
N5	Thematic study of capacity-building needs assessment for NTP-PR
N6	Thematic Study on management and implementation monitoring of NTP-PR selected policies/projects
C1	Thematic study on the implications for NTP-PRs of the new economic context
C2	Thematic study on an appropriate poverty line
C3	Thematic study on child poverty
C4	NGO 'Community of Practice' forum

1. BACKGROUND TO THE MID-TERM REVIEW (MTR)

1.1 A Rapidly Changing Poverty Context

Since the launch of 'Doi Moi' reforms in 1986, Viet Nam has embarked upon a hugely successful process of structural reform and socio-economic development. The economy has been fundamentally transformed, from a centrally planned command economy model, to a market based one rapidly integrating into the wider global economy. Poverty has been reduced from approximately 58% of the population in 1993, to only 16% in 2006 (using GSO's international poverty line data) with other non-income based indicators of welfare such as access to basic social services and infrastructure confirming this positive trend. Throughout this period, the Government has continued to invest significant resources in national poverty reduction programmes with the objective of promoting broad based development and social harmony.

However, as the underlying socio-economic context of the country has changed, so too has the nature of poverty and this has major implications for the continued relevance of national poverty reduction programmes. On the one hand, material poverty has shifted from being a 'mass based phenomenon' towards being a particular problem of remote and socially excluded rural communities. On the other hand new economic processes, an expanding urban environment and new worlds of work have led to new, often more 'relative' challenges to well being, such as increasing inequality, vulnerability to socio-economic and environmental shocks, and the erosion of traditional state and community safety nets⁴. Additionally, whilst the benefits of integration into the world economy have been significant, as exemplified by WTO membership, they also have increased exposure and vulnerability to external shocks. Changes in the international environment are now rapidly translated into shocks for the domestic economy, as recent developments in 2008-09 have shown; Viet Nam was effected by global increases in fuel and commodity prices, whilst also enduring high rates of domestic inflation which, although the root causes may have been domestic, were exacerbated by international exposure and pressures. Then, in mid-2008 a significant global economic downturn impacted upon export demand which in turn has damaging consequences for employment and continued economic growth. It is in this emergent and fluid context that the Government's poverty reduction strategy, and poverty reduction programmes, should be seen.

1.2 The National Target Programme for Poverty Reduction

The National Target Programme for Poverty Reduction (NTP-PR) for 2006-2010 was approved by the Government of Vietnam in accordance with Decision No. 20/2007/QĐ-TTg of 5th February 2007, to mobilize resources to meet national targets for hunger eradication and poverty reduction. The Government established the National Steering Committee for Poverty Reduction, chaired by a Deputy Prime Minister. The Ministry of Labour, Invalids and Social Affairs (MOLISA) is the standing body for the NTP-PR and has an NTP-PR Coordination Office within the Social Protection Department.

Funding for the NTP-PR relies heavily upon central Government funds, and represents a significant share of overall public spending. For the period 2006-2010, the total budget allocation for the NTP-PR is about 43,488 billion VND, of which 3,456 billion VND is directly allocated budget (approximately USD 203 million). 2,140 billion VND is direct Government support, 560 billion VND local budget support, 460 billion VND community contributions and 296 billion VND from international assistance. NTP-PR is a national programme with twelve sub-components covering a variety of areas that are implemented by different ministries and public agencies and that fall into the following three categories:

⁴ For a full discussion please see the MTR module report C1; 'The New Economic Context and Poverty Reduction Policies and Programmes' by Dr. Nguyen Thanh, CAF-VASS.

Group of policies and projects facilitating production development and increased income for poor people:

- Policy on preferential credit for poor households;
- Policy on provision of productive land for poor ethnic households;
- Project on agricultural-forestry-fishery extension and support for development of production and occupation;
- Project on development of necessary infrastructure for communes with special difficulties in coastline and island areas;
- Project on vocational training for poor people;
- Project on replication of good practices on poverty reduction.

Group of policies facilitating poor people's access to social services:

- Policy on health care for poor people;
- Policy on education for poor people;
- Policy on housing and clean water for poor people;
- Policy on legal support for poor people.

Group of projects on capacity building and increasing awareness:

- Project on enhancement of poverty reduction capacity (including training for officers in charge of poverty reduction and communication);
- Monitoring and evaluation.

1.3 Recommendations from the 2004 Evaluation of the HEPR

In 2004, MOLISA and UNDP conducted a final evaluation of the National Targeted Programme on Hunger Eradication and Poverty Reduction (HEPR) and Programme 135-I. This evaluation made a number of key recommendations intended to inform the design of future poverty reduction programmes in general, and an improved National Target Programme for Poverty Reduction (NTP-PR) in particular for the period 2006-2010⁵. The recommendations from the evaluation were presented as ten key themes, grouped under four main categories as follows:

Improving resource allocation and budgets: The evaluation observed that it was very difficult to follow the allocation of state budget resources to the HEPR, and therefore difficult to see how these funds were applied. There were also large variations in the allocation of resources across provinces resulting in poor households in different areas receiving very different levels of support. The evaluation recommended:

- Providing programme funds as block grants to provinces to increase local level autonomy;
- Establishing a transparent and easy to administer system of allocating budgetary resources to provinces;
- Building incentives by linking resource allocation to performance.

⁵ UNDP-MOLISA (2004) 'Taking Stock, Planning Ahead: Evaluation of the National Targeted Programme on Hunger Eradication and Poverty Reduction and Programme 135'.

Better targeting of poor households: Discrepancies were observed between 'official' classifications of the poor, and the numbers of poor people observed by village residents themselves. A number of the sub-components to the NTP-PR were also observed to have very low coverage rates amongst the poor overall. The evaluation therefore recommended that:

- Targeting mechanisms be improved to increase the coverage of poor beneficiaries.

Enhanced organisation and management: Whilst responsibility for implementing the NTP-PR lay with communes, the evaluation noted that fund allocation was controlled by sector departments at the provincial and district levels. There was limited consultation in planning, and the large number of separate sub-programmes prevented clear oversight and control. The evaluation noted that where communes only passively receive benefits or receive support in kind, there is a higher potential for leakage of funds due to the limited involvement and accountability of local people. Much of the tracking of poor households is also driven by higher level targets, and does not correspond to the reality on the ground. Recommendations therefore included:

- Developing mechanisms to promote transparency and accountability of financial management;
- Improving participation at local levels by operationalising the Grassroots Democracy Decree;
- Developing an effective M&E system with a focus on reporting and tracking intermediate indicators; and
- Making the programme more manageable by reducing the number of programme components.

Building capacity: Limited capacity was observed in staff and village leaders, but minimal resources were allocated from the programme budget to train them. Instead, capacity building focused upon higher level officials. The evaluation recommended:

- Building capacity at all levels, especially at the commune level including local cells and leaders of mass organizations;
- Strengthening the stature and capacity of the HEPR office for better programme management.

These themes will be returned to in the following sections of the report, in order to understand how far recommendations from the earlier evaluation were incorporated into the design for the NTP-PR in 2006-2010. The evaluation will also consider the responsiveness of the NTP-PR to the new economic context detailed above, and make recommendations for how future NTP-PRs after 2010 can best address emergent poverty challenges.

2. MTR OBJECTIVES AND IMPLEMENTATION

2.1 MTR Overall Objectives

In 2008, the National Steering Committee for NTP-PRs instructed MOLISA to manage and implement a Mid-Term Review (MTR) for both NTP-PRs (The NTP-PR and Programme 135-II). On May 30th 2008, MOLISA promulgated Decision No.751/QĐ-BLĐTBXH on approval of the Action Plan of the MTR of NTP-PR (2006-2010) which assigned the leadership of this evaluation to the Social Protection Department (SPD) of MOLISA with the Institute of Labour Science and Social Affairs (ILSSA) of MOLISA designated as implementing agency.

The Government included five specific requests which have steered methodology development and the analytical framework for the MTR:

1. Assess the level of completion of specific objectives and set targets;
2. Assess targeting efficacy;
3. Assess the level of satisfaction of beneficiaries;
4. Assess programme management and performance organization;
5. Analyze results, including outputs, outcomes and, whenever possible, impacts⁶.

The MTR therefore sets out to assess progress made in the NTP-PR and P135-II from January 2006 till mid-2008, and to provide short term recommendations for the remainder of the period, i.e., 2009-2010. The MTR also seeks to provide evidence-based suggestions to feed into the current national policy dialogue on the orientation of future poverty reduction strategy after 2010. This relates in particular to the preparation of the Socio-Economic Development Strategy (SEDS) 2011-2020, the next Socio-Economic Development Plan (SEDP) 2011-2015, and the next Rural Development Strategy 2011-2015. This second objective goes beyond the classical MTR scope captured in the first objective, hence the qualification of this review as an 'MTR+'.

2.2 Key Organizing Principles of the MTR

The MTR was conducted according to the following principles:

Nationally owned and led: (i) the MTR joint framework establishing the scope of the MTR was developed and endorsed by CEMA and MOLISA, (ii) the MTR for NTP-PR was directed institutionally by the Social Protection Department (SPD) of MoLISA and implemented by the Institute for Labour Sciences and Social Affairs (ILSSA) with technical support from the national consultant teams that conducted research for the various NTP-PR MTR modules; (iii) the Canadian based IDEA International Institute provided methodological guidance to the MTR through periodic country missions and distance support;

Participatory: (i) the national consultants came from a variety of institutions; (ii) provincial, district, and commune authorities were significantly involved in survey operations and supported sample selection; (iii) a 'Community of Practice' was organized to capture national and international NGOs field experience; (iv) a roundtable meeting was organized in February 2008 along with periodic technical review meetings at which preliminary results and findings were extensively discussed;

Building on past and current work: (i) the consultant teams extensively reviewed major relevant documents and recent Government initiatives, such as concept notes prepared for the '61 Poorest Districts' Resolution;

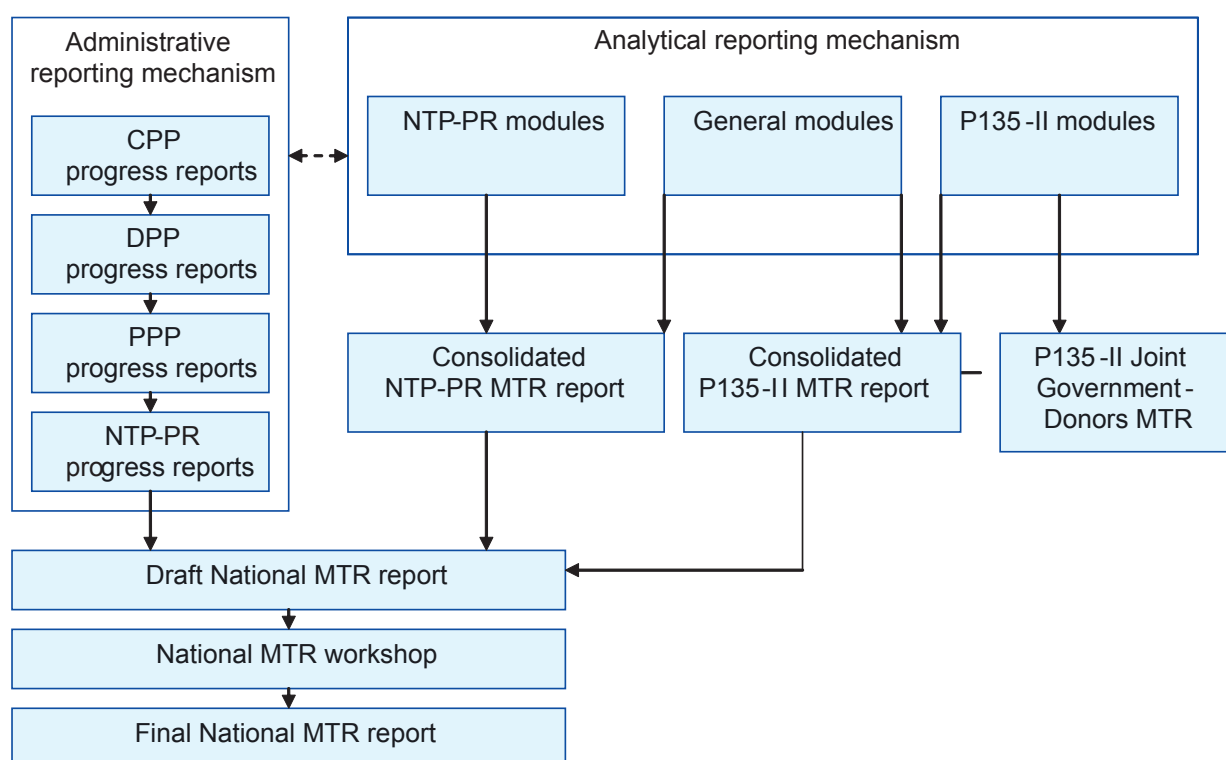
⁶ A full impact evaluation would require either analyzing qualitatively the causal paths that might explain some of the perceived impacts or/and analyzing quantitatively the metric differences in the value of impact indicators between the target group and a control group. Such an evaluation is not part of the current MTR.

(ii) relevant studies were also referenced, in particular thematic studies conducted as part of the Joint MTR of P135-II, the P135-II baseline survey, and other major ongoing studies of relevance such as the UNICEF child poverty study;

Analytical and programmatic⁷: the focus of the various modules was on finding enough evidence to grasp major features of reality in the field, understand underlying causes, to be in a position to make practical recommendations for programmatic and policy orientation. Survey sample sizes were kept to a minimum due to time and budget constraints and significant use was made of qualitative assessment techniques. A significant restraint faced, however, was the difficulty teams faced in accessing reliable data⁸. This in itself, though, is an important finding in regard to future improvements in the information management system of the NTP-PR. Reported results from the MTR will, it is anticipated, attract the attention of policymakers to specific problematic issues around which more in-depth studies and analysis can be conducted in the near future.

The MTR involved two evaluation mechanisms. The first was an administrative reporting mechanism of cascading reports from the commune level up to ministry and programme management level; and the second an analytical reporting mechanism structured around six key thematic areas (with an additional four common areas shared with the P135-II evaluation). Work on these modules included analysis of relevant documentation and reports and/or administrative data as well as qualitative and quantitative data collection in representative areas of the country. The evaluation mechanism is shown in Figure 1.

Figure 1: MTR Evaluation Mechanisms



⁷ Participants in the final validation workshop for the report, in Hanoi City in June 2009, highlighted the lack of gender disaggregated analysis as a shortcoming of the final report.

⁸ Data problems related particularly to the PETS (N3) and targeting (N4) modules. For the PETS, survey teams encountered significant problems in collecting local level data and in tracing fund allocations to local levels. For the targeting module, the methodology for estimating programme mistargeting (leakage and under coverage) relied upon data from the Vietnam Household Living Standards Survey (VHLSS). Unfortunately VHLSS data for 2008 was not available at the time the research was conducted so VHLSS 2006 data was used instead, which provides information about the first year of programme implementation only. A complementary analysis should therefore be conducted as soon as the 2008 data set becomes available in late 2009.

2.3 MTR Modules and Specific Assessment Dimensions

The MTR of NTP-PR and the MTR for P135-II were conducted separately, but coordination took place whenever it was deemed relevant. The thematic modules for the NTP-PR were as follows⁹:

- N1. Study of the relevance and effectiveness of NTP-PR;
- N2. Qualitative Survey (QS) on Beneficiary Assessment of NTP-PR services, conducted through a stratified random sample of 1620 households in 9 provinces;
- N3. NTP-PR Public Expenditure Tracking Survey + (PETS+) conducted in 6 provinces, 12 districts, and 17 communes;
- N4. Quantitative analysis of targeting efficacy of NTP-PR;
- N5. Thematic Study on Capacity-Building need assessment for NTP-PR selected policies/projects conducted in 3 provinces, 6 districts, and 6 communes;
- N6. Thematic Study on Management and Implementation Monitoring of NTP-PR selected policies/projects conducted in 3 provinces, 6 districts, and 6 communes.

The common modules shared across both NTP-PR and P135-II were as follows:

- C1. Thematic study on the implications for NTP-PRs of the new economic context;
- C2. Thematic Study on an appropriate poverty line;
- C3. Thematic Study on child poverty;
- C4. NGO 'Community of Practice' Forum.

The module studies were developed in order to address the following specific assessment dimensions (below). These incorporate the Government's specific evaluation requests; the future oriented intent of the MTR in providing input to the development of post 2010 poverty reduction strategy; and follow-up assessment to the recommendations of the 2004 HEPR evaluation.

1. Programme design relevance;
2. Programme effectiveness in meeting set targets. (This corresponds to specific request #1 by the Government);
3. Economy and efficiency in programme management and implementation. (This corresponds to specific request #4 by the Government);
4. Programme targeting efficacy. (This corresponds to Specific request #2 by the Government);
5. Beneficiaries' perceptions and quality of service delivery. (This corresponds to specific requests #3 and #5 by the Government).

⁹ All NTP-PR modular reports are available in English and Vietnamese upon request.

3. OVERALL ASSESSMENT

3.1 Design Relevance

In seeking to evaluate the design relevance of the NTP-PR, the MTR common framework identified three key areas of enquiry as follows:

1. To what extent programme policies and projects are aligned with national set priorities;
2. To what extent programme policies and projects are aligned with the felt needs of the target group, i.e., the poor, especially in the new socio-economic context that Vietnam is facing in 2008; and
3. To what extent programme policies/projects are aligned and coordinated with other relevant national programmes.

3.1.1 NTP-PR Alignment with National Poverty Reduction Priorities

The NTP-PR is closely aligned with national priorities, particularly the SEDP for 2006-2010. (N1 module report. See Table 1 below). Decision No. 20/2007/QĐ-TTg approving implementation of the NTP-PR for the period 2006-2010 presented three top line objectives closely aligned with the SEDP, of reducing the rate of poor households from 22% in 2005 down to 10-11% by 2010; increasing the income of poor households by 145% between 2005 and 2010; and addressing the problems faced by 50% of communes in coast line and island areas facing extreme difficulties. Similarly the Roadmap for implementation of the NTP-PR was developed in February 2007 through a consultative process, involving a series of inter-ministerial workshops after which specific ministerial responsibilities were assigned for undertaking the execution of the sub-components of the NTP-PR. (NTP-PR Roadmap 2006-2010 included as Annex 2). The ten NTP-PR sub-components are managed by different agencies all within their overall programme, so all individual NTP-PR components can be said to align closely with ministerial priorities. (See Table 2).

Table 1: Socio Economic Development Plan (SEDP) objectives, 2006-2010

SEDP 2006-2010	
Poverty reduction objectives	
<ul style="list-style-type: none"> • Try to eliminate hunger • Reduce poor household rate to 10-11% in 2010 	
Sub-objectives	
<ul style="list-style-type: none"> • Encourage households which have already escaped poverty; • Create opportunities for poor households to overcome poverty on their own through assistance policies on infrastructure for production, land, credit, vocational training, job creation, agricultural encouragement , product consumption, etc.; • Speed up training for the poor, especially women, on business and production knowledge and skills; • Improve access to basic social services of the poor through policies on medical care, education, clean water, housing, residential land, infrastructure for peoples' lives, improve people's participation in the decision-making process of programs and projects, mechanisms and policies on hunger elimination, poverty reduction and reduction of repeat poor household rate; 	

- Diversify the mobilization of resources for poverty reduction;
- Give priority of investment to communes and districts with high poor household rate;
- Enhance the awareness and capacity of all authority levels, branches, organizations and people in terms of hunger elimination and poverty reduction;
- Strengthen and improve the capacity of cadres involved in the work of hunger elimination and poverty reduction in communes and districts, particularly difficulty-stricken communes, remote and mountainous areas;
- Mobilize organizations and unions to participate in the national target program on hunger elimination and poverty reduction
- Develop the system for information, monitoring and evaluation of the implementation of hunger eradication and poverty reduction programs according to set objectives from the central to local levels
- Intensify international and community cooperation, continue the decentralization of management and governance of the implementation of national target programs, and better conduct the socialization of hunger eradication and poverty reduction work.

