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**Master's Thesis of Public Administration**

**Program 135 – Effective Poverty  
Reduction Policy Implementation  
and Good Governance in Ethnic  
Minority Region in Vietnam:  
A Successful Case in Thai Nguyen Province**

**프로그램 135-베트남 소수민족  
지역에서 효과적인 빈곤감소  
정책집행과  
바람직한 거버넌스:  
Thai Nguyen Province 의 성공사례**

**August 2014**

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**Program 135 – Effective Poverty  
Reduction Policy Implementation  
and Good Governance in Ethnic  
Minority Region in Vietnam:  
A Successful Case in Thai Nguyen Province**

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## **Abstract**

# **Program 135 – Effective Poverty Reduction Policy Implementation and Good Governance in Ethnic Minority Region in Vietnam:**

**A Successful Case in Thai Nguyen Province**

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The aim of this study is to analyse the Program 135 phase II from 2006 to 2010 in Vietnam from the perspective of good governance. This program is directly aimed at a geographic group who live in mountainous and remote areas of Viet Nam. The majority of this group is comprised of people of ethnic minorities. The program's target is to promote production and increase living – standards for ethnic minority households; develop infrastructure and develop essential public service in the localities such as electricity, schools, health clinics, small irrigation system, roads, clean water providing systems; enhance the people's awareness for better living standards

and quality of life. The case study is analysed depending on qualitative data from field survey based on the Viet Nam Household Living Standards Survey 2006 -2010 and the report at the beginning and ending of Program 135 II of People's Committee of Thai Nguyen province. This study reveals relationship between good governance and the efficiency of policy implementation in poverty reduction. Several characteristics of good governance can be seen in Program 135 such as the increase of participation of residents, the consensus-oriented, responsive and transparent in decision-making and project implementation at the local level. Participation in the villages and the changing of commune role as project investor have brought not only efficiency, effectiveness, accountability, but also increase equity and inclusiveness in Program 135. Case study which will be used in my thesis to analyze is Thai Nguyen province – a successful case of Program 135 phase II. Through this case, this research will clarify the appearance of good governance in the efficiency of policy implementation.

**Key words:** Program 135, Good governance, Ethnic minority development, Poverty reduction.

**Student ID:** 2012-24070

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## **List of Abbreviations and Acronyms**

ADB	Asian Development Bank
CEM	Committee for Ethnic Minorities
CPC	Commune Peoples' Committee
CRP	The Centre for Rural Progress
DARD	Department of Agriculture and Rural Development
DFID	Department for International Development (UK)
DOET	Department of Education and Training
DOH	Department of Health
DOLISA	Department of Labor, War Invalids and Social Affairs
DPC	District Peoples' Committee
DPI	Department of Planning and Investment
EA	Executing Agency
GOVN	Government of Viet Nam
GSO	General Statistical Office
HEPR	Hunger Eradication and Poverty Reduction
ILSSA	Institute of Labor and Social Science Affairs
MARD	Ministry of Agriculture and Rural Development
MDGs	Millennium Development Goals
MOET	Ministry of Education and Training
MOF	Ministry of Finance
MOLISA	Ministry of Labor, Invalids and Social Affairs
MOH	Ministry of Health
MPI	Ministry of Planning and Investment
MPC	Monitoring people's committee
NTP	National Targeted Program

P135	Program 135
PPC	Provincial Peoples' Committee
PMB	Project management board
PRSP	Poverty Reduction Strategy Paper
QHS	Qualitative Household Survey
UNDP	United Nations Development Program
VBARD	Viet Nam Bank for Agriculture and Rural Development
VDGs	Viet Nam Development Goals
VHLSS	Viet Nam Household Living Standards Survey

# CHAPTER I. INTRODUCTION

## I.1. Background and purpose of the study

Vietnam is a multi-ethnic country. In addition to the Kinh (Viet) people who occupy 85 percent of the whole country, there are about 53 other ethnic groups occupying the country. Most of these ethnic minority populations (15% of the entire population) live in mountainous areas and far away from main highways. Production activities are extremely difficult due to harsh climate, bad soil and terrain. Thus, the levels of socio-economic development and education in these areas are lower than lowland areas. Language is viewed as a barrier. People's income is low, accompanied by poor entitlements to social services such as education and healthcare. Poverty incidence is considerably higher in these mountainous, remote and far-flung areas than that of the national average level.