Source: Ministry of Planning and Investment (2006)

However, of the 10 specific policies and projects provided as sub-components of the NTP-PR in 2006-2010, only two are new policies, the policy on vocational training for poor people, and the policy on legal support for poor people (N1 report). Indeed many of the policies and projects are unchanged from the original inception of the national target programme in 1998. But as we have seen, the national poverty context has changed markedly in this period, which raises an important question as to whether the NTP-PR, as currently configured, still remains relevant with policies and projects that are appropriate to the needs of the poor. This is the second key question on relevance the MTR sets out to answer.

Table 2: NTP-PR Roadmap Targets to 2010

	Target by 2010	Responsible Agency
1.	Fundamental infrastructure is sufficiently provided for communes with special difficulty in coastal line and island areas.	MOLISA
2.	6 million turns of poor households are provided with preferential credit.	SBV/SPB
3.	4.2 million turns of poor people are provided with guidance on agriculture-forestry-fishery extension, transfer of technique and doing business. (industry extension)	MARD
4.	150,000 poor people are exempted and reduced with vocational training fees.	MOLISA
5.	100% of poor people are provided with medical insurance cards for illness, medical check-up and treatment.	MOH
6.	19 million turns of poor pupils, including 9 million at primary level are exempted and reduced with school fees and other construction fees.	MOET
7.	170,000 PR officers, of which 95% at grass-roots level are trained for capacity improvement.	MOLISA
8.	500,000 poor households are assisted to eliminate makeshift houses.	MOC & CEMA
9.	98% of poor people in need of legal support enjoy free service of legal support.	MOJ

3.1.2 Alignment with the Needs of Target Groups in the New Economic Context

The NTP-PR's ten policies and projects are clustered into two groups. Those which facilitate support to poor people for production development and increasing income, (such as preferential credit, agricultural extension, vocational training); and those policies that enable poor people to better access social services (through providing health insurance cards to the poor, legal support or exemption from educational fees for poor children). The support projects and policies under the NTP-PR are applied nationwide and appear wide ranging, and thus able in theory to support different dimensions of deprivation, as Table 3 below highlights.

The NTP-PR also appears to provide the foundational framework for provincial poverty reduction programmes, as fieldwork from the N6 module report highlights:

'[The NTP-PR] is considered an important institutional, policy foundation to implement policies/ projects on poverty reduction in the localities. Some provinces have integrated many additional policies related to poverty reduction, which are suitable with the local conditions, into the programme, such as the policy on ethnic minority people; policy on agricultural tax reduction; project on fishery production etc. [in Ninh Thuan Province]'. (N6 KIP report)

Table 3: NTP-PR policies and projects and the different dimensions to deprivation they are intended to address.

NTP-PR Project or Policy		Dimension of Poverty they are Intended to Address
Group of policies and projects facilitating production development and increased income for poor people		
1	Policy on preferential credit for poor households	Enhancing poor people's financial capital in order to make investments that will increase cash income
2	Policy on provision of productive land for poor ethnic households	Providing poor ethnic minorities with a principal asset, land, through which to increase food security and income earning potential
3	Project on agricultural-forestry-fishery extension and support for development of production and occupation	Increasing the human capital base of poor people, to enable them to make commercially oriented decisions that maximise the use of household's available assets
4	Project on development of necessary infrastructure for communes with special difficulties in coastline and island areas	Strengthening the enabling environment in poor communes, to enable poor households to access markets and income earning opportunities, and to stimulate commercial activity in poor areas
5	Project on vocational training for poor people	Strengthening the human capital of poor people, equipping them with knowledge and skills to access employment or market opportunities
6	Project on replication of good practices on poverty reduction	Model development and experience sharing to ensure production models are transmitted from successful areas
Group of policies facilitating poor people's access to social services:		
7	Policy on health care for poor people	Enabling poor people to access state health services free of charge, in order to enjoy better health as an end in itself, and also to be more productive
8	Policy on education for poor people	Enabling poor students who would otherwise be unable to attend school, to participate in education, strengthening their human capital, future employment and income earning prospects, and the long term economic prospects of their households
9	Policy on housing and clean water supply	Improving the environmental sanitation conditions in poor communes to improve communal health and the productivity of villagers, who would be less prone to disease
10	Policy on legal support for poor people	Enabling poor people to access information and support in pursuance of their rights to access state services

Findings from the Qualitative Survey module (N2) show that, for a number of NTP-PR components, satisfaction levels are relatively high¹⁰. This is particularly the case for the following policies which also have relatively high levels of coverage amongst beneficiaries; preferential credit policy, health care support policy, educational support policy, housing support policy, and basic construction development. (N2 KIP). Three components have relatively few beneficiaries; the agricultural extension project, vocational training project, and legal support policy for poor people. For the latter two at least, this can be attributed in part to both being new policies that have been implemented only since 2007 (N1 report). For the agricultural extension project though, the current provision of services does not appear to be adequately meeting demand. 68% of QS respondents expressed a demand for agriculture extension services, but only 44% of respondents participated in extension activities and of those, 65% 'have applied little knowledge from training'. (N2 KIP). There are also concerns highlighted about the timing of extension support, which is often provided late or when the season is over. The QS team concludes that:

'The number of poor households benefiting from or participating in agriculture extension activities has been modest against the set target. Performance organisation and quality of agriculture extension support, e.g. contents, methods, quality, frequency and agriculture extension workers still have many challenges'. (N2 KIP)

Administrative procedures are viewed as straightforward and relatively transparent and the QS team found no significant differences in terms of access to services between Kinh/Hoa ethnic groups and ethnic minority respondents to the survey. However, findings for the agricultural extension and vocational training components of the programme suggest that the current configuration of the programme is perhaps not best suited to delivering services to those areas with significantly different characteristics to the norm. For agricultural extension support, services are delivered in a 'top-down' manner and decisions about the kinds of training or extension support offered are fairly strictly regulated by central norms, which mean that they are not always appropriate for remote, upland areas where lowland farming techniques are not viable, or where training and extension is delivered to ethnic minorities in the Kinh language, which many may not understand. As Viet Nam becomes increasingly diverse in terms of livelihood opportunities too, 'one size fits all' models of vocational training may not be the most appropriate means of enabling the workforce to respond flexibly to emergent opportunities.

The QS team records a high level of satisfaction for the policies of providing health care support and educational support to the poor, through health insurance cards and school fee exemption/ reduction. However, despite the relatively high take-up for both policies, there are still limitations, such as cards issued with the wrong information (9.5%, rising to 12.5% for ethnic minorities) or where cards arrived only in the 1st quarter (80% of cards were delivered late). Many of the cards also had only 1 year validity. There are therefore still some design issues for the policy and administrative and management barriers to poor people being able to fully utilise the services on offer. (Data from the N2 report).

With the provision of educational support, the policy is clearly an important measure enabling poor children to go to school. 95% of QS respondents recorded the policy as 'important' with 30% reporting that their children would have been unable to go to school without it. (N2 KIP). However, despite the relatively high coverage for the policy (86% of respondents with children at school) nearly 18% of QS respondents still reported having to keep their children from attending school, despite being eligible for the support. (N2 KIP). There are then, clearly other barriers to accessing education that the NTP-PR does not address. These include 'informal' school charges that, nevertheless, can be significant for poor households (such as uniforms and school materials, or other payments) as well as the opportunity cost to poor families of not having children available to work.

Poverty is clearly a multi-dimensional condition that requires integrated approaches and solutions to tackle. Whilst the NTP-PR addresses different dimensions of poverty¹¹, it doesn't necessarily do so in an integrated way and this ultimately impacts upon the sustainability of separate interventions, as the issue of educational

¹⁰ The QS findings are also discussed in Section 3.5. QS findings relate only to beneficiary perceptions and are therefore highly qualitative in nature. The purposive sample frame used for the QS also means that findings should be interpreted with caution.

support highlights. Each component part of the NTP-PR has a different institutional champion, as Table 1 shows, with different targeting criteria and different modalities of delivery (see Figures 2-5). As the N6 report notes:

'Principles, process, fund allocation time, cost norms, payment modality of each policy and project under the NTP-PR are different because each policy or project has been assigned to a different responsible agency'. (N6 KIP)

Beneficiaries, even when they are the recipients of more than one type of support, do not receive support in a way that maximizes synergies across the programme components. Consequently, NTP-PR support is seldom more than the sum of the constituent parts. The top down delivery of services through a vertical 'silo' system based upon line ministry responsibility has administrative advantages for responsible line ministries perhaps, but at the cost of enhancing the potential impact upon poverty that might result from synergies across programme components. A critical mass of well integrated support for poor households is much more likely to result in sustainable poverty reduction. The 2004 evaluation recommendation for a provincial block grant method of funding therefore remains an important avenue for future development; by decentralizing funds to local levels of Government, they can better funnel activities and resources towards poverty reduction measures that best meet local needs. Under the NTP-PR currently, as the N6 report observes:

'Openness and transparency of information among sectors is still limited: information is only internally disseminated within the concerned sector, thus it is difficult for other sectors to share information for cooperation; concurrently it is very hard to carry out horizontal supervision and cross check' (N6 KIP).

3.1.3 Alignment and Coordination with Other Poverty Reduction Programmes

The analysis above also extends to the third and final area of enquiry under 'design relevance'; i.e. how far is the NTP-PR aligned and coordinated with other programmes? Again, Vietnam's vertical 'silo' based system of organisation for delivering programmes to the poor is not necessarily the most optimal arrangement, in both efficiency and poverty reduction terms. Both Programme 135-II and the NTP-PR target support to poor areas and households, and both have programme components that overlap and are not coordinated. Both, for example, have legal support programmes, both provide support to improve water and sanitation, and both have significant agricultural extension components (delivered through MARD). This clearly results in high transaction costs for the Government as a whole. In December 2008 the Prime Minister also approved a new programme of support to the 61 poorest districts of Viet Nam, which is implemented by MoLISA (under Resolution 30a/2008/NQ-CP, dated 27th December 2008). Approximately 75% of the communes targeted under the '61 districts' resolution are also P135-II communes. The coordination mechanism between the different programmes is not clear, and provincial, district and commune officials will be left with the task of interpreting policies and procedures under the three different programmes in order to deliver services and support to their constituents. Once again, recommendations from the 2004 evaluation, for effective decentralization and a block grant method of funding would offer a possible solution, with districts empowered to develop local SEDPs that they could fund through an unearmarked grant from the central level¹².

The '61 poorest districts' resolution does take a more decentralized approach, giving more autonomy to districts in formulating locally appropriate responses to poverty. This represents a positive opportunity for improving targeting and public service delivery, but only if other programmes and policies can be similarly harmonized. Ultimately a shared vision across Government is necessary, for a system that on the one hand, provides effective targeted support to the poorest, and on the other, provides a comprehensive system of social security for all that guarantees a basic level of wellbeing and security against risk, and that protects workers, families and the vulnerable against hardship during particular lifecycle periods, such as when new children are born,

¹¹ One key dimension of poverty that is not directly addressed in the design of the NTP-PR is nutrition. Recent studies suggest that one third of children under five years old in Viet Nam suffer from stunting which is an indicator of chronic malnutrition. (C3 report, UNICEF).

¹² Districts would then be accountable to the centre for delivering agreed outcomes in terms of poverty reduction and livelihood enhancement, rather than the delivery of specific target programmes.

workers are unemployed, are invalided or reach old age¹³. These discussions and the vision of separating out social security services from the NTP-PR are not new to Government, and were discussed intensively at the time of formulating the NTP-PR for the period 2006-2010. They are undoubtedly worth revisiting now, as many of the KIP reports conclude that the structure of the NTP-PR could be rationalized and reorganised to deliver targeted support more effectively. As the N6 KIP report concludes:

'Combining separate components (especially different policies) into one programme is not actually a value added method, and furthermore increases overlaps and complications. Policies on health care, agriculture extension, legal support, preferential credit can become routine activities if we continue the national targeted programme on poverty reduction after 2010, we should focus on some core projects only'. (N6 KIP)¹⁴

3.2 Programme Effectiveness in Meeting Set Targets

The common framework for the MTR identified two key questions for evaluating the programme's effectiveness in meeting set targets:

1. To what extent set targets in the strategic and operational plans of the programme have been met;
2. If targets have not been fully met, why and what can be done?

The main Government steering document for the NTP-PR is the 'Roadmap for Implementation of the National Targeted Programme on Poverty Reduction 2006-2010', promulgated February 5th 2007 and included as Annex 2 to this report. The following tables indicate implementation progress of NTP-PR programme components (Table 4) over the period 2006-2008 and progress towards some key Roadmap targets (Table 5). (Both tables taken from the N1 module report).

3.2.1 Assessing the Overall Impact of the Programme

The overall target of the NTP-PR is to reduce the rate of poverty in the country from 18.2% in 2006, to between 10-11% by 2010. The target is a reduction in poverty of approximately 2% per year. In fact, the poverty reduction rate has exceeded this target, with poverty at the end of 2008 estimated to be just over 13%¹⁵. Between 2006 and 2008 the annual rate of poverty reduction was therefore 2.6%. The overall target for 2010 is considered achievable, though there are concerns that the recent sharp increase in the consumer price index and the effects upon the economy of the global economic downturn will have significant impacts upon household income and wellbeing, and that these impacts are yet to be reflected in official Government poverty statistics.

¹³ A third key component in this vision is the provision of a high level of appropriate basic services for all, in health and education particularly.

¹⁴ The recent WB poverty assessment for the PRC offers some indicators as to how poverty focused policy measures may evolve in Viet Nam over the next decade. The report's title is 'From Poor Areas to Poor People: China's Evolving Poverty Reduction Agenda'. It discusses how, in the past, PRC poverty reduction policy has targeted poor areas and has been successful in this approach, but now faces a more complex situation whereby more than half of the poor do not live in officially designated poor villages. Social safety net policies and targeted poverty reduction support to households are therefore increasingly important in the PRC, and are likely to become more important in Viet Nam too in the very near future.

¹⁵ As discussed in section 3.4.3 of this report, however, a revised (higher) poverty line has been developed by MoLISA to better account for the recent impact of inflation, and is waiting approval. Using this new poverty line would increase the poverty rate.

Table 4: Budget Allocation from Centre for Each Policy/Project under the NTP-PR Programme

Policy/project ¹⁶	Total approved budget, 2006-10	Allocated budget (2006-2008)			Total	Percentage completion against plan	Proposed budget for 2009
		2006	2007	2008			
Total	2,140	141.5	221.9	333.1	696.5	32.54	769.5
Project on development of necessary infrastructure for communes with special difficulties in coastline and island areas	1,300	78.5	109.9	191.1	379.5	29	409.5
Project on agricultural-forestry-fishery extension and support for development of production and occupation	400	39	42	50	131	33	180
Project on vocational training for poor people	200	-	30	50	80	40	100
Project on replication of good practices on poverty reduction	40	6	7	8.8	21.8	54.5	15
Project on enhancement of poverty reduction capacity	135	18	20	20	58	43	40
Policy on legal support for poor people	25	-	6	6	12	48	10
Monitoring and evaluation	40	-	7	7.2	14.2	35.5	15
Policy on preferential credit for poor households		750	950	1000	2,700		
Policy on health care for poor people		938.5	1,635	1,950	4,523.5		
Policy on education support for poor people		105					

Source: Figures for components 1-7 provided from Ministry of Finance sources, April 2009. Figures for Components 8-10 from Chia Se Project report 'Assessment Report on Government Budget Management and Effectiveness of its Utilisation in NTP-PR in Chia Se Areas'. (November 2008).

¹⁶ Policies and projects 1-7 are directly funded from the NTP-PR. 2008 figures for policies 8-10 are estimates only. (See section 3.3.1 for a full discussion on modalities for NTP-PR funding and disbursement).

Table 5: Outcomes of Programme Implementation Against Roadmap Targets

Targets	Unit	Objectives to 2010	2006		2007		2008	
			Plan	Actual	Plan	Actual	Plan	Actual
Poor household rate	Percent.	10-11	18.2	18.1	15.7	14.8	12	13
Poor people provided with credit	Million HH	6	1.6	1.6	1.4	1.3	1.3	1.3
Poor households provided with production development support	Million HH	4.2	0.8	0.7	0.7	0.6	0.8	0.8
No. of poor people provided with vocational training fee exemption/ reduction	1000 people	150	0	0	30	30	50	50
No. of poor people provided with medical insurance cards	1000 people		16,372	15,000	14,716	14,000	13,060	13,000
Percentage of poor people provided with medical insurance cards	Percent.	100	100	91.6	100	95.1	100	100
No. of poor pupils provided with school fee exemption/ reduction	1000 people	10,000	2,500	2,313	2,800	2,687	3,000	2,800
No. of staff in charge of poverty reduction provided with training	1000 people	170	30	30	35	32	30	31
No. of poor households provided with housing support	1000 people	500	150	130	120	100	120	110
No. of construction schemes	Schemes		350	347	400	350	400	370

Source: N1 module report, figures provided by SPD

Using the aggregate poverty reduction rate as an indicator for the success of the NTP-PR is, though, rather problematic. There is an important issue of attribution of poverty reduction impacts to the NTP-PR. Though a significant programme of the Government which accounts for a large share of overall Government expenditure, there is no reliable estimate available for assessing quantitatively the actual contribution of the NTP-PR to the overall poverty reduction story in Viet Nam. There are a number of other important reasons quite outside of the NTP-PR that may account for the high rate of poverty reduction. These include, for example, the impact of private sector development in job creation and poverty reduction, or the role of remittances from migrants in urban areas back to rural households. Other government policies also have both a direct and indirect impact upon poverty reduction, quite independently from the NTP-PR.

The data included in Table 4 above highlights how problematic attribution of poverty reduction impacts can be. The actual budget allocated from central funds for the period 2006-2008 was approximately 677.5 billion VND, just under 32% of the overall target for the entire period 2006-2010. Yet despite underfunding against plan, the poverty reduction rate actually exceeded the set target for the period. As the N1 module report observes, the reasons for this might include a high level of resource mobilisation from localities which has not been recorded in the central data, or it may reflect unrealistic budget target setting (discussed below). It also demonstrates that the relationship between the NTP-PR and the overall national poverty reduction picture is complex and far from linear in nature.

3.2.2 Implementation Progress of NTP-PR Components

In terms of implementation of the component parts of the NTP-PR, progress over the period 2006-2008 has been uneven. For the credit component of the programme, nearly 4.2 million households received credit, accounting for 69% of the target for the 2006-2010 period overall. Agricultural extension support was delivered to 2 million people, approximately 50% of the plan for 2006-2008 so 10% below target for the period. However, budget allocated for this component was only 28% of the plan for the period. The N1 report concludes that, in relation to this component, 'the required disbursement of this project is very low compared to the number of targeted poor people with training demands'. (N1 report).

Implementation of the vocational training component was delayed due to starting late in 2007 and disbursement stands at 40% of the overall plan. For the period 2009-2010 45,000 people annually will need to receive vocational training, a rate 50% higher than that achieved for the review period 2006-2008. A further problem identified which hampers the implementation of the vocational training project component (and is applicable to many of the programme components) is the inappropriateness of prevailing cost norms. As the N6 team note from their fieldwork:

'it is impossible to carry out the project on vocational training for poor people because the support norm is too low; despite the fact that DOLISA (of Ninh Thuan province) has advertised to enroll students and commune officers have encouraged people to join the training, no one participated in the end'. (N6 KIP report)

Implementation of the programme providing medical cards for poor people has achieved a reported 100% coverage by 2008, a significant achievement. Moreover, findings from the QS survey in late 2008 corroborate the high coverage figures reported by localities through the administrative reporting system, with 99% coverage reported through the QS. However, as the N1 module report notes, there are still some shortcomings with the implementation of the policy, which impact upon effectiveness. Firstly, despite the policy stipulating that health cards should have 24 months duration, 90% of the cards are issued with only 12 month validity. (N1 report). Secondly, VHLSS data estimates that 10% of the cards have the wrong beneficiary information, meaning these people cannot access medical services. Thirdly, up until 2008, there were still two methods through which the policy was being implemented: the purchase of health insurance cards for poor people in accordance with Decree No. 63/2005/QD-TTg; and the refund of actual cost of examination and treatment in accordance with Decision No. 139/2002/QD-TTg. Some provinces estimate that the cost of purchasing health insurance cards will outstrip the real costs of treatment and so are reluctant to purchase health insurance cards, against the spirit and intention of the policy. (N3 report). In a survey in 2008 of 3 provinces, only one (Yen Bai) had purchased the health insurance cards, one (Ha Giang) had partially implemented the policy and one, (Quang Tri), had yet to purchase cards.

The policy for educational support to poor students also had a good coverage rate for the period 2006-2008, against the targets set. Approximately 7.8 million poor pupils received exemption or reduction of educational fees during this period, which accounts for 78% of the plan until 2010. The target to 2010 therefore appears to be achievable, and the policy should also meet an anticipated increase of the number of eligible pupils, from 10 million to 12.5 million. (N1 report).

In regard to the Programme component on training for poverty reduction staff, 93,000 staff were reported to have received training in the review period 2006-2008, accounting for 55% of the plan. This is slightly down on the target set and the budget allocation for this component was also low, at 47% of the total for the full 5 years of the programme. This component is marked by an absence of detailed information on which particular levels of cadre were trained, and the contents of the training delivered, making a detailed evaluation of the component difficult. (N1 module report).

The NTP-PR support policy for eradicating makeshift housing appears, from the administrative data, to have been on track with 340,000 poor households receiving support to date, against the plan for the period to 2010 of 500,000 poor households (68%). The level of support provided is generally VND 5 million per household from central funds with supplementary funding from the localities expected. However, evidence from the field cited

in the N1 module report testifies that the contribution from the localities was often low, and that consequently the level of support provided often failed to meet needs as the price of materials increased rapidly, particularly in the high inflationary context in 2008, and the norms also failed to reflect the high transportation costs for materials in remote and mountainous areas. Consequently the houses produced under the policy were often considered to be 'low quality'. (N1 report).

For the project on 'developing necessary infrastructure for communes with special difficulties in coastal and island areas' an evaluation of whether or not the project met the targets set was difficult, as project design did not specify clearly the overall number of schemes to be constructed. Over the three years 2006-2010, 1,067 schemes were constructed and progress against annual plan targets stood at 93%, but out of an approved budget of VND 1,300 billion for the whole period to 2010, only 380 billion has been spent (29%) suggesting that the policy will not reach its intended target. (N1 report).

The policy on legal support for poor people has been implemented only relatively recently and, to date, there is no consolidated data on the numbers of poor people to have received support under the policy. 25 billion VND was disbursed during the reporting period (48% of the overall plan) and the target set is to reach 98% of the poor with the demand for free legal support by 2010. (N1 report). Finally, for monitoring and evaluation of the NTP-PR, no specific targets were set but the budget was to be used for 'periodical checks, the MTR and final evaluation'. (N1 report). To the end of 2008, only 10.2 billion VND of the total allocated budget to 2010 of 40 billion VND had been used, approximately 25% of plan.

In conclusion, from the data gathered, what can be said with confidence is the following (taken from the N1 module report): the policy on health care has universal coverage and will have met its target; support to education fee exemption is well advanced against the overall target (78%) as is the provision of credit (69%) and the policy for eradicating makeshift housing (68%) and these three policies look likely to achieve their targets by 2010. The policy on legal support and project for necessary infrastructure development in coastal and island areas both have incomplete information to make an assessment on whether or not they will meet their targets. However, the legal support policy seems to be disbursing funds at a satisfactory rate to suggest the policy will meet the 2010 target, whilst the infrastructure project disbursed only 30% of the available budget in the three years from 2006-2008, suggesting it is highly unlikely the project budget will be disbursed fully by 2010. Two NTP-PR projects are highly unlikely to be able to achieve the targets set to 2010; the projects on agricultural extension and on vocational training. Both have yet to reach 50% of the five year plan by end of 2008, and the rate of delivery shows no sign of increasing.

3.2.3 Problems inherent in the Monitoring and Evaluation of the NTP-PR

The problems encountered in attempting to assess midterm progress in implementation of the NTP-PR reflect the general difficulties of attempting to systematically monitor and evaluate the programme. Targets have been set in the roadmap for the programme to 2010, but no intermediate targets were set to be able to monitor progress. Taking remedial action to correct problems in the programme before 2010 is therefore difficult. There is also an issue of the appropriateness of the targets set, and where these targets come from. The implementation results from the previous section all show that indicators are far higher than the disbursement rates. Budget planning and implementation planning do not therefore appear to be closely related making it very difficult to assess whether policies and projects under the programme are efficient and effective (N1 report). As the N6 module report notes:

'budgets for the implementation of the policies and projects are allocated from the centre to the local level, however, the linkage between set objectives and resources is not obvious. There were cases where plan/ projects have been made with ambitious objectives requiring big corresponding budgets, but when it is about to be approved, it was realized that the budget available could not meet the demands, but the objectives set were still retained'. (N6 KIP report)

Whether or not a target has been met is also a quite different question to assessing the outcome and impact of particular policies and projects. While a number of the quantitative targets may be on track, there are concerns about the effectiveness of a number of the policies and projects under the NTP-PR which have been

highlighted in the discussion so far. Agricultural extension and vocational training components, as we have seen, may not necessarily be meeting demand, the housing support policy is not configured to respond well to inflationary pressures and the policy on medical insurance cards for the poor has problems associated with late delivery of cards, wrong names on some cards and the short duration of validity for the cards.

An additional layer of complexity to establishing realistic targets and effectively monitoring and evaluating the NTP-PR comes from the multiple funding sources for components under the programme, both nationally and locally. Central budget sources are varied (discussed in more detail in the following section) and provincial governments are also expected to provide funding support to the programmes. The N6 report team estimates that central budget sources meet only 60-70% of the requirements of province's annual poverty reduction plans, with the provinces themselves required to make up the difference. This is a significant challenge for poorer provinces which have a very limited local resource base. The N1 module report observes that 'almost all poor provinces have not yet been able to mobilize 1% of their total annual expenditures for NTP-PR'. (N1 report). This has a further effect in that, despite funding shortfalls, poverty reduction objectives are not changed or modified, and the targets set therefore become unrealistic. People's Councils' demand achievements against targets set and poverty reduction figures are consequently manipulated to demonstrate the required effect, irrespective of whether this accords with reality. This is described in the N6 module report as the phenomena of 'poverty escape on paper'. (N6 report).

The NTP-PR CO also has difficulty in tracking the mobilization of supplementary resources for the programme at provincial and district level, meaning a consolidated picture of available resources for the programme is hard to come by. This makes planning difficult. Funding allocations seem to fluctuate from year to year, which also detracts from effective planning. The authors of the N1 report conclude that, just in terms of effective monitoring and evaluation needs, the NTP-PR as currently configured is extremely cumbersome and difficult to manage.

'In order to manage and monitor effectively the implementation results of the Programme and according to the recommendations in the evaluation report of the HEPR in the period 2001-2005, there should be a reduction of some policies/ projects under the Programme. For example, we should separate those policies/ projects relating to education, health care from the Programme and consider them as regular duties of responsible agencies..... these policies and projects are still vital to poor people but this is a relevant recommendation because it is very difficult for the CO of NTP-PR to follow the implementation progress of these components through administrative report channels'. (N1 report).

The suggestion for reviewing the content of the NTP-PR to make it more manageable resonates strongly with the findings from section 3.1 above. NTP-PR components were characterized there as being delivered through separate top-down line ministry channels and consequently not being part of a coherent overall programme to provide consolidated, planned poverty reduction support that maximizes the opportunities for synergies across programme components. A more internally coherent NTP-PR programme would enable better target setting to take place and would ensure monitoring and evaluation systems could be established that capture not only input and output data, but also outcome and impact level information that can be attributed to NTP-PR programme investments, and that would consequently enable policy makers to make adjustments that maximized the value, in poverty reduction terms, of these investments. Currently, no such evaluation is possible because NTP-PR components are disparate and under close line ministry control. On a more positive note, the tradition of target setting in Vietnam's public service institutions is quite congruent with the needs of a results Based Management (RBM) approach, which is discussed in more detail in the recommendations section of this report.

In conclusion then, the NTP-PR is currently marked by poor M&E systems and lacks an overall M&E framework through which outcome and impact level indicators can begin to be assessed. Without a functioning system of monitoring and evaluation that captures information at the outcome level, it is very difficult to close the gap between planning and budgeting processes, because there is no information to highlight how targets are not being met. As the N6 module team note from their fieldwork: 'Because there is no monitoring and evaluation system, it is difficult to supervise actual efficiency and effectiveness of the NTP-PR (Ninh Thuan and Soc Trang provinces)'. (N6 KIP). The complexity inherent in current NTP-PR design makes the development of such an M&E framework extremely challenging.

3.2.4 Monitoring Impact of the NTP-PR in Viet Nam's 'New Economic Context'

Finally, the future monitoring and evaluation of the NTP-PR at impact and outcome level needs to be firmly rooted within Vietnam's emerging 'new economic context' and the challenge of increasing inequality and vulnerability in particular. As discussed in the background section (and in the C1 module report) the poverty challenge facing Viet Nam today is quite different to 10 years ago. Poverty is less of a mass based phenomena today, so less responsive to large scale, relatively uniform poverty reduction interventions. More locally specific, nuanced and well targeted investments are needed, focused in particular upon ethnic minority groups that have so far benefitted less than the majority Kinh/ Hoa groups from the opportunities afforded by Vietnam's recent development. Increasing inequality also extends beyond ethnic divisions, to include regional and rural/ urban divisions too. And whilst many have escaped poverty in recent years, a large number are still living just above the poverty line and are vulnerable to falling back into hardship as a result of a shock, associated either with climatic factors (increasingly likely under climate change scenarios) or the loss of work or livelihood resulting from economic insecurity. Monitoring and evaluation of the NTP-PR also needs to capture information on these important parameters.

3.3 Economy and Efficiency in Programme Management and Implementation

In seeking to assess economy and efficiency in the NTP-PR's management and implementation systems, the MTR common framework identified the following key areas of enquiry:

1. To what extent actual expenditures have been planned according to set priorities and targets at central, provincial, district, and commune levels and, if not fully, why?
2. To what extent actual expenditures have been made according to planned expenditures at central, provincial, district, and commune levels and, if not fully, why?
3. To what extent actual expenditures have been made on time and, if not fully, why?
4. To what extent actual expenditures have been made with a perspective to minimize red tape and the costs per unit of key output or outcome and, if not fully, why?
5. To what extent the programme expenditures are sustainable for government public finance?
6. What are the major achievements in terms of management and implementation of the programme?
7. What are the main challenges and bottlenecks to proper management and implementation of the programme?

3.3.1 Programme Budgeting and Funding Modalities for the NTP-PR

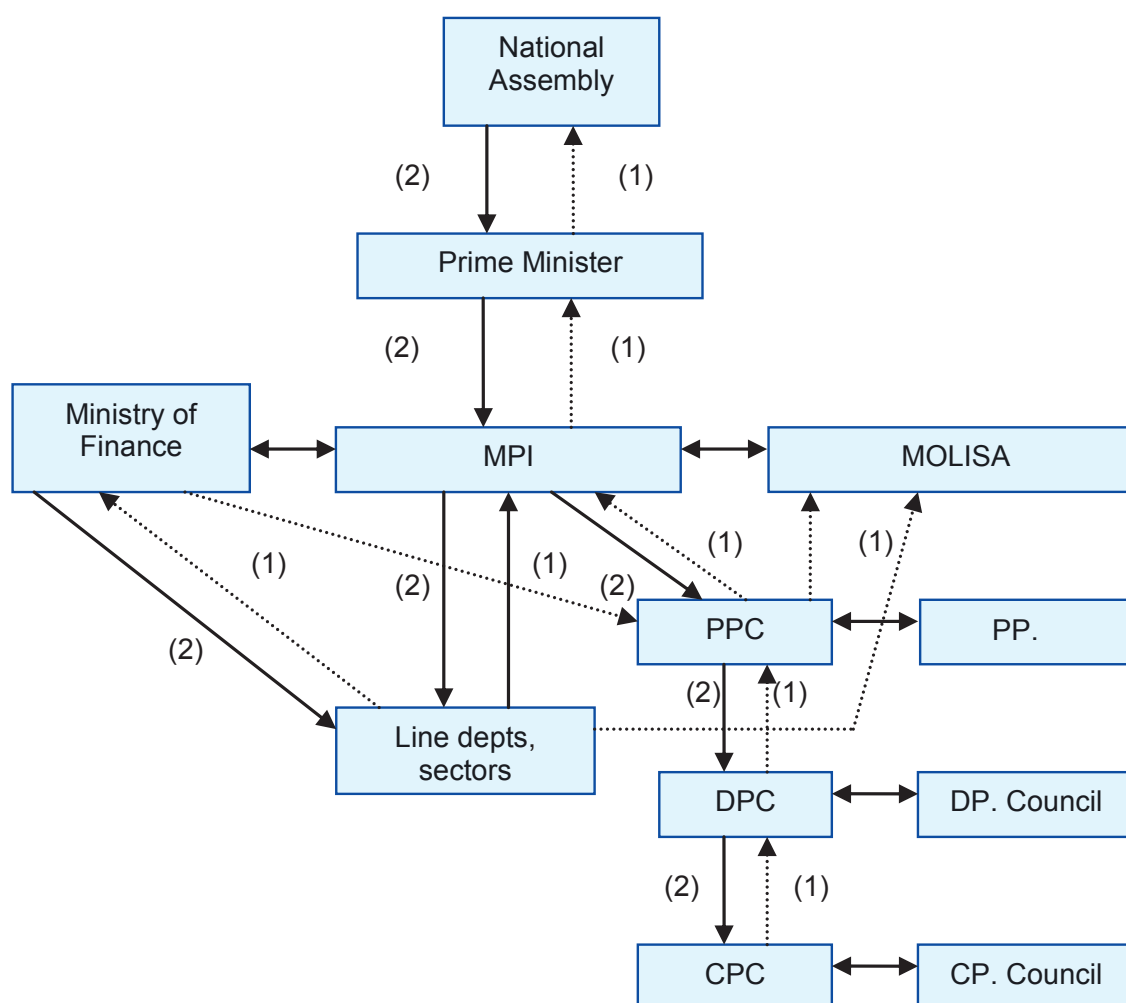
Government budget allocation for the NTP-PR is implemented through two sets of different channels. The first relates to a cluster of seven policies, projects and activities that are regulated directly under the NTP-PR, through inter-ministerial circular No. 102/TTLT/BTC-LDTBXH dated 20/08/2007, between MoF and MoLISA¹⁷. This covers the policy on agricultural/ fishery/ forestry extension; infrastructure in coastal and island areas; vocational training; replication of good practices for poverty reduction; enhancement of poverty reduction capacity; policy on legal support; and monitoring and evaluation. For these policies, projects and activities the circular establishes clear regulations and guidelines and, in theory at least, enables localities to implement the programme in a unified manner through a clear legal corridor. It also establishes estimated budget allocations and criteria by which Government budget is set for each locality and project according to central targets, which facilitates financial tracking of fund disbursement, as demonstrated in Table 4. The remaining policies under the programme are exempted from applying the NTP-PR financial mechanism, and have instead separate modalities. The policy on preferential credit for poor households is implemented through the Social Policy Bank

¹⁷ As well as two previous decisions: Decision No. 42/2002/QĐ-TTg dated 18/03/2002 and inter-ministerial circular No. 01/2003/TTLT-BKH-BTC dated 06/01/2003 by MPI and MoF

and the management mechanism for the policy is regulated by Decree No. 78/2002/ND-CP dated 04/10/2002 (along with a series of supplementary documents regulating such things as the interest rate). The policy on health care support for poor people was established through Decision No. 139/2002/QĐ-TTg of 15/10/2002 and is regulated by Inter-ministerial circular No. 14/2002/TTLT-BYT-BTC between the Ministry of Health and MoF (as well as other supplementary circulars). The policy on education for poor people is regulated through six separate decisions and decrees issued between 1997 and 2007. Financial tracking of these three separate policies is less straightforward, as the data in Table 4 shows.