During 1993– 1998, the national average expenditure per capita increased by 35%, but only by 20% for ethnic groups in the Northern Highlands and 7% in the Central Highlands. While the incidence of poverty in the country as a whole decreased from 55% to 36% during this period, it remained high in the Northern Highlands, decreasing from 84% to 73%. The poverty rate in the Central Highlands was hardly reduced at all, remaining at very high levels: 92% in 1993 and 91% in 1998. Ethnic groups found to have performed best economically were those most assimilated within Kinh society, while the least assimilated groups (particularly those in the Central

Highlands and the Hmong in the Northern Highlands) have been left behind. Poverty reduction is a priority in the socioeconomic development strategy of Vietnam. And high on the list of the poverty reduction policies and programs of the government are these extremely poor regions and ethnic minority groups.

In order to improve the living conditions of the ethnic minorities, reducing gaps between areas and groups, the State have issued various mechanisms and policies to support the poor in the remote areas, isolated areas and ethnic minority areas: Policies on resettlement and settled agriculture and emigrant to develop new economic areas shifted from campaign to the implementation of projects. Policies on agro-forestry stability and development in combination with the product processing and consumption have been executed in cooperating in program No.135 of government. Policies on land and forest allocation have been enhanced by implementing the Decree No 163/ND-CP to protect and develop the forest for the local ethnic minorities and agencies. The lack of production land in the local ethnic minorities is quite serious. Hence, government has continued their policy to support poor households in terms of production land and residential land according to the Decree No.134/2004/QĐ-TTg signed by the Prime Minister. Moreover, several policies on house support also were implemented such as the policy to provide roof plates for the ethnic minorities in the North (Decree No 186), supporting houses for Kho Me people in the South (Decree No 173) and in Highland Center (Decree No.168). Policies on price subsidy and fee subsidy have been significantly contributed to stabilize the market

prices, improve and increase living conditions and promoting production of the ethnic minorities. Policies on supporting especially poor ethnic minorities have been executed in many years that is an important fund to assist the ethnic minorities to increase incomes. Credit policies have been implemented in various fund sources from the State Bank system. It can be seen that several governmental policies have been implemented to help ethnic minorities improve their living standard and reduce the gap between minority and majority groups.

The most prominent program is the socio-economic development program for the most vulnerable communes in ethnic minority and mountainous areas, also shortly referred to as the 135 program. This program is directly aimed at a geographic group who live in mountainous and remote areas of Viet Nam. The majority of this group is comprised of people of ethnic minorities. The program's target is to: Promote production and increase living – standard for ethnic minority households; Develop infrastructure and develop public essential public service in the localities such as electricity, schools, health clinics, small irrigation system, roads, clean water providing systems; Enhance the people's awareness for better living standards and quality of life. In the phase I (1998 – 2005), the program invested VND 9142 billion (US 571 million) from the governmental fund for 1870 extremely difficult communes. The program's phase II (2006 – 2010) continued to cover 1879 communes with a total budget of US \$1 billion. Phase II of the program (2006-2010) has finished and a new program (2011-2015) is being shaped in

line with other poverty reduction programs under the Poverty Reduction Framework 2011-2020.

This study will evaluate the result of program 135 phase II from 2006 to 2010 by applying good governance model. It points out agency factors related to Vietnamese government using good governance suggestions to achieve the success in program 135. This analysis will evaluate results of program 135 in terms of the efficiency of central and local governance. More specifically, my efforts will be made to review the success and drawbacks of program 135 phase II and suggest some crucial policy recommendations for effective beneficiary selection. In my thesis, case study which will be used to analyze is Thai Nguyen province. Through this case, this research will clarify the appearance of good governance in the efficiency of policy implementation in case of P135.