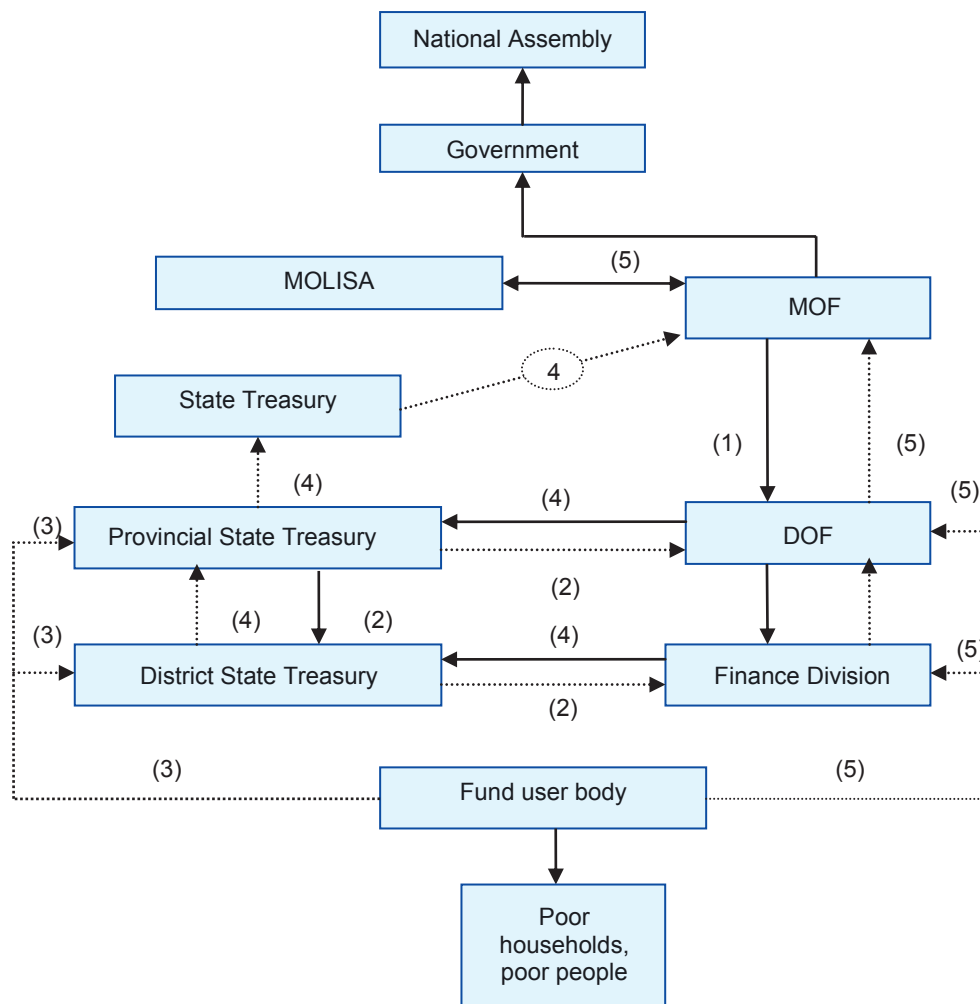
Figure 2 shows the process through which budget is allocated for projects and policies directly under the NTP-PR mechanism, with Figure 3 illustrating the process through which funds are then disbursed from the centre. This system applies to the seven policies, projects and activities regulated under the NTP-PR, with separate mechanisms in place for the policies on credit, health care and education support. Procedures for the policies on credit and health care are illustrated in Figures 4 and 5.

Figure 2: Budgeting process for NTP-PR



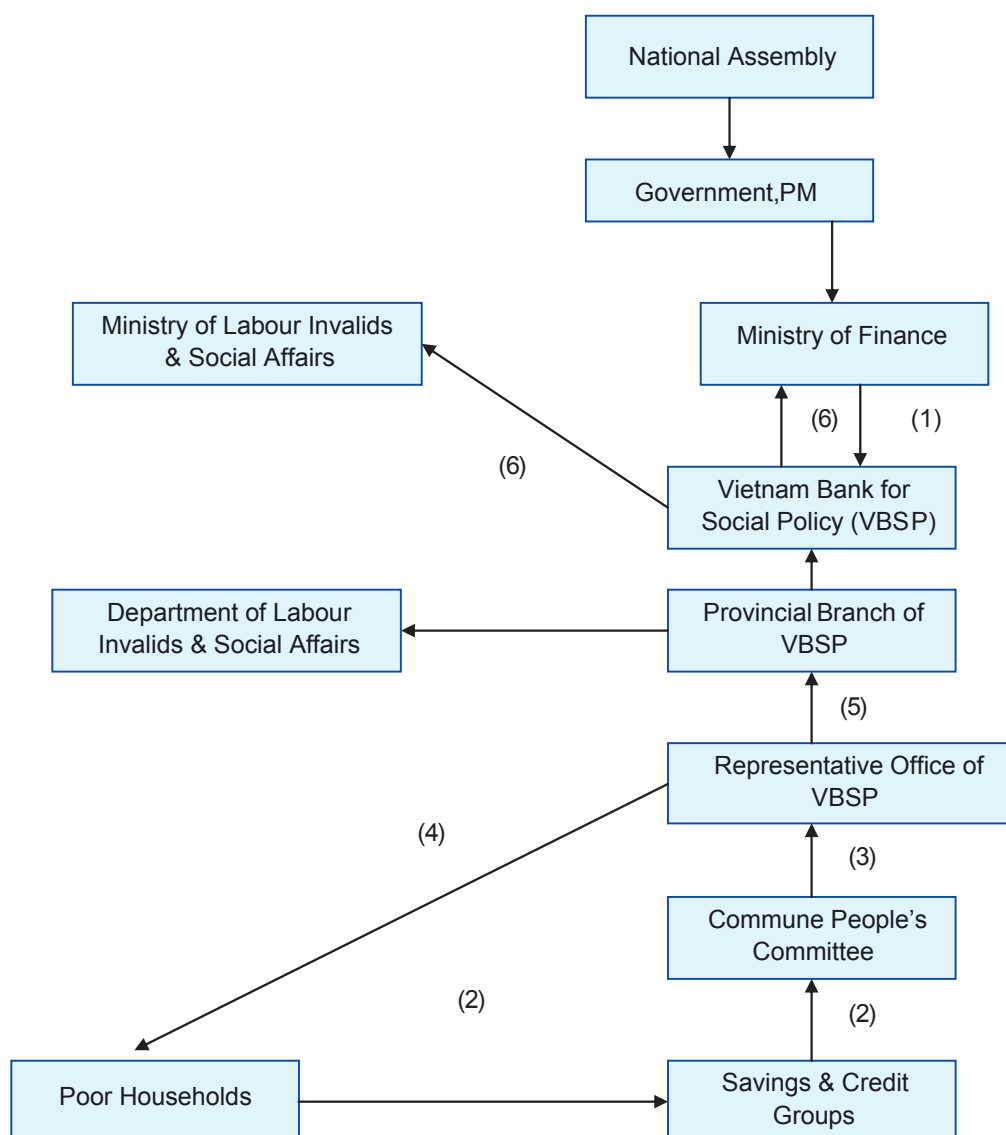
- (1) People's Committees of all levels and responsible NTP-PR line ministries develop the programme annual plan and budget, and send to MPI, MOF for their consolidation and submission to Prime Minister for consideration before being presented to the National Assembly for their endorsement.
- (2) After endorsement by the National Assembly, MPI and MOF assign budget plan to related ministries, sectors and PPCs.

Figure 3: Fund allocation process for NTP-PR



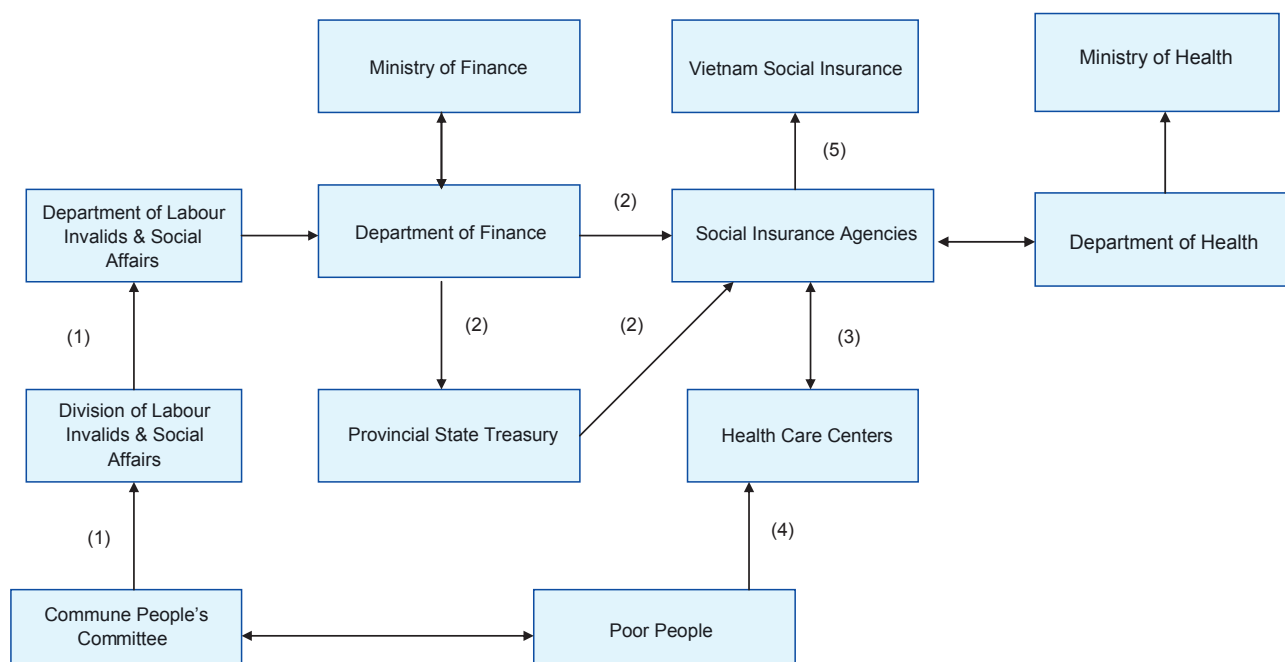
- (1) MOF transfers the additional targeted funding from the state budget to provinces and cities. For additional targeted funding from higher to lower levels, since fiscal year 2009, payment modality has changed from payment voucher system to withdrawal of budget estimates at the state treasury.
- (2) DOF transfers funds to either the provincial state treasury or finance division for onward transmittal to the district treasury. From fiscal year 2009, based on the estimated budget allocation, total advance payment is made for each scheme based upon implementation status of the programmes and tasks (including investment fund and running fund) reported by investor (or responsible units); referring to results of monthly payment from the treasury of payment level to DOF, the DOF will prepare and send the summary of withdrawal demand for additional targeted funding from the central budget to the local budget, enclosed with estimated withdrawal letter sent to state treasury where transactions occur, in order to transfer additional budgeted funds from the central to the local budget. The maximum withdrawal level is equal to the programme estimate assigned by the Prime Minister.
- (3) The fund user will prepare a fund request and send it together with payment documents to the treasury where transactions can take place.
- (4) Treasury reports the allocation status to higher treasury level and related financial units.
- (5) The fund user prepares and submits the balance report to the financial unit of its level for appraisal, based on that, the latter will send summarised report to its higher level.

Figure 4: Application of the policy on preferential credit for poor households



- (1) After being approved by the National Assembly and Prime Minister, Ministry of Finance allocates charter funds to VBSP and supplements interest deficit and management fee for VBSP as planned and reports by VBSP on actual mobilization of funds and credit provision to poor households and target people.
- (2) Poor households are supposed to make an application for credit then submit it to the savings & credits group for their consideration and assessment before entering the list and sending it to CPC for approval.
- (3) CPC sends the list of poor households eligible for credits to the representative office of VBSP.
- (4) Representative office of VBSP will inform poor households upon approval of their application.
- (5) Representative office of VBSP tracks credit provision situation, credit collection and sends information to the provincial branch of VBSP for consolidation and report to VBSP and DOLISA.
- (6) VBSP reports to MOLISA and MOF.

Figure 5: Application of the policy on health care for poor people



- (1) Commune People's Committee is supposed to make a list of poor people to be provided with health care insurance cards and sends it to Division of Labour Invalids and Social Affairs/ Department of Labour Invalids & Social Affairs for consolidation before sending on to Department of Finance.
- (2) Department of Finance based on the list of target people buys health care insurance cards and transfers funds to social insurance agencies.
- (3) Social insurance agencies at province and district levels contract with health care centers and pay for their services.
- (4) Poor people are provided with health care services at these health care centers.
- (5) Social Insurance agencies report to Vietnam Social Insurance.

From the figures reported in Table 4 it is clear that disbursement during the review period 2006-2008 has lagged significantly against plan. By the end of 2008, just under 33% of the planned total to 2010 had been disbursed, against an anticipated target of 60%. An ambitious budget has been set for 2009 but it is by no means clear that this will be attained, as many of the restraints responsible for slow performance to date have not been addressed. A principal restraint as we have already seen is the disconnect that exists between the process of setting objectives and targets for each component programme, and allocating budget in line with these targets. (See section 3.2.3 above). Each of the component projects and policies face unclear budget allocation norms, not linked to either expected results, or resident's needs. (N3 report). Localities and agencies in charge of implementation of the component programmes have no means to allocate sufficient funds to meet the set targets, as there are no regulations to ensure sufficient funds for each programme or project are available to meet the targets set. (N3 report).

The disconnect between planning and budgeting is a feature of the system from the centre to local levels, with the Standing Committee for poverty reduction at district and commune levels not participating in the budget allocation process, so having no opportunity to influence whether the resources allocated respond to local level needs. The PETS team observes:

'Budget allocation is not often based on collected data and information. For Ninh Thuan, Quang Nam and Ha Nam, planning does not seem to consider the needs from the bottom enough, especially for the agriculture, forestry and fishery promotion component'. (N3 KIP).

In practice too, the budget allocated from the centre fluctuates from year to year, which makes coherent long term planning difficult. Priorities in budget allocation at district and commune levels are not always clear and aligned to national result targets, and in the absence of a clear connection between results targets and budgets, budget is often spread thinly across activities which results in limited impact. There is also little scope within the system to respond flexibly to rapidly changing prices in an inflationary context, with the result that costs norms become quickly outdated, programmes experience cost overruns or do not achieve anticipated targets. Consequently the PETS team conclude:

'Vietnam's budget capability for the programme is quite limited, and programme budgeting is not realistic'. (N3 report).

Against expectations too, provincial contributions to the programme have been very small. Two out of the six provinces surveyed by the PETS team made no contribution to the programme at all. (Lao Cai and Quang Nam provinces)¹⁸. Soc Trang Province was able to make a relatively large contribution to the programme through combining components from other programmes, but Ninh Thuan was the only province where specific additional resources were allocated for the programme. However, the contribution was small; in Thuan Bac District it was estimated to be between 500 -700 million VND per year, only 2% of programme expenditure. (N3 report). Programme budgeting also failed to take account of inflation, which made the value of budgets allocated in 2006 significantly smaller in real terms. Generally speaking, the level of funding available for each of the component projects under the NTP-PR were small by the time they reached district and commune levels, though each required separate systems of administration and reporting, implying very high transactions costs.

The PETS team observed that all localities report the treasury system operates efficiently in disbursing money, with transparent processes and procedures. They also conclude, however, that because of a shortage of available data it is very difficult to see whether the funds available at the local level correspond to funds allocated from the central level (N3 report). One NTP-PR project in which forward planning and advanced fund allocation seems to be working well is the infrastructure support project to poor coastal and island communes. Regular and timely information is provided to the communes on the funds available (700 million VND per annum) enabling eligible communes to make plans well in advance to be able to make best use of the resources, for example in combining the funds with other funding sources to implement larger scale projects. Budget allocation is also made according to P135-II budget norms. As the N6 report notes:

'provinces, districts and communes take proactive measures for coordination in planning and integrating resources to increase effectiveness and efficiency in the programme.' (N6 report based on field discussions in Soc Trang and Lao Cai)

The vertical, silo based nature of the programme also acts as a significant restraint upon effective and responsive planning, budget management and implementation, with limited information flows working against the possibility of maximizing synergies across programme components, and no regulations issued on the integration of NTP-PR activities at the local level:

'Policies, programmes and projects are vertically implemented and managed. Therefore information tends to be circulated in a closed circle and it is difficult for other agencies from different sectors to obtain full access to information for coordination and it is also difficult to cross-check' (N6 report)

¹⁸ The PETS team surveyed 6 provinces as follows: Ninh Thuan (Bac Ai and Thuan Bac districts); Soc Trang (My Xuyen, Ke Sach districts); Nam Ha (Duy Tien, Kim Bang districts); Lao Cai (Bao Thang, Bat Sat districts); Kon Tum (Konplong, Konray districts) and Quang Nam (Bac Tra and Phu Ninh districts).

The PETS team conclude that:

'the programme budgeting approach should be changed to one whereby goals are pre-determined and budget is provided in time, and to a relevant amount, as planned for each goal' (N3 KIP) Also, 'to avoid overlapping in investment process and facilitate programme monitoring and evaluation, the scope of the programme should be reviewed (together with other programmes)'. (N3 KIP)

One further restraint inherent to the design of the programme is the process through which the level of funds are determined from the centre to different localities. Currently, resources are allocated relatively equally between provinces, rather than based upon selective and transparent criteria to define levels of need. The N6 report notes that those provinces least able to meet their top-up contributions to the NTP-PR, are the provinces with the most poor people:

'resource allocation method is not yet fair amongst localities and regions; budgets are still evenly allocated and equally divided and are not based on the criteria of population, level of poverty, natural conditions or rate of socioeconomic development'. (N6 KIP report)

This issue has been resolved in P135-II, with criteria established through which funds are dispersed according to communes relative levels of poverty, population size, the nature of the commune and the difficulties faced, and a ready model therefore exists through which NTP-PR practice could be adapted. However, the proliferation of different responsible agencies and associated planning and budgeting modalities would make a single unified approach difficult to implement in practice, as the N6 module team observe:

'the shortcoming is that NTP-PR has many different policies and projects which are presided over by many different units, budget is allocated through different approaches at different times, accounting and payment methods are different and this all causes difficulties and passiveness for implementing units.' (N6 report)

A final restraint highlighted through the MTR is the lack of coherent overall socio-economic development plans in the localities. Without such a plan, it remains difficult for local authorities to take the initiative in concentrating the resources available to meet local development needs, and to advocate to higher authorities for the financial resources necessary to meet strategic local objectives. (N3 report).

3.3.2 Management, Implementation and the Capacity to Deliver the NTP-PR

Given the top-down and silo based nature of the NTP-PR, the system necessarily relies upon the issuing of clear and timely instructions from the centre to localities in establishing what is required under each component of the programme. The N6 module report notes how late or unclear instructions from the centre can have a cascade effect:

'Documents and instructions issued for implementation of the Programme have been adequate for localities to implement the policies and projects under the programme (especially the promulgation of circular 102...) However, sometimes the promulgation of the programme document and programme decisions were late (in 2007) and as a result, instruction documents of policies and projects under the programme were consequently promulgated late'. (N6. KIP).

In the case of the late promulgation of Decision 20 at the beginning of the programme (in 2007) and the consequent lack of implementation instructions to the localities, many were forced to use the instructions and legal documents from the 2001-2005 programme period. However, this caused confusion and left many staff feeling vulnerable to claims that they had violated procedures. (N6 report). Once instructions were issued to supersede the interim instructions, these had again to be translated into locally specific directives which again took time, and was a labour intensive and expensive process. (N6 report). Sometimes too, staff in the localities face the need to implement measures extremely urgently, but with no corresponding instruction documents, leaving staff in a difficult position. (N6 report). Both cases highlight how, under the current management arrangements for the NTP-PR, there is little scope or encouragement for staff in the localities to

implement component programmes flexibly and proactively, according to local needs¹⁹. (We return to discuss the issue of the 'empowerment' of local cadre in the following section). Instead, the system is cumbersome and bureaucratic, and marked by a lack of incentives for local levels to perform well.

A key issue perceived to underlie management and implementation problems with the NTP-PR is a lack of capacity of local level staff. This has many forms, as the module reports (particularly the N5 capacity assessment report) highlight. Part of the problem identified is that the capacity of local level cadre does not correspond to assigned tasks and responsibilities under the NTP-PR. (N6 KIP). The module reports also identify a systemic problem with management and leadership arrangements for the NTP-PR in the localities. At provincial, district and commune levels responsibility for supervision of the NTP-PR is assigned to a poverty reduction Steering Committee, composed usually of the heads of agencies. However, these committees are tasked not only with implementing and monitoring the NTP-PR, but all socio-economic development programmes²⁰. The representatives on the committee are always busy and not able to pay particular attention to the NTP-PR, and in many cases do not have detailed knowledge about the component programmes and objectives of each. The N6 module team conclude they are often not 'fully engaged' with the NTP-PR and are overburdened (N6 report). Also, given the large number of disparate component programmes to the NTP-PR, all delivered through separate line agency channels, the required coordination across agencies is time consuming and often impossible. The N6 KIP notes:

'Performance regulations developed by steering committees are not properly executed, for example meetings of steering committees are not conducted as regulated, member executing agencies do not submit all required reports, or the contents of these reports are still poor and formal in style. In some provinces there is no professional officer for supporting steering committees on poverty reduction, due to organisation turnover, there are no responsible officers in charge of the programme'. (N6 KIP).

It appears to be difficult to convene meetings across departments in the localities to facilitate coordination, and often there is little coordination or cooperation between steering committee members. From field work discussions the N6 module team observes:

'Sometimes, assistant groups to the steering committee standing members find it difficult to require members to send data and submit reports to consolidate into a general report to be sent to the central level. Many times, they must use their individual relations to ask for their time to consolidate data'. (N6 Report. Discussions from Ning Thuan and Soc Trang)

The issue of staff responsibility for implementing the NTP-PR at local levels also appears problematic, despite responsible officers being clearly assigned in Decision no. 20. In practice, work associated with implementing poverty reduction activities is seen as 'additional work': 'Provinces have not yet assigned specialised poverty reduction staff so that they [existing officers] must do both jobs concurrently'. (N6 report). No professional officers are usually assigned to support the steering committees on poverty reduction either, and there is a high turnover of staff, with frequent shifts in responsibility between staff for the NTP-PR.

There is then an urgent need to address staff re-organisation at local levels to support implementation of the NTP-PR. In particular, one full time staff should be assigned and responsible for poverty reduction at the commune level, and steps taken to strengthen the remit and capacity of poverty reduction steering committees²¹. Staff capacity in general at local levels needs to be urgently strengthened, for both Government cadre, officers of the mass organisations and Party officials. The N5 KIP highlights the following areas as being particularly important to strengthen: strategic participatory planning; operational planning and budgeting for results; project management; community development; intercultural communication; implementation monitoring and results evaluation.

¹⁹ The N6 module report notes there is still an urgent need for guidance to be issued on the implementation of communication activities under the NTP-PR. Also, criteria need to be established on what constitutes a 'near poor' household (in order to be able to access medical insurance cards) and how the 'graduation from poverty' will be measured. ²⁰ This problem seems to have been exacerbated by the decision to disband DEMA at the district level. Responsibility for P135-II has therefore been shifted to the district Steering Committee for Poverty Reduction. In theory this should enhance coordination and integration across the programmes, but only if higher level management arrangements can be similarly adjusted, and additional resources provided for managing the implementation of both programmes.

²¹ The issue of allocating sufficient staff at local levels to implement poverty reduction activities is recognized and addressed in the current 'resolution for sustainable poverty reduction in the 61 poorest districts.' (Resolution 30a).

3.3.3 Information Flow, Accountability and Progress in Decentralisation

Key recommendations from 2004 on improving the organisation and management of the HEPR include: 'develop mechanisms to promote transparency and accountability of financial management' and 'improve participation at local levels by operationalising the Grassroots Democracy decree'. There has undoubtedly been some progress in decentralisation of the NTP-PR, with for example lists of poor households now approved at the district rather than the PPC level, but much more could be done to facilitate administrative decentralization and, as the N6 module report notes, financial decentralisation 'has stopped at the district level'.

The flow of information from district to commune levels in particular appears still to be limited, and this is linked to the poor accountability of higher level authorities to the lower levels. This situation is exacerbated by the design of the NTP-PR whereby responsibility for the implementation of some programme components still lies with the district level. The management and supervision role of local people is therefore very limited:

'Communes have limited access to information related to programmes and projects implemented and managed by provincial and district agencies though they are the beneficiaries. It is also difficult for people living in remote or difficult-to-access areas to access information'. (N6 report)

In addition, module reports note a lack of accountability of higher levels to lower levels on how and why programme component plans and budgets are changed. Commune officials in particular do not feel empowered enough to question the rationale behind allocations, and why they are changed, and districts don't inform the commune level of why changes take place (N6 KIP report). There is very little knowledge of budget allocation procedures, and budget figures, between the respective levels (central to provincial, provincial to district, district to commune) and the criteria for allocation is generally characterized as being unclear. (N6 module report). In fact, what appears to be lacking is the culture of participation which the Grass Roots Democracy Decree is intended to promote. Whilst information is released when it is a formal requirement, there is no spirit of information sharing on the part of officials, to improve programme efficiency, and no strongly articulated demand on the part of lower level officials to access more information to share with communities. Consequently there is little opportunity for either commune officials or villagers themselves to influence NTP-PR components to be more relevant to local needs. Financial information needs to be released through the system in a timely and regular manner as without this, planning will continue to be based on insufficient information and poor participation, with corresponding low levels of efficiency, relevance and ownership:

'Communes set up poverty reduction plans after receiving criteria assigned by districts, however at the time of setting up the plans, there is insufficient information on the resources which will be allocated from the upper levels and for which activities, so that communes find it difficult to take a proactive part in implementation'. (N6 report)

The public procurement process under the NTP-PR is illustrative of both how limited decentralisation has been to date, and how accountability to, and the participation of commune officials and local people is lacking in deciding how component parts of the NTP-PR are implemented. From the PETS survey, only an estimated 10% of communes are currently acting as investment owners. (N3 report). The survey also highlighted how limited beneficiaries input is in decision making processes around programme support. In Dai Phuoc commune, Bac Ai district, a fishery extension support project required the community only to estimate their pond areas; they were not required to input information about locally appropriate fish varieties. (N3 report). Despite Government guidance on competitive bidding (developed under the P135-II) in practice restricted or appointed bidding is a common practice for NTP-PR suppliers and infrastructure contractors. Reasons commonly given for this include the small size of contracts being unattractive to bidders, the time required and the complicated nature of competitive bidding procedures, and limited local capabilities in being able to procure services competitively. Consequently responsibility for procurement often rests with the district level and the rate of commune level ownership of investments developed through the programme is low. Involvement of communities, especially the poor, in the procurement process is usually low, community oversight of procurement is limited and no effective monitoring system is usually in place through which local people can judge performance and the transparency of contract implementation procedures. Commune officials and communities themselves are often simply passive recipients in this process, with no sense of ownership of investments, no input into deciding the appropriateness of the investments, and no commitment to financing operational maintenance. These

problems are compounded by the lack of budgetary provision of funds for maintenance. There is therefore a significant risk that the investments made under the NTP-PR might not be sustainable.

3.4 Targeting Efficacy

In assessing the targeting efficacy of the NTP-PR, the MTR Common Framework identified the following key areas of enquiry:

1. To what extent the targeted groups had access to the goods and services provided by the programme (under/coverage rate);
2. To what extent non targeted groups have benefited from programme services (leakage rate);
3. To what extent the programme had undesired effects (e.g. distorting the micro-credit market)²²;
4. What is the appropriate poverty line in the current economic context?
5. To what extent the current definition of poverty creates stigma among the poor?

3.4.1 Estimates for NTP-PR Mistargeting

A critical evaluation dimension for any national programme such as the NTP-PR is to attempt to evaluate the level of mistargeting the programme is subject to. Mistargeting here refers on the one hand to 'leakage' (the rate at which ineligible people are nevertheless able to access programme benefits) and on the other to undercoverage (the number of poor people eligible for programme benefits, who are not actually able to access these benefits). Estimating mistargeting rates is an imprecise science, as the N4 module report makes clear. It is nevertheless an important activity to attempt in order that some estimate of programme coverage can be made.

The N4 targeting module team used two data sources for this exercise. The first was the nationally representative Vietnam Household Living Standards Survey (VHLSS) 2006. VHLSS samples approximately 46,000 households across Viet Nam, and provides information on both households officially designated as poor by DOLISA in local areas ('category 1' households)²³, and households that can be classified as poor according to reported income levels per capita in the VHLSS 2006 ('category 2' households). The two are not necessarily the same. VHLSS 2006 data was collected during May – June and September – October 2006, and includes questions on access to eight of the policies and projects under the NTP-PR²⁴. Unfortunately these questions were only asked to those officially designated as 'poor' by DOLISA standards, so excludes those non-poor who may be receiving NTP-PR benefits. It is not therefore possible to directly calculate programme leakage rates by extracting data for non-poor programme beneficiaries. However, an estimate of leakage has been made by identifying households that are not poor according to reported income in 2006, but who are nevertheless classified as poor on DOLISA lists and are thus eligible for NTP-PR assistance.

The second data source was the Qualitative Survey conducted by ILLSA for the MTR. This survey collected information on the NTP-PR from 1,620 exclusively poor households in nine provinces, and covered the period 2006-2008. There was no income or expenditure calculation used in the QS and the questions were qualitative in nature, providing important information on some of the causality behind the trends observed. The QS supplements, therefore, some of the more statistically robust findings from the VHLSS and, as Table 6 shows, the reported results on coverage for each of the component projects are of a similar order of magnitude, for most projects at least (the exception being the project on agriculture-forestry-fishery extension, where VHLSS

²² Module reports do not address this dimension to targeting efficacy of the NTP-PR, so conclusions cannot be drawn in this report pertaining to this particular issue.

²³ Category 1 households make up 13.2% of the VHLSS 2006 sample, category 2 households 15.5%. The figure of 13.2% is not a reliable estimate of NTP-PR coverage as a number of non-poor households will also have access to NTP-PR programmes, but are not captured in the data.

²⁴ The 8 policies and projects are: preferential loans for the poor; exemption for the poor from health care costs; exemption for the poor from education costs; vocational training for the poor; allocation of land to poor ethnic minority households; agro-forestry-fishery extension support; housing and land subsidies for the poor; and clean water for the poor.

2006 estimates a coverage rate of 18.5%, against the QS rate of 43.6%). The two surveys are not directly comparable, however, as the QS was conducted in 2008, and covers the whole period 2006-2008, whilst the VHLSS covers only the 2006 period when the survey was conducted²⁵.

Through the VHLSS 2006 data, the N4 module team estimate that 43.7% of households classified as poor by DOLISA standards, are not poor by VHLSS income calculations. This figure of nearly 44% 'leakage' comes with important caveats, however. Firstly, a number of more developed provinces and municipalities have applied their own, higher poverty lines to reflect a higher cost of living in their respective areas. This is the case in, for example, Hanoi, Ho Chi Minh City, Binh Duong, Da Nang and Khanh Hoa. They are therefore classified as 'poor' by local standards, but not by the aggregated national VHLSS rate, and they account for 7.4% of the estimated 43.7%.

A second caveat is that, of the 43.7% estimated non-poor beneficiaries of the NTP-PR (i.e. classified as 'category 1' but not 'category 2'), more than three quarters (76.5%) were regarded as 'eligible' ('category 1') under DOLISA classifications in 2005. This is given by the N4 team as a possible reason explaining why the leakage estimate is relatively high:

'Perhaps at the time when the 2006 household living standards survey was conducted (May – June and September – October 2006) many poor households in 2005 had successfully escaped from poverty, but local household wealth ranking exercises for the year 2006 had not yet been undertaken, so those households were still classified as poor households in 2006'. (N4 KIP report).

Nevertheless, it is worth noting that if this is a legitimate explanation, this would be the case for any year in the review period in which the survey was conducted, i.e. the DOLISA list for 2008 would contain ineligible beneficiaries from 2007. It therefore reflects an inherent weakness in the targeting system for beneficiaries of the NTP-PR. In a context where poverty mobility is increasing and vulnerability to shocks is an increasing feature of the socio-economic landscape of Viet Nam, the number of people moving in and out of poverty is likely to increase but the administrative system currently appears unable to keep track, so that benefits of being classified as 'poor' are not available when they are most needed. Instead, people gain access to benefits either the year after, or when they have graduated out of poverty. Excluding both the 7.4% of respondents subject to a different poverty classification, and the 76.5% of households poor in 2005, the N4 team estimate a leakage rate for the NTP-PR programme of 9.9%²⁶. It can be said, then, that there is no viable explanation for why 10% of programme beneficiaries in 2006 had incomes above the national poor household rate.

In regard to the rate of undercoverage of the poor in the NTP-PR, VHLSS data reveals that 52.1% of respondents classified as poor by the VHLSS, are not included in the DOLISA poverty lists. Just over half of the 'real poor' then, are not eligible for NTP-PR support²⁷. The N4 module team observe that the same issue for undercoverage applies as for leakage; i.e. that local poverty assessment processes may not have been carried out by the time of the survey in 2006. If this is the case, it reinforces the observation that the system of poverty classification is unwieldy and slow if it is unable to identify the poor at the time when they most need support. It also shows how an arbitrary cut-off point for deciding who is poor/ non-poor does not necessarily reflect a reality in which households may move above or below the poverty line frequently. As already observed, nearly 77% of those classified as 'non-poor' by VHLSS 2006 were 'poor' by DOLISA standards in 2005, so may well have been just above the poverty line in 2006, but still relatively poor. The GSO classification of poverty used in the VHLSS is an income and expenditure classification which does not take account of other material and non-material dimensions to poverty, such as health, education, shelter or participation in decision-making processes. (This is discussed further in section 3.4.4). There are different ways to measure and understand poverty, and differences in the data between VHLSS and DOLISA standards may well reflect different ways of measuring and assessing what it is to be 'poor'.

²⁵ 2008 VHLSS data is currently unavailable, but would provide more comparable data for the QS, as well as more up to date information on which to base NTP-PR mistargeting estimates.

²⁶ It is worth noting that this rate is far below the estimated rate of leakage for similar nationally targeted poverty reduction programmes elsewhere. For example, Brazil's Bolsa Familia programme and Mexico's Oportunidades programme had estimated leakage rates of 49% and 36% respectively in 2004. As a general trend, the International Poverty Centre (IPC) note that the targeting efficacy of national programmes necessarily goes down as coverage increases, as it becomes more difficult and expensive to monitor compliance with criteria for programme eligibility. (IPC Evaluation Note No.1, Dec 2007).

²⁷ The rate of poor household coverage for Bolsa Familia and Oportunidades are 40% and 30% respectively.

3.4.2 Poor People's Access to NTP-PR Services

In total, the N4 module team estimates from VHLSS 2006 data that 90.2% of eligible (category 1) households benefit from at least one NTP-PR policy or project. (N4 report). There is no ethnic minority difference in terms of the level of access, with 89% of Kinh or Hoa eligible households accessing support through at least one NTP-PR component, against 94% for 'other' ethnic groups. Respective calculations for coverage of each project and policy under the NTP-PR are given in Table 6 below, using data from the 2008 QS, and compared against the 2006 VHLSS data for households accessing NTP-PR benefits ('category 1' households). Based upon findings from the QS report, some explanatory reasons for the figures in the table are given by the N4 module team, as follows. (From N4 KIP report).

Inability of poor households to access preferential loans: The main reason given for this is that poor households fail to submit loan applications, because they are not confident their business ventures will be successful or that they will be able to pay back their debts (approximately half of respondents) and because the loan size is small and procedures complicated in order to be able to access the credit (10% of respondents).

Inaccessibility of poor households to agro-forestry-fishery extension services: The two main reasons listed as limiting participation of poor households in extension training and support are that 1) the poor are 'unaware that such training courses are useful for them' and 2) they have no information on the programme.

Access to free of charge health care services: Coverage and accessibility for the health care component of the NTP-PR is good, with the gap between those who have received a card, and those who have yet to access healthcare treatment (in Table 4 below) attributable to the fact that family members had yet to need medical treatment. Amongst the small number of poor households unwilling to use health care services, the main reasons given were that they had to travel a long distance for medical treatment, and they were worried about the quality of treatment on offer.

Causes preventing poor households benefiting from full or partial exemption from school fees: More than half of eligible households have not yet benefited from the full or partial exemption from school fees, either because they have not had access to information about the programme, or because they have submitted their applications but these have not yet been approved.

Limited participation of poor households in vocational training courses: The main reasons given for why poor households have not participated in vocational training courses is either that such courses have not been organised, they have had no information about the programme, or they have not been eligible to participate in the courses.

Inability of poor households to access housing support: Some of those households who would be eligible for support under this project have not applied as they currently have a concrete or semi-concrete house (40%) whilst 24% have not had access to information about the programme. Major factors limiting applications of the poor for project support is that the application procedure is considered too complicated, and that the credit norms offered through the project for housing support are considered too small.

Poor households unable to access legal aid or counselling services: The main reasons listed for the inability of poor households to access legal aid or counselling were 1) no access to information on the policy and 2) no commune staff appointed at the local level to provide legal counselling services.

As can be seen, a recurrent reason for households not taking up support available through the NTP-PR is a lack of information about the policies and projects on offer. This resonates with findings from other module reports that guidance on communication activities for the NTP-PR need to be strengthened, and more done to disseminate information to beneficiaries on the features of NTP-PR component policies and projects, eligibility and application procedures.

Table 6: Estimated Coverage of NTP-PR Projects & Policies Using QS Survey & VHLSS 2006

NTP-PR Project/ Policy		MTR Qualitative Survey 2006-2008 (%)	VHLSS 2006 (%)
1.	Preferential credit for poor households	46.4	39.4
2.	Exemption, reduction of fees for medical examination and treatment for poor people: households with cards issued	98.9	80.9
3.	Exemption, reduction of fees for medical examination and treatment for poor people: households accessing treatment	83.5	
4.	Exemption, reduction of educational fees for poor people: households with cards issued	57.2	49.5
5.	Exemption, reduction of educational fees for poor people: households with at least one child in school	87.2	81.0
6.	Vocational training for poor people	1.9	4.1
7.	Provision of productive land for ethnic minority households		3.9
8.	Provision of productive land for ethnic minority households (excluding Kinh and Hoa ethnic groups)		10.2
9.	Agricultural-forestry-fishery extension	43.6	18.5
10.	Agricultural-forestry-fishery extension: only households with agricultural-forestry-fishery activities		22.4
11.	Housing for poor households	21.2	10.8
12.	Legal counselling services for the poor	7.7	
13.	Legal counselling services for the poor: households accessing services against total households that have expressed a need	58.7	
14.	Clean water for poor people		9.7

Source: Consolidated from N4 Targeting KIP & Report.

3.4.3 Appropriateness of the Current Targeting System and Poverty Line

As already discussed above in section 3.4.1, the system of identifying poor households rests with commune level officials, who compile annual lists of the poor against criteria set by DOLISA. The threshold by which households are defined as poor was set from 2005 onwards by MoLISA at 200,000 VND per person per household in rural areas, and 260,000 per person per household for urban areas. This threshold applied throughout the evaluation period for this MTR, i.e. 2006-2008. In practice, the criteria and methodology used to assess household socio-economic status varies across the country. In most communes, annual lists of poor households are updated administratively, that is to say, officials have discretion in deciding which households meet particular criteria and are therefore eligible for support. The N6 report notes the following:

'Identification of poor households by the commune level is suitable because commune authorities are closest to the people so are able to observe and identify poor households more precisely than districts or provinces do. The issue is the pressure for 'achievement' on poverty reduction from upper levels and pressure from 'demands of beneficiaries' which causes mistakes in the identification of poor households'.
(N6 report)

There is no clear objective criteria through which poverty assessments are made, meaning that i) poor household rates are not necessarily comparable across the country, as they are derived from different methodologies; and ii) the process relies heavily upon the discretion of local officials, and is therefore subject to both local patronage relationships, and to manipulation to meet higher level targets. Consequently, the N6 module team concludes the following:

'Poor household identification methods should be renovated and administrative decentralization should be strengthened to ensure the accuracy and relevance of roles and responsibilities, and to avoid the situation in which localities seek investment by increasing poor household rates and then, when they want to report good achievements, they just reduce the poor household rate automatically. . . . Simple, measurable and feasible indicators for monitoring poverty should be promulgated soon, with instructions on information collection and data processing'. (N6 KIP)

More guidance also appears to be needed on how the 'graduation' of poor households and communes should be appraised (N6 KIP report), and how the 'near poor' (who are a target group for some of the projects and policies of the NTP-PR) should be objectively assessed. Better targeting methods for groups under the capacity building and support provisions of the NTP-PR are also called for in the module reports, with the N1 report noting that: 'sometimes even the whole management unit is selected for capacity building, with the same method of implementation'²⁸. (N1 report).

In the recent inflationary context²⁹, there has been much discussion over whether the poverty line of 200,000/260,000 VND set for the period 2006-2010 is still appropriate. Recent participatory poverty assessments have documented testimony from people living in poverty that the poverty threshold is no longer appropriate³⁰ and in 2008, MoLISA suggested a revised poverty line of 300,000 VND for rural areas and 390,000 VND for urban areas. The MTR's of the NTP-PR and P135-II developed a shared evaluation model to assess the appropriateness of this new poverty line in terms of 1) whether it covers all necessary expenditure for food consumption equivalent to 2100 kilocalories a day per adult (the proxy used for the food poverty line) and some essential non-food consumption (the proxy for the general poverty line); and 2) whether the poverty line reflects the most recent changes in the consumption basket made by households as a result of the inflationary context.

The C2 study team observed that, since 2002, the household nutrition rate has increased significantly. Whereas in 2002 (the base year for the 2005 poverty line) the threshold of 2100 Kcal fell within the second income quintile, by 2006 it fell within the first (poorest) quintile of the population. Also, the prices for major items in the food basket (rice, shrimp, fish, eggs) increased sharply in recent years, along with an increase in the quality of goods available. The C2 study team concludes that, though the basket of goods underlying the poverty line does not need to be updated too regularly, it is subject to change after a long period (over five years) through both macroeconomic changes, and micro changes as household wellbeing improves. It is therefore necessary to adjust the structure of the basket of goods periodically. The study team also observed that the food security of households is 'more and more secured' (C2 report) and that, when the average calorie intake per capita of all quintiles is more than 2100 Kcal, this method of calculating the poverty line will be of no use. Instead, the 'definition of poverty should be re-considered':

'In the future, poverty will not only be about poor food situation (absolute poverty). It is time for Viet Nam to build up the concept of relative poverty, in which a detailed analysis is made of the correlation between the poverty line (a minimum standard of living) and average social expenditure (the average social living standard). This approach can save a lot of time as it only uses data from the VHLSS which is conducted every two years by GSO to identify the average expenditure and uses the coefficient of minimum and average living standards to figure out the poverty line and poverty rate. The advantage of this approach is that the poverty line can truly reflect changes in living standards of the poor compared with the general standard. However, this approach should be further assessed after VHLSS 2008 data is available'. (C2 report).

²⁸ The N1 report goes on to observe that 'communication activities have exactly the same problems'.

²⁹ The Consumer Price Index (CPI) in Viet Nam rose sharply between 2006 – 2008, from 10% in 2006 to almost 20% by mid 2008. (C2 module report, Pg 2)

³⁰ See Oxfam/ ActionAid (2008) 'Impacts of Price Hikes on the Lives and Livelihoods of Poor People in Viet Nam'.

3.4.4 Capturing Multi-Dimensional Measures of Poverty

As Viet Nam moves towards middle income country status, poverty is increasingly becoming less a question of absolute deprivation, and more one of relative need (as noted by the C2 report above). Increasingly then, a new approach to assessing what it is to be 'poor' will be needed. Measuring inequality will be a critical component to this as the proposed methodology by the C2 team recognizes (above); poverty will reflect how far a household is able to attain the average living standard, rather than an absolute benchmark figure. New, wider definitions of poverty will need to better capture an expanded conception of well-being which incorporates non-income (or non-monetary) dimensions of poverty too. In this regard, measuring progress towards attaining the Viet Nam Millennium Development Goals will be key, as the VDGs track progress against a wide variety of wellbeing measures, such as access to primary education, nutrition, combating HIV/ AIDS and other serious illnesses, environmental sustainability and access to safe drinking water. The VDGs also conceptualise poverty as being a condition which is experienced differently by groups beyond household classifications, women and children in particular, and highlights aspects of poverty to which they are particularly vulnerable. These include maternal health and gender disparities in accessing primary health care and education. Women's access to decent work is also a wellbeing indicator that should be increasingly monitored as waged employment increases as a share of overall employment for the workforce. Increasingly too, issues of voice and the ability to participate in decision-making processes are also being recognized as an important determinant of poverty.

Adopting a multi-dimensional definition of poverty has important implications for the future design of national targeted programmes for poverty reduction. The C3 module team note, for example, that the NTP-PR currently covers only a small part of the needs of poor children; of an estimated 31% of children living in poverty through a multi-dimensional definition, 18% live in non-income poor households and do not therefore receive support through the NTP-PR. (C3 study). As already discussed, policies providing social safety net support will become increasingly important, as will a new approach to defining 'target groups' for support – these are less likely to be exclusively household based in the future, and more likely to focus upon particular vulnerable groups such as poor children; the elderly; those in insecure employment; rural people living with the threat of climate variability; and women and children vulnerable to being exploited. Correspondingly, more multi-dimensional definitions of poverty will need to be defined and incorporated into NTP-PR targeting modalities, to include dimensions to poverty such as gender equity; the environment; nutrition; leisure time; and social inclusion. Future methods to target the poor should also be quick, simple and easy to administer for local officials. ILLSA's current work with the World Bank exploring 'poverty score card' methodologies which use a small set of easily observable poverty proxies is an interesting development in this regard.

3.5 Beneficiaries' Perceptions and Quality of Service Delivery

The final evaluation dimension for the MTR relates to beneficiaries perceptions and the quality of service delivery, for which the MTR common framework identified three key questions:

1. What is the level of satisfaction of beneficiaries vis-à-vis their access to programme sub-components?
2. What is the quality of services received?
3. What are the impacts of policies/projects according to perceptions of beneficiaries?

3.5.1 Beneficiary Perceptions on Programme Access and Quality of Services

The qualitative survey module (N2) provides important information on the level of satisfaction of beneficiaries, their access to programme services, and their perceptions of the quality of services they receive. Many of the findings from the QS have already been discussed in earlier sections of the report, but are summarized here in Table 7 below³¹. Generally speaking, poor people have been able to access component projects and policies

³¹ Once again, it is important to reiterate the limitations of the QS methodology. As enumerators for the survey were closely associated with Government bodies, the levels of satisfaction expressed amongst beneficiaries may well have been overestimated. Sub-contracting to an independent research body in the future may give a truer reflection of relative levels of satisfaction with the programme.

of the NTP-PR in a straightforward way. There are few reported incidences of poor people being required to 'pay' for services, and administrative procedures are generally reported to be simple and convenient. The coverage of projects and policies against reported demand is high for health care support, educational support and the credit component, with the rate of beneficiary coverage lower than anticipated for agricultural extension support, vocational training and legal support. Overall, the level of satisfaction of beneficiaries is reported by the N2 team as being 'relatively high' (though with significant variations across component projects and policies), particularly for the component projects and policies for credit support, health and education support, housing support and infrastructure development.

Table 7: Key QS Findings for NTP-PR Policies and Projects³²

NTP-PR Policy/ Project	Key QS Findings on Access & Quality of Services
Policy on preferential credit for poor households	<ul style="list-style-type: none"> • This policy had a high level of support, with 70% of households having a demand for preferential credit. • 99% of those accessing credit felt the procedures were simple and easy to follow • 47% of all respondents borrowed from the programme, rising to 67% of all households with loan demands. The rate of take-up of loans was higher amongst ethnic minority groups in this category (72%) than kinh households (60%)³³ • The median loan amount borrowed was 7.08 million VND; for ethnic minority households it was higher on average (7.43 million) than for kinh households (6.58 million). • The amount borrowed on average is far below the anticipated borrowing ceiling under the policy (30 million VND). Nevertheless, households reported the credit is sufficient to meet their production demands, which are mostly (85%) for agricultural production • 8.6% of respondents had loan needs but did not apply for credit, primarily because they were worried about repayment (70%) • 82% of borrowers reported receiving instructions for the use of the funds.
Project on agricultural-forestry-fishery extension and support for development of production and occupation	<ul style="list-style-type: none"> • 68% of all respondents expressed a 'need' for extension support, rising to 80% of households actively engaged in agricultural production • 44% of households participated in extension activities, which is lower than anticipated • Reasons for why households do not participate in extension activities are that 1) they don't find the services 'practical' (36%) and 2) they have no information on extension activities in their location (32%) • 20% of respondents didn't know whether there were agricultural extension staff in their commune.

³² The QS was conducted with 1620 households in 54 communes, 9 provinces of the country during October 2008. 47% of respondents belonged to the Kinh ethnic group, 720 households were in P135-II communes, and 240 households belonged to coastal communes. 100% of the households surveyed were classified as poor households, with 81% poor in all three years between 2006-2008.

³³ The World Bank's Country Social Analysis (2009) provides a possible explanation for why ethnic minority households borrowing rate and loan amount size are greater than for Kinh households. The World Bank's research shows that, on the whole, Kinh groups have better access to multiple credit sources, particularly from commercial providers, and may therefore be less reliant upon NTP-PR credit provided through the Social Policy Bank.

Policy on health care for poor people (free and subsidized health insurance cards)	<ul style="list-style-type: none"> Compared to the period 2001-2005, implementation of the policy has accelerated dramatically, from 32% to 99% in the review period 90% of households received health insurance cards of 12 months duration, and 10% covered 24 months (which is the target of the policy for all households) 99% report the procedure for gaining health treatment with the cards is simple and convenient. 90% of the cards have the correct information, though 10% overall have mistakes, with the error level for cards for ethnic minority people higher, at 12.5%. Only 5% of cards were issued on time, in the beginning of the first quarter, with 80% arriving later in the first quarter. 2% of beneficiaries had to pay some fee to get the cards.
Policy on educational support for poor people (exemption and reduction of school fees)	<ul style="list-style-type: none"> 66% of poor households make use of the policy, and 100% of poor households who send their children to school have the demand for support through the policy 86% of households that send their children to school, receive support under the policy. The rate for ethnic minority households is 93% 99% report that the procedures under the project are simple and convenient
Project on vocational training for poor people	<ul style="list-style-type: none"> Despite 75% of respondents reporting a need for vocational training, only 2% have actually benefited from this policy The policy is relatively new, which may account for the low coverage. 25% of people interviewed had no information about the project and 46% reported not having seen any vocational training activities for poor people.
Policy on housing support for poor people	<ul style="list-style-type: none"> 37% of poor households reside in temporary housing, so this policy is relevant to needs 21% of households received support during the review period, a significant improvement on the previous period (where coverage was only 6%) Limited resources and reliance on non-state budget limits the ability to implement the policy Support norms of between 3-10 million VND considered to be too low to match needs
Policy on legal support for poor people	<ul style="list-style-type: none"> QS reports 86% of respondents had no need for legal services support 8% of total households in the QS had received support through the policy This is a new policy so information is limited
Project on development of necessary infrastructure for communes with special difficulties in coastline and island areas ³⁴	<ul style="list-style-type: none"> Beneficiaries in the communes that have received support have been consulted in line with Government regulations: 82% were informed about infrastructure works; 52% commented on the selected location of works; 30% participated in construction or implementation; 4% participated in monitoring activities and 14% in maintenance 96% of respondents reported that the work meets the real needs of the commune and 95% that they serve the majority of people 50% of respondents assess the quality of infrastructure works as 'good'; 37% as 'normal' and 4% as 'bad' 75% of participants in project implementation are male

Source: All from N2 report.

3.5.2 Beneficiary Perceptions on Programme Impact

Beneficiary perceptions of the impact of NTP-PR projects and policies is reported in the N2 report as being positive, with beneficiaries on the whole reporting that the NTP-PR has had a 'positive impact' upon income and livelihoods. (N2 report). A major limitation identified, however, is the poor level of information disclosure and communication, which the report notes are 'generally not good'. (N2 report). Poor information dissemination to potential beneficiaries is identified as a major constraint to implementation for a number of the projects and policies identified through the QS as being problematic.

Relating to the perceived impact of individual projects and policies, the credit policy is well received, with 97% of households that borrowed loans reporting the credit has been useful for their household, and 87% confirming that the loans have had a positive impact upon household income. With the medical card support, there were some reports of discrimination of those accessing services through using the free health insurance card. Nevertheless, 97% of QS respondents report that the support for medical treatment and examination is important and that there is a significant cash saving for the household.

95% of households receiving educational support assess this support to be important, with 30% reporting their children would be unable to go to school without it. However, of those eligible households who are not receiving benefits under the policy, 47% (rising to 74% for ethnic minorities) have not received detailed information about the policy. There are also reports that the total support received is not sufficient to cover all of the costs associated with sending children to school, and 18% of households eligible for educational support still do not send their children to school, primarily for economic reasons (60%).

92% of interviewees believe that the infrastructure works have had a positive impact on both life and production, but as already noted, there are important gender disparities in participation in infrastructure planning, implementation and supervision. For agricultural extension, 45% of survey respondents report that agricultural extension activities are not taking place often, 65% of participants state that little knowledge can be applied from the training and 5% that they could not apply any knowledge or skills to their production activities. As the N2 report notes:

'quality of agricultural extension is not high and not yet practical it is necessary to consider the content and form and strengthen the 'practicalness' and frequency of agricultural extension activities at the grassroots level' (N2 report).

The QS provides little evidence of the cumulative impact of policies and projects under the NTP-PR on household income generation and poverty reduction. In keeping with the conclusions of many of the other module reports, the N2 module team identify the lack of co-ordination and integration of NTP-PR component parts as a key area for future improvement. The N2 report recommends:

'connect[ing] favourable loan package activities with agricultural extension and vocational training into a group (big package) to support production development and generate more income for communities, to give priority to poor communities and poor people and to solve the disconnect between components and the low effectiveness and efficiency [of the NTP-PR] as it is at the moment'. (N2 report)

3.5.3 Community Engagement with the NTP-PR

Findings from the NGO 'Community of Practice' survey³⁵ (C4 module) confirm many of the observations made throughout the module reports, relating to the level of participation of community members themselves in the NTP-PR. Whilst many of the NGO's classified themselves as well-informed about Government poverty reduction policies and the NTP-PR, they observed the opposite of the communities with whom they work. A common observation from the survey responses was that 'information flows tend to be one way' and 'engagement of

³⁴ Survey responses in the N2 report for this NTP-PR component have been combined with an assessment of P135-II infrastructure investments

³⁵ The CoP survey was circulated through the Ethnic Minority Working Group (EMWG) of the NGO Forum in late 2008. Information was provided by 11 NGOs in total – 3 national NGOs and 8 international NGOs.

community is limited, causing dissatisfaction'. It was felt too that institutions that are active at the local level, such as cooperatives and interest groups 'are not effective in promoting participation' and that 'knowledge [about policies and programmes] resides among local leaders but not ordinary people'. This is echoed in the N6 report, where the top-down nature of the programme results in poor participation of local people, who are characterised as 'playing the role of beneficiaries only'. (N6 KIP report).

A perceived lack of participation in the NTP-PR extended to NGOs themselves too. Whilst many cited strong complementarity between their organizations activities and objectives, and those of the NTP-PR, they also described the level of engagement with NTP-PR as weak. The implication is that NGOs are pursuing parallel activities to the NTP-PR in communities, because there is no appropriate mechanism for coordination and cooperation, or for cross learning and experience sharing. Almost all of the NGO responses to the CoP survey recommended that participatory mechanisms at the local level be strengthened, and many advocated for more decentralised methods of programme planning, implementation and monitoring including an enhanced role for community planning, the use of community development funds, more community ownership of investment schemes and participatory monitoring and evaluation mechanisms. They also stressed the need to facilitate community understanding of their rights as citizens to access information about the NTP-PR, including transparent disclosure of budget information.

4. MTR KEY FINDINGS

Revisiting the four key themes highlighted in Section 1.3, resulting from the 2004 evaluation of the HEPR, it is clear that many of the issues identified then still resonate strongly today. Under the category of ‘improving resource allocation and budgets’ the NTP-PR can still be characterized as having opaque budget allocation procedures which make it difficult to objectively assess how funds have been applied. There remains also a critical disconnect between target and objective setting, and budgeting processes. In regard to ‘better targeting of poor households’ the discrepancy observed in 2004 between ‘official’ poverty classifications and the actual observed numbers of the poor appears to remain, with no remedial steps taken to address the system for classifying poor households, though in comparison to 2004 the levels of coverage of the NTP-PR amongst the officially classified poor appears to have improved considerably. ‘Enhanced organisation and management’ was a key theme from the 2004 evaluation and it remains an issue of concern today, with limited consultation in planning persisting, especially from beneficiaries themselves, and limited engagement beyond simply being ‘beneficiaries’ still the case for communes in the NTP-PR. Fund allocation is still tightly controlled by sector departments at district and provincial levels too, and the large number of sub-programmes continues to prevent clear oversight and control. Little also appears to have been done to ‘build capacity’, in order to address limitations in village leaders and staff, with limited staff capacity and unclear responsibility for the NTP-PR continuing to hamper effectiveness in the delivery of the programme. Consequently, all of the ten key recommendations made in 2004 remain highly relevant.

Key findings from this MTR can be summarized here against the five evaluation categories used in the report, that of programme design relevance; effectiveness in meeting set targets; economy and efficiency in programme management and implementation; targeting efficacy; and beneficiaries perceptions and quality of service delivery.

4.1 Design relevance

1. The NTP-PR is closely aligned with national poverty reduction priorities, particularly the SEDP for 2006-2010 and priorities of line ministries responsible for implementing particular policies and projects under the NTP-PR.
2. The component parts of the NTP-PR address different dimensions to poverty. One set of policies and projects facilitate support to poor people for production development and increasing income, whilst another set of policies enable the poor to better access social services. In theory, therefore, the NTP-PR addresses a number of different dimensions to poverty, and in practice beneficiaries satisfaction rates are relatively high (though this varies across policies).
3. Whilst the NTP-PR addresses different dimensions of poverty, it doesn't do so in an integrated way. Synergies across programmes are not exploited as component parts of the programme are delivered in isolation, through separate line ministry channels. The NTP-PR consequently fails to be more than the sum of the constituent parts.
4. Delivery mechanisms for the NTP-PR rely upon well established top-down methods of planning, budgeting and implementation. But unitary models of delivery are not well suited to areas which differ substantially from the norm, and this is reflected in the perception of the agricultural extension project of the programme in particular, where the services on offer are not relevant to upland areas with high numbers of ethnic minority peoples not engaged in ‘mainstream’ agricultural practice.
5. Problems with the delivery mechanism of the NTP-PR are likely to be exacerbated in the near future, as the nature of poverty in Viet Nam changes. More nuanced, locally specific and carefully targeted interventions will become necessary as poverty moves from being a mass based phenomena (suited to large scale, ‘one size fits all’, top-down modes of delivery) to one of small poverty pockets amongst remote, socially excluded populations and new vulnerable groups at risk from the new worlds of work rapidly unfolding in Viet Nam. In short, the NTP-PR as currently configured is a relatively blunt instrument in a fluid and dynamic context requiring a much more flexible and demand based approach.

6. There is a great deal of overlap between the NTP-PR and other poverty focused programmes, most notably P135-II and the new Resolution 30a for support to the poorest 61 districts. Co-ordination between the programmes is not clear and there is consequently a high risk of duplication and inefficiency in the use of the scarce resources available for poverty reduction. It is also becoming increasingly complex and time consuming for provincial and district authorities to administer the different programmes.

4.2 Programme effectiveness in meeting set targets

7. The overall target of the NTP-PR is to reduce the rate of poverty in the country from 18% in 2006, to 10-11% by 2010, or 2% per year. The poverty reduction rate has exceeded this at 2.6% per year. This is not, however, a realistic indicator for the success of the NTP-PR as direct attribution of the NTP-PR to a falling national poverty rate is not possible.
8. Overall spending against plan stands at 696.5 billion VND, against total approved direct central government budget provision to 2010 of 2,140 billion VND. Disbursement to the end of 2008 thus stands at just under 33%, against an anticipated spend to the end of 2008 of 60%. The policies on health care support, educational support, credit provision and housing support all appear to be on track to meet their targets by 2010. The policy for legal support is disbursing funds at a satisfactory rate, whilst the infrastructure support component is unlikely to meet its target to 2010. Both the project for agricultural extension support, and vocational training, are unlikely to meet their targets to 2010.
9. A large number of beneficiaries have been reached by the component parts of the programme, and coverage has been improved significantly over past years. This is particularly the case for the preferential credit policy, health care support policy, educational support policy and basic construction development. The policy providing medical cards for poor people has reached nearly 100% coverage of the poor.
10. There is a significant disconnect between reported number of beneficiaries, and progress in dispersing funds. This highlights the critical problem with the NTP-PR that target setting and budgetary planning are not linked. This impacts significantly upon the effectiveness and coherence of the programme, and makes monitoring and evaluation, and mid-term adjustment of the programme, extremely difficult.
11. The level of local contribution to the NTP-PR is very low, and far lower than was anticipated at design stage. This has impacted significantly upon some components of the programme, such as the policy on providing housing for the poor, where significant local contributions were expected. The NTP-PR CO has difficulty in tracking the mobilization of supplementary resources at the local level, making planning difficult.
12. NTP-PR component policies and projects have not been responsive to recent changes in prices resulting from the high inflationary context. Fixed cost norms have consequently become increasingly obsolete, in providing support to participants to attend vocational training for example, or for the purchase of construction materials, which has hindered the attainment of many of the targets set.
13. M&E of the NTP-PR is weak and focuses on the quantitative attainment of targets and not on the outcome, or impact that programme activities have on wellbeing and poverty reduction.
14. A more internally coherent NTP-PR, with fewer component parts and budgets linked to performance indicators, would enable effective M&E to take place and consequently enable policy makers to make mid-term adjustments to the programme that would maximize the effectiveness of the resources invested for poverty reduction.

4.3 Economy and efficiency in programme management and implementation

15. The NTP-PR is a collection of ten projects, policies and activities each with a different institutional champion, different implementation mechanisms and different budgeting processes rolled out at different times. The programme overall is therefore extremely complex and difficult to administer with few synergies or economies of scale resulting from clustering the component parts of the programme together.

16. Seven components of the NTP-PR are regulated by a common set of budgetary allocation norms, through inter-ministerial circular 102/TTLT/BTC-LDTTBXH dated 20/08/07. This in theory provides a common legal corridor through which NTP-PR implementation can take place. The policies for credit support, health and educational support are, however, managed outside of this common framework, making overall budget setting, programme evaluation and results based management extremely difficult.
17. The top down nature of planning, budget setting and implementation and the confinement of the component parts of the programme to narrow institutional 'silos' reinforces the disconnect between target setting and budgetary provision. Each of the component projects and policies in practice face unclear budget allocation norms which are not linked to either expected results, or residents needs.
18. In practice too, budget allocated from the centre fluctuates from year to year, making coherent long term planning difficult. The exception seems to be the coastline and island infrastructure project, which is regulated by P135-II norms and which allocates fixed sums to communes each year, which enables them to plan to use the funds in combination with other resources to make critical infrastructure investments.
19. With no clear connection between results targeting and budgeting, available resources are often spread thinly at the commune level, resulting in limited impact.
20. Provincial contributions to the programme are very small, and there is consequently a limited sense of ownership amongst local government units of the investments made.
21. The top-down, silo based organisation of the programme limits information flow across ministries, local implementing agencies and recipient communes and communities. There is a lack of information sharing between commune, district and provincial levels on budgeting and target setting, with no explanations usually provided for how resource allocation decisions are made, and no opportunity for communities and commune officials to articulate needs in a way which influences the allocation of resources. The lack of coherent overall socio-economic development plans in the localities exacerbates this problem.
22. There are no clear and transparent criteria based upon need through which resources are allocated between provinces, districts and communes. Consequently, NTP-PR resources are not necessarily deployed where they are most needed. P135-II has developed such criteria and offers a ready model which the NTP-PR could adopt.
23. Responsibility for implementing the NTP-PR in localities resides with poverty reduction steering committees. But in practice, steering committee members have many competing priorities and, with no dedicated staff responsible for poverty reduction, NTP-PR work is considered an additional or extra duty and is therefore often not prioritized.
24. The top-down and bureaucratic nature of the programme does not encourage staff to be proactive and flexible in implementing the NTP-PR, and local staff lack incentives to encourage them to exercise initiative. There is also no incentive for line agency officials at provincial and district levels to work together, reinforcing the 'silo' system and the delivery of the components of the programme in isolation from each other.
25. Staff capacity at the local level needs to be strengthened in the following key areas: strategic participatory planning; operational planning and budgeting for results; project management; community development; intercultural communication; implementation monitoring and results evaluation.
26. The culture of participation necessary to enact the grassroots democracy decree is currently lacking, with poor communication and accountability between all levels, from the commune up. Only an estimated 10% of communes are currently acting as investment owners and the involvement of communities in particular as active participants in NTP-PR planning, implementation, monitoring is weak.

4.4 Targeting efficacy

27. There is no viable explanation for why an estimated 10% of NTP-PR beneficiaries in 2006 were non-poor by VHLSS income based criteria. The estimate for the leakage rate of the programme in 2006 is therefore 10%. Overall, nearly 44% of NTP-PR beneficiaries were non-poor by 2006 VHLSS income based criteria, but remained on DoLISA poverty lists. However 7.4% of these people were residing in areas, like Hanoi and HCMC, which have a higher poverty line than the national average, so can be legitimately excluded. Also, of this 44%, more than three quarters (77%) were classified as poor by DoLISA in the previous year (2005). A possible explanation therefore is that these people had yet to be 'reclassified' as non-poor, and so still appear as eligible for NTP-PR assistance.
28. Estimates for NTP-PR coverage using 2006 VHLSS data show that 52% of respondents classified as poor by the VHLSS using income based criteria, are not included in DoLISA poverty lists. Just over half of the 'real' poor (see point 30 below) therefore, were not eligible for NTP-PR support. The targeting module consultants observe though that the same issue of a time lag between 2005 – 2006 in reclassifying poor households also applies to coverage rates, as to leakage rates.
29. Whether those included or excluded eventually accessed NTP-PR benefits or not, the hypothesis that there is a 'lag' between escaping or entering poverty, and being reclassified as non-poor/poor highlights how the current administrative system of tracking poverty may be cumbersome and unable to accurately reflect the existing situation of poverty at the local level. People living in poverty are unlikely to be able to access support when they most need it, and this situation will become increasingly acute in the new poverty context whereby susceptibility to shocks and new economic processes make people more vulnerable to quickly falling in (and rising out) of poverty.
30. Discrepancies between VHLSS income classifications of poverty, and DoLISA poverty lists also reflect differences in how poverty is conceptualized, and measured. GSO's classification of poverty used in the VHLSS is an income based measure which does not take account of other material and non-material dimensions to poverty. Although nominally based on an income classification (VND 200,000 per month in rural areas) in practice DoLISA poverty lists are derived through administrative assessment, whereby local officials decide who is included in the official list of the poor from year to year. This leaves the list open to influencing both from below and from above, with local officials pressured from above to reduce poor household rates to fixed targets irrespective of whether this accords with reality.
31. There are no observed differences in access to services between different ethnic groups. A recurrent reason cited for eligible households not accessing services is a lack of information about entitlement and about the policies and projects on offer through the NTP-PR. Communication activities therefore need to be strengthened.
32. As the average level of wellbeing improves in Viet Nam, absolute benchmarks of poverty are becoming less and less useful. In the near future, both relative measures of poverty (an ability to achieve an average social living standard) and multi-dimensional measures of poverty (such as health, environment, quality of employment and ability to participate in public processes) are set to become more and more important as a means of assessing poverty and well-being.

4.5 Beneficiaries' perceptions and quality of service delivery

33. Information from the qualitative survey shows that generally speaking, poor people have been able to access component projects and policies of the NTP-PR in a straightforward way. There are few reported incidences of poor people being required to 'pay' for services, and administrative procedures are generally reported to be simple and convenient.
34. The coverage of projects and policies against reported demand is high for health care support, educational support and the credit component, with the rate of beneficiary coverage lower than anticipated for agricultural extension support, vocational training and legal support. Overall, the level of satisfaction of beneficiaries is reported as being 'relatively high' (though with significant variations across component projects and policies), particularly for the component projects and policies for credit support, health and education support, housing support and infrastructure development.

35. Beneficiary perceptions of the impact of NTP-PR projects and policies report the component parts of the NTP-PR have had a 'positive impact' upon income and livelihoods. A major limitation identified, however, is the poor level of information disclosure and communication, which the report notes are 'generally not good'. There is little evidence of any cumulative impact of NTP-PR policies and projects, in keeping with the observed lack of co-ordination and integration across NTP-PR component parts.
36. The NGO 'Community of Practice' survey highlights a perception amongst NGO's that communities are not well informed about the NTP-PR and that information and community engagement with the programme is limited.
37. NGO's generally consider themselves well informed about the NTP-PR and engaged in activities that are strongly complimentary to the component programmes of the NTP-PR. However, NGO's often pursue parallel activities to the NTP-PR because there are no mechanisms for coordination and cooperation with the NTP-PR, and few opportunities for cross learning and experience sharing.

5. MTR RECOMMENDATIONS

Two sets of recommendations are made here. Firstly, a series of short term recommendations are presented for the NTP-PR for the remainder of the current implementation period, i.e. until 2010. (Specific recommendations for individual NTP-PR policies and projects are included in a summary table in Annex 1). Secondly, and in keeping with the future oriented intent of this MTR, a series of medium to longer term recommendations are made to feed into the upcoming policy dialogue on the future of NTP-PRs after 2010.

5.1 SHORT TERM RECOMMENDATIONS FOR 2009-2010

1. *Take steps toward implementing a Results-Based Management (RBM), or Managing for Development Results (MfDR), approach.*

Recommendations are made in line with five pillars of RBM/MfDR, as follows:

Pillar 1: Strategic planning

- 1.1. Revise NTP-PR targets for the period 2009-2010 using SMART criteria and focusing on results targets (outputs, outcomes, and impacts). This process should be as participatory as possible within the time available. A multi-dimensional concept of poverty should be used and cross-sectoral programming perspectives taken into account across all ministries responsible for implementing NTP-PR components.
- 1.2. Develop clear and transparent criteria through which resources can be concentrated upon areas with the greatest need.

Pillar 2: Operational planning and budgeting

- 1.3. Establish a realistic budget envelope for the NTP-PR in the remaining period based upon implementation performance to date.
- 1.4. Allocate this budget envelope to a reduced number of priorities, combining continued funding to successful policies and projects, with strategic grants focused upon reducing key bottlenecks in less successful policies and projects.
- 1.5. Connect results targets and budget allocations through an overall policy matrix, building upon the experience of P135-II and utilizing the current NTP-PR roadmap. The process should be as participatory as possible given time constraints.
- 1.6. Publish budget allocations in a timely fashion, to ensure local government units can make long term plans that match budget provision to critical local needs.
- 1.7. Strengthen budget channeling through minimizing the number of intermediate steps and ex ante controls to channel financial resources as fast and directly as possible to the local level; make sure simple accountability mechanisms are in place and enforced, including ex post financial control and audit, to account for uses of money according to agreed upon priorities and to provide evidence of progress towards results targets.

Pillar 3: Public finance reforms

- 1.8. Conduct a Public Expenditure and Financial Accountability (PEFA) exercise to identify critical bottlenecks in public revenue and expenditure systems planned for 2009 and, on that basis, elaborate a PEFA action plan in 2010³⁶.

³⁶ PEFA is a partnership between a number of multi-lateral and bi-lateral development agencies intended to support integrated and harmonized approaches to assessment and reform in the field of public expenditure, procurement and financial accountability. See www.pefa.org

- 1.9. Improve the financial information system at provincial, district and commune levels for better tracking of expenditures and easier monitoring.

Pillar 4: Programme management and implementation, monitoring

- 1.10. Conduct a mapping exercise of all major initiatives related to poverty reduction led by various public agencies, development partners and NGOs³⁷.
- 1.11. Strengthen functional coordination mechanisms at central and provincial levels to facilitate better coordination between NTP-PR component project and policies, and the responsible implementing agencies.
- 1.12. Clarify roles and responsibilities of local government staff in managing NTP-PR implementation and strengthen the remit and resources available to poverty reduction committees in their steering role for the NTP-PR.
- 1.13. Develop a clear and structured implementation model for the new 61 poorest district initiative based on block grants to districts and performance contracts between the central level and districts. These contracts would clearly specify (i) roles and responsibilities; (ii) commitments on the part of the district to reach SMART results targets following a participatory planning and budget allocation exercise; (iii) commitments on the part of the central government in terms of amount and timing of budget installments; (iv) participatory M&E and accountability mechanisms.
- 1.14. Support both technically and financially the pilot-testing of this model in a number of selected districts in 2010, through a trust fund managed by MOLISA. If successful, this model can be expanded to all 61 districts after 2010.

Pillar 5: Performance evaluation and feeding back into the decision-making process

- 1.15. Revise monitoring and evaluation procedures to put the emphasis upon progress towards results targets rather than on inputs and activities. (The P135-II MIS system provides a good model). Move from yearly activity reports to yearly performance reports and provide adequate staffing and training of M&E units. Develop and monitor the enforcement of an M&E improvement plan.
 - 1.16. Link M&E system outputs to budgetary processes and make future budget allocations dependent on past results obtained.
- 2. *Develop and implement a master capacity-building plan, which aims at building up sustainable capacity in both national and local public institutions to plan, manage and review poverty reduction policies and programmes.***
 - 2.1. Use the Balanced Scorecard approach to help each key public institution in the NTP-PR develop an institutional development strategy. This would entail defining the mission, the target groups and their major needs, the staff and the development of their capacities, operational processes, and budget.
 - 2.2. Implement an interim staff performance appraisal system which rewards initiative and is linked to annual remuneration increases for staff engaged in implementing the NTP-PR.
 - 2.3. Design a training plan including: (i) the specific identification of target groups (civil servants at various levels in various positions, but also beneficiaries and other local stakeholders) and their specific training needs with reference to clearly specified roles and responsibilities they have to fulfill; (ii) develop a training curriculum; (iii) define modalities for delivery and identify budget.
 - 2.4. Design new, and improve existing guidelines and manuals to facilitate the work of field agents in, for example, the areas of participatory planning, budgeting for results, procurement and results monitoring.

³⁷ This is currently being undertaken by UNDP, in cooperation with the National Assembly.

- 2.5. Strengthen information flow to beneficiaries on NTP-PR component policies and projects, eligibility criteria and their rights of access, and methods for accessing assistance.
- 2.6. Strengthen systems of information flow (for budgetary information in particular) and communication across local government departments and between commune, district and provincial level officials.
- 2.7. Support a lively and open 'Community of Practice' between NTP-PR implementing agencies, provinces and districts, local stakeholders, NGOs and the private sector.
- 3. *Thoroughly review current poverty targeting mechanisms and put in place a simple, transparent and straightforward methodology for identifying the poor and regularly updating poverty lists against multi-dimensional criteria***
- 4. *Foster a policy dialogue on wider public sector reforms***

Engage responsible NTP-PR central ministries in a dialogue on the wider public sector reforms necessary for the future management and good performance of poverty reduction programmes. This would include the following: (i) revisions necessary to the legal framework to facilitate the development of district block grants and commune development funds, along with the establishment of clear roles, responsibilities and related performance contracts; (ii) alignment of sectoral strategies and poverty reduction programmes with the next SEDP, and strengthening of the capacity of localities to develop local SEDPs; (iii) improved programme budgeting and the design of a Medium Term Expenditure Framework (MTEF) and its companion Sectoral Medium Term Expenditure Frameworks (SMTEFs). A MTEF provides an overall consistent budgetary framework that respects the macro-level envelope of available resources and presents sectoral allocations in line with national results objectives. A SMTEF enables policy makers to link results targets and budgets by defining a clear and relevant programme architecture and estimating realistic investment and operational costs for each programme; (iv) public service reform including recruitment, career management, institutional and individual performance contracts, pay and incentive systems. Incentives being at the heart of organizational performance, incentive issues must be identified at each level and then progressively addressed as part of public service reform.

5.2 MEDIUM TO LONG TERM RECOMMENDATIONS TO INFORM FUTURE NTP-PR DEVELOPMENT

Recommendations made here are intended to inform the ongoing policy dialogue over the future configuration of national poverty reduction policy from 2010 onwards.

- 1. *Progressively design, expand and implement social protection policies with universal coverage for the vulnerable including children, pregnant and lactating women, the elderly, the sick and invalids, the unemployed and those affected by natural disasters.***

Justification:

- These policies are better suited to a middle income country moving out of mass poverty, but including a number of groups highly vulnerable to periodic/ episodic shocks.
- Transaction costs for universal policies are much lower than for targeted programmes.
- MOLISA should refine its role to become exclusively the primary agent for social protection policy in Viet Nam, in line with the role and remit of social welfare ministries in other countries.
- Other ministries and public institutions should focus on growth inducing policies including macroeconomic policy, infrastructure provision, agricultural production and marketing support, trade and industry development and credit provision. The division of roles and responsibilities should be based clearly on mission and comparative advantage.

- 'Routine' activities (such as health and education support) of line ministries should no longer be included in target programmes for poverty reduction. Instead, local government units should be responsible for ensuring line ministry support reaches the poor and that synergies take place between critical support policies, through strengthened local SEDP processes.

2. *Focus future targeted poverty reduction programmes exclusively on the poorest areas, i.e. the 61 poorest districts, and develop tailor-made packages derived from clearly articulated local needs. Offer a combination of facilitating projects (i.e. infrastructure investment) and supplementary conditional cash transfers available to all registered poor in the area. Eradicate duplication between targeted poverty reduction programmes and, ideally, fold all existing programmes into one master programme to support poor areas.*

Justification:

- Targeted programmes should be focused upon poverty pockets where the chronic poor represent a significant share of the population. At the same time, given that even poor areas are increasingly heterogenous, a mix of support measures should be provided, which improve both the enabling environment, and provide targeted support to households and individuals most in need.
- Concurrently, the system of defining and targeting poor households should be revised, with clearer guidance given to commune officials on transparently and objectively identifying the poor, and simple to implement measures (such as poverty score cards) introduced to enable officials to track more closely changes in poverty status according to multi-dimensional criteria. Levels of poverty should be a critical trigger for determining resource allocation between communes and districts.
- Addressing poverty in a multi-dimensional and locally specific way is best undertaken through effective local level planning. Strengthened local level SEDP processes are therefore critical to ensure they become the cornerstone of future poverty reduction initiatives, in combination with flexible funding mechanisms from the centre, such as block grant funding.
- Since poverty pockets contain a disproportionate share of ethnic minority groups, careful analysis should be undertaken of local and group specific conditions, restraints and aspirations and poverty reduction measures designed accordingly.
- Participatory planning and budgeting processes must be strengthened, and local government units given responsibility and authority to make critical decisions, and to fix cost norms. Local contributions to programmes must also be strengthened, to enhance commitment and ownership amongst both local government units, and communities.
- A unique social security number should be allocated to all and an identification card issued, to enable easy and transparent access and monitoring of benefits received by individuals and households.
- Continued access to any given package of poverty reduction actions should be conditional upon a number of actions taking place by the individual and other members of his/her household that are deemed positive for breaking the poverty circle, such as required school attendance, immunization, and visits to the health centre for pregnant women³⁸.

3. *Progressively implement RBM/MfDR within the framework of a comprehensive long term vision at MOLISA*

Justification:

- Most countries in the world, including Vietnam, are progressively adopting results-based management as their approach to managing the public sector as was exemplified in the hosting of the Third

³⁸ A number of lessons can be learnt from Latin America, in particular from SEDESOL, the Mexican MOLISA which pioneered the Oportunidades programme.

International Roundtable on MfDR in Hanoi in February 2007. This reflects pressure for better results for target groups, greater effectiveness, efficiency, and accountability. RBM can be a powerful vehicle for fostering public institutions' capacities and can act to provide the civil service with more power and greater incentives to reward performance.

- Resolution 30a for the 61 poorest districts provides an opportunity to test and then expand a RBM approach to poverty reduction programmes. Decentralized participatory planning at district level; contract performances between MOLISA and districts setting clear results targets and roles and responsibilities; the provision of block grants to fund poverty reduction activities defined by districts themselves; providing districts with adequate technical support but leaving them the flexibility to manage activities and reallocate resources; making districts accountable for expenditures and results obtained; and making past performance influence future budget allocations are a few key features of what could become a new operational model for delivering on poverty reduction.
- MOLISA could also play a leading role among ministries in Vietnam in fostering RBM throughout the public sector. Full implementation of RBM in the medium run requires changes in the legal and regulatory framework, the planning and budgeting process, the roles and responsibilities in managing activities, the financial control and audit system, the monitoring and evaluation system, and civil service management, that imply major roles as well for central ministries such as MPI, MoF, and the Ministry of Organization and Personnel Committee of the Government. MOLISA can engage these ministries as a leader in reform and at the same time attract additional resources from the national budget and from development partners.

4. *Provide technical and financial support to MOLISA to implement the above three recommendations within a budgetary support framework*

Justification:

- Through the Paris Declaration and Accra Action Plan, development partners have committed themselves to significantly supporting governments and public sectors in developing countries in a coordinated, efficient and empowering way. The institutional and technical mechanisms put in place jointly with donors supporting P135-II (such as joint progress reviews and the performance matrix) are positive examples of this.
- Development partners could further support alignment of aid programmes and national capacity development through supporting MOLISA with (i) budgetary support for the design and implementation of comprehensive social protection programmes and RBM reforms; and (ii) a trust fund to support innovation in the 61 poorest districts initiative.

³⁸ Strengths, Weaknesses, Opportunities, and Threats.

ANNEX 1: SUMMARY RECOMMENDATIONS FOR NTP-PR COMPONENT POLICIES & PROJECTS

NTP-PR Component Policy/ Project/ Activity	Recommendations
1 Policy on preferential credit for poor households	<ul style="list-style-type: none"> • Link access to credit to participation in agricultural extension schemes. • Conduct a study to analyze in detail the implications for poverty reduction of subsidized credit for (i) leakage on the demand side (ii) the microfinance industry on the supply side.
2 Policy on provision of productive land for poor ethnic households	<ul style="list-style-type: none"> • Conduct commune level SWOT³⁹ analysis to define most appropriate poverty reduction packages, including access to productive land and necessary associated support components.
3 Project on agricultural-forestry-fishery extension and support for development of production and occupation	<ul style="list-style-type: none"> • Link agricultural extension with credit. • Conduct a study to analyze in detail various ways to improve current agricultural extension methods and delivery mechanisms to make them more relevant to target groups, including: (i) conducting commune level SWOT analysis to define most appropriate extension packages contents; (ii) shifting the focus from helping better off farmers to representative poor farmers in the area; (iii) reconsidering timing, duration, language of delivery (iv) moving from a supply-driven approach to a demand-driven approach, including payment of bonuses to extension agents based on results obtained.
4 Project on development of necessary infrastructure for communes with special difficulties in coastline and island areas	<ul style="list-style-type: none"> • Strengthen gender equity during the participatory planning process to decide on the priorities in terms of basic infrastructure. • Set budget norms regulating provisions for operation and maintenance for facilities already completed.
5 Project on vocational training for poor people	<ul style="list-style-type: none"> • Separate training for labour export from the poverty reduction programme. • Conduct a study to analyze in detail various policy alternatives to shift from a supply driven scheme to a demand driven scheme, including (i) a conditional cash payment to the poor; (ii) terminating this project.
6 Project on replication of good practices on poverty reduction	<ul style="list-style-type: none"> • Use the mechanism of a Community of Practice to share good experiences. • Involve more NGOs and the private sector along with a variety of public institutions and beneficiaries.

7	Policy on health care for poor people	<ul style="list-style-type: none"> Streamline administrative procedures and extend validity of cards to two (2) years to ensure timeliness of card delivery. Include a picture ID on the card to reduce leakage. Conduct a study to analyze in detail various policy alternatives, including shifting from a fee exemption scheme to (i) either a conditional cash payment to poor mothers or (ii) universal coverage, with a view to a) minimizing transaction costs while providing broad coverage; b) providing better incentives for health institutions and staff and enhancing their interest and responsibilities; c) providing better incentives to the poor; d) incorporate targets on quality of health services.
8	Policy on education for poor people	<ul style="list-style-type: none"> Consider conditional support mechanisms, such as making credit and/or support to agricultural production conditional upon school attendance. Conduct a study to analyze in detail various policy alternatives, including shifting from a fee exemption scheme to (i) either a conditional cash payment to poor mothers, or (ii) universal coverage with the view to a) minimizing transaction costs while providing broad coverage; b) providing better incentives for education institutions and staff and enhancing their interest and responsibilities; c) providing better incentives to the poor; d) incorporating targets on dropout rates and quality of education services. Conduct an analysis on the possibility of adjusting the schooling calendar according to seasonal agricultural calendar to reduce the opportunity cost of child labor for poor parents.
9	Policy on housing and clean water for poor people	<ul style="list-style-type: none"> Revise the housing improvement package to ensure it fits with local demand and customs
10	Policy on legal support for poor people	<ul style="list-style-type: none"> Organize an Information Education Communication campaign on the existence of the policy, procedures for access, and the rights of the poor
11	Project on enhancement of poverty reduction capacity (including training for officers in charge of poverty reduction and communication)	<ul style="list-style-type: none"> Design a Master training plan (as discussed in section 5.1) Design institutional development strategies using the balanced scorecard approach (as discussed in section 5.1)
12	Monitoring and evaluation	<ul style="list-style-type: none"> Simplify the M&E system to respect capacities at local level, but enforce it with proper training and budgeting

ANNEX 2: NTP-PR ROADMAP 2006-2010 (APRIL 2007)

Overall Objectives	Specific Objectives	Targets by 2010	Responsible party
Accelerating poverty reduction speed and restricting re-poverty; promoting achievements in poverty reduction and facilitating households that have escaped from poverty to become better-off; partially improving living conditions and production for poor communes, especially extremely disadvantaged ones; enhancing quality of life for groups of poor households, and reducing the gap of income disparity between the urban and rural, lower-land and mountainous areas, and between rich and poor household groups.	a) Striving to reduce the rate of poor households from 22% in 2005 down to 10-11% by 2010 (reducing poor households by 50% in 5 year period)	1. Fundamental infrastructure is sufficiently provided for communes with special difficulty in coastal line and island areas.	MOLISA
	b) Income of poor households increases by 1.45 folds compared with 2005.	2. 6 million turns of poor households are provided with preferential credit.	SBV/SPB
		3. 4.2 million turns of poor people are provided with guidance on agriculture-forestry-fishery extension, transfer of technique and doing business. (industry extension)	MARD
	c) Striving to reach 50% of extremely difficult communes in coastal line and island areas overcoming the situation of special difficulty	4. 150,000 poor people are exempted and reduced with vocational training fees.	MOLISA
		5. 100% of poor people are provided with medical insurance cards for illness, medical check-up and treatment.	MOH
		6. 19 million turns of poor pupils, including 9 million at primary level are exempted and reduced with school fees and other construction fees.	MOET
		7. 170,000 PR officers, of which 95% at grass-roots level are trained for capacity improvement.	MOLISA
		8. 500,000 poor households are assisted to eliminate makeshift houses.	MOC & CEMA
		9. 98% of poor people in need of legal support enjoy free service of legal support.	MOJ

No.	Key Activities/ Expected Results	2007	2008	2009	2010	Res. Party
1	Promulgate legal documents including mechanisms, policies, and organization arrangement for the programme implementation:					
	Study and submit GOVN the proposed Decision of (i) establishing National Steering Committee for NTP PR & SEDEMA (2006 - 2010) and (ii) operational regulations for the Committee.	QII				MOLISA
	Review and submit to GOVN the proposed Decision of supplementary list of extremely disadvantaged communes at coastal lines and islandish areas (incl. 114 new communes)	QII				MOLISA
	- Study and submit to GOVN the proposed Decision on Incentive Mechanism for Poverty Escaped Communes - Provide implementation guideline for support policy for Poverty Escaped Communes		QII			MOLISA
	Study and submit to MOLISA Minister the drafted Decision of setting up an NTP PR Office which aims to provide support to the NSC	QII				MOLISA
	Study and submit to MOLISA Minister the drafted Decision of M&E Indicators	QIV				MOLISA
	- Study and submit to MOLISA Minister the proposed Decision of assessment criteria for poverty escaped communes - Provide instruction for localities in their process of reviewing those communes escaped from poverty, and those below poor commune line.	x x	QII x	 x	 x	MOLISA
	Study and submit to an inter-ministerial level of MOLISA - MOF the proposed Implementation Circular of Direct Support Mechanism in Vocational Training for the poor	QIV				MOLISA MOF
	Study and submit to MOF/ MOLISA the proposed Joint - Circular of Financial Management Mechanisms for projects/ policies under the NTP PR framework, including allocation criteria, cost norms and settlement procedures.	QII				MOLISA MOF
	Study and submit to an inter-ministerial level of MOLISA - MOF - MOET the proposed Implementation Circular for Direct Support Mechanisms in Education for the poor		QI			MOLISA MOF MOET
	Study and submit to MOHA - MOLISA the proposed Implementation Circular of assigning PR officials at commune/ precinct levels:	QIV				MOHA MOLISA

No.	Key Activities/ Expected Results	2007	2008	2009	2010	Res. Party
2	Develop the Implementation Plan for NTP PR (2006-2010):					
	<ul style="list-style-type: none"> MOLISA to prepare an official request to all relevant Governmental agencies as well as localities to develop their own implementation plans/ maps Each Ministry/ Agency to develop their own plan/ map MOLISA to in-corporate these maps into an overall map of the whole programme MOLISA to provide guidance and support to localities in the process of establishing their own implementation plan/ map 	<p>QII plan drafted</p> <p>x</p> <p>x</p> <p>x</p> <p>x</p>	<p>Appropriate revised plans/ maps available</p>			MOLISA and NIPs

3	Communication and Information sharing of the two programmes and partnership activities:	Aware- ness raising for people	Building poverty escape aware- ness	Building enrich- ment aware- ness		MOLISA CEMA
		x	x	x	x	Communi- cation agencies
		x	x	x	x	Father- land Front
		x	x	x	x	MOLISA & inter- national partners
No.	Key Activities/ Expected Results	2007	2008	2009	2010	Res. Party
4	Fulfillment of the 1st target: Fundamental infrastructure is sufficiently constructed for communes with special difficulty in coastal line and island areas.	QII		25% communes equipped with enough basic infrastructure works	50% communes to be listed out of the programme with 100% necessary works provided	MOLISA Localities having listed extremely
		x	x			
		x	x	x	x	
		x	x	x	x	

5	Execution of the 2nd target: 6 million turns of poor households are provided with preferential credit	No.) to be given loans, which are equivalent to 21,724 billion dongs loan amnt.: 4.5 mn	be given loans, which are equivalent to 25,200 billion dongs loan amnt:5 mn	given loans, which are equivalent to 29,232 billion dongs (5.5 mn)	given loans, which are equivalent to 33,909 billion dongs (6 mn)	Sub-national levels Mass
		x		x	x	
		x	x	x		
		x	x	x	x	
				x		
No.	Key Activities/ Expected Results	2007	2008	2009	2010	Res. Party

6	Fulfillment of 3rd target: 4.2 million turns of poor people are provided with guidance on agriculture-forestry-fishery extension, transfer of technique and doing business (hereafter called extension)	2 million of poor people (acc. No.) to be provided with extension services	3 million of poor people (acc. No.) to be provided with extension services	3.7 million of poor people (acc. No.) to be provided with extension services	4.2 millions of poor people (acc. No.) to be provided with extension services	MARD Sub-national levels Mass Organizations
	<ul style="list-style-type: none"> To carry out research and submit to MOLISA-MOF proposed Implementation Circular for support mechanism of industry extension for the poor 	x	x			
	<ul style="list-style-type: none"> Develop suitable training materials and leaflets 	x	x	x	x	
	<ul style="list-style-type: none"> Develop successful models for each industry of agriculture, fishery, forestry, etc... 	x	x	x	x	
	<ul style="list-style-type: none"> Improve and replicate models of production and business development at enabling environments in order to increase product quality, productivity as well as the work-day value. 	x	linked with rural development activities of MARD	x	x	
7	Fulfillment of 4th target: 150,000 poor people are provided with exempted/ reduced vocational training fees:	30,000 people to attend free VT courses	80,000 (acc.)	120,000 (acc.)	150,000 (acc.)	MOLISA Sub-national levels MOs
	<ul style="list-style-type: none"> Develop/ get approval of Vocational Training project 	x				
	<ul style="list-style-type: none"> Study and select qualified enterprises and VT institutions to contract for pilot- testing VT mechanism in connection with employment within these enterprises; payment methods will be output- based; and related successful models replicated. 	x	x	x	x	Reputable enterprises and VT institutions-DOLAB
	<ul style="list-style-type: none"> Develop and replicate models of VT linked with labour export 	x	x	x	x	State farms at Central Highlands and Northern
	<ul style="list-style-type: none"> Develop and replicate models of VT in connection with job creation at State farms 	x	x	x	x	
No.	Key Activities/ Expected Results	2007	2008	2009	2010	Res. Party

8	<p>Fulfillment of 5th target: 100% of poor people are provided with medical insurance cards for illness, medical check-up and treatment.</p> <ul style="list-style-type: none"> • Revise/ Supplement for the health check up/ treatment policy for the poor; and increase the Face value of Health Card • Organize the process of disseminating Health Card for poor people; and extend the card validity to 2- year- time • Strengthen the accessibility to high- quality basic health services; increase the possibility of health check up/ treatment at grassroots and district levels • Mobilize international support for health care and treatment for the poor • Conduct Health check-up/ treatment for the poor, especially the ethnic minority ones 	90% poor people to be given Health Card	100% poor people to be given Health Card	100% poor people to be given Health Card	100% poor people to be given Health Card	MOH Sub-national levels
9	<p>Fulfillment of 6th target: 19 million turns of poor pupils, including 9 million at primary level are exempted and reduced with school fees and other items of contribution for school construction.</p> <ul style="list-style-type: none"> • Improve direct support mechanisms of education for the poor regardless of discriminating public or private sector; and submit these proposed ones to Ministerial levels for approval • Develop implementation manuals, including standard formats/ tables used for certification of poor household, and identification of certifying levels; these formats will be used nationally • Implement the mechanism of direct payment for tuition fees for poor pupils at non- public education institutions, and implement/ replicate support policies on education. 	9.5 turns of poor pupils (acc.) to receive educational support	14 turns of poor pupils (acc.) to receive school fee reduction/ exemption as well as notebook & text-books	16.5 turns of poor pupils (acc.) to receive school fee reduction/ exemption as well as notebook & text-books	19 turns of poor pupils (acc.) to receive school fee reduction/ exemption as well as notebook & text-books	MOET Sub-national levels

No.	Key Activities/ Expected Results	2007	2008	2009	2010	Res. Party
10	Fulfillment of 7th target: 170,000 PR officers, of which 95% at grass-roots levels are trained for capacity improvement. <ul style="list-style-type: none"> Develop TOT training materials Conduct TOT courses at localities Finalize two training materials for (i) provincial- district and (ii) communal officials; and organize appropriate courses Provide training courses for PR officers 	70,000 PR officers (acc.) to be trained	totaled 105,000 PR officers (acc.) to be trained	140,000 PR officers (acc.) to be trained	170,000 PR officers (acc.) to be trained	MOLISA Sub- national levels MOs
11	Fulfillment of 8th target: 500,000 poor households are benefited from Temporary Housing Elimination Programme. <ul style="list-style-type: none"> Revise current mechanisms of housing/ homestead/ clean water support for ethnic minority groups (regulated in Decision 134) in 2007 -2008 Complete the assistance on temporary housing elimination for poor ethnic people by 2008; organize mid-term and final review of the implementation of Decision 134 Promote the movement of building "Great Unity Houses"; and conduct annual validation for those provinces which succeed in eliminating temporary slum dwellings 	200,000 poor households (acc.) to be assisted to eliminate makeshift houses.	300,000 poor households (acc.) are assisted to eliminate makeshift houses.	400,000 poor households (acc.) are assisted to eliminate makeshift houses.	500,000 poor households (acc.) are assisted to eliminate makeshift houses.	MOC CEMA Provinces VFF

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