Thus the research questions of this study will be as follows:

1. How does P135 implement in Vietnam?
2. How did characters of good governance appear in the effective policy implementation of P135 phase II in Thai Nguyen province?
3. What are drawbacks of P135 and how to repair them to make P135 become more successful in the next phase?

## **I.2. Scope of the study**

As P135 is one of poverty alleviation program for ethnic minorities and is running more than 10 years, so it is very much effective to use case from the implementing field areas. Also the case study offers us

comprehensive knowledge and understanding about the practical situation. In this study I shall discuss a case related to the good governance of governmental and local level in P135 phase II (2006-2010) in Thai Nguyen province, one of the most successful cases of P135 in Vietnam to see how applying good governance influences the efficiency of the program in this area and the relationship between center, local government and citizens. On the other hand, this study also reviews some drawbacks still existing of the management of P135 phase II. Therefore the scope of this study is: To review existing information of P135; to assess the extend and coverage of P135; to evaluate the result of P135 phase II and its influence on ethnic minority region; to review process of policy making and policy implementation of P135; to adjust the role of good governance, the relationship between center and local government and local residents in the success or failure of P135.

The study is based on case study research design and the unit of analysis is a province. Vietnam is divided into 58 provinces (in Vietnamese: tỉnh), and there are 5 centrally-controlled municipalities existing at the same level as provinces: Hanoi, Ho Chi Minh City, Can Tho, Da Nang and Hai Phong. The provinces are divided into districts, provincial cities, and county-level towns, which are subdivided into commune-level towns or communes. The municipalities are divided into rural districts and urban districts, which are subdivided into wards.

Thai Nguyen is a province in the Northeast region of Vietnam. It is a mountainous, midland province with a natural land area of 3534.45 square kilometers and a population of 1,149,100 as of 2008. Its multi-ethnic society

is composed of eight ethnic groups. Thai Nguyen is divided into one city municipality and 7 districts: Dai Tu District, Dinh Hoa District, Dong Hy District, Pho Yen District, Phu Binh District, Phu Luong District and Vo Nhai District. These are divided into 180 communes, of which 125 are highland and mountainous regions; the rest are plains and midlands. According to the General Statistics Office of the Government of Vietnam, the population of Thai Nguyen province as on 2008 was 1,149,100 with a density of 325 persons per km<sup>2</sup> over a total land area of 3,534.45 square kilometres (1,364.66 sq mi) of the province. The male population during this period was 562,900 with females accounting for 586,200. The rural population was 871300 against an urban population of 277800 (31.88% of the total population). There are many ethnic groups in Thai Nguyen Province, of which 8 main ethnic groups are Kinh, Tay, Nung, San Diu, H'Mông, Thai, Dao, and Hoa. Demographic distribution varies greatly: population density in the highlands and mountainous regions is low, while that of urban areas is very high.

# **CHAPTER II. THEORETICAL BACKGROUND, RESEARCH DESIGN AND LITERATURE REVIEWS**

## **II.1. Theoretical framework**

### **II.1.1 Governance and Good Governance**

#### **II.1.1.1 Governance**

According to UNESCAPE, the concept of "governance" is not new. It is as old as human civilization. Simply put "governance" means: the process of decision-making and the process by which decisions are implemented (or not implemented). Governance can be used in several contexts such as corporate governance, international governance, national governance and local governance.

Since governance is the process of decision-making and the process by which decisions are implemented, an analysis of governance focuses on the formal and informal actors involved in decision-making and implementing the decisions made and the formal and informal structures that have been set in place to arrive at and implement the decision.

Government is one of the actors in governance. Other actors involved in governance vary depending on the level of government that is under discussion. In rural areas, for example, other actors may include influential land lords, associations of peasant farmers, cooperatives, NGOs, research

institutes, religious leaders, finance institutions political parties, the military etc. The situation in urban areas is much more complex. Figure 1 provides the interconnections between actors involved in urban governance. At the national level, in addition to the above actors, media, lobbyists, international donors, multi-national corporations, etc. may play a role in decision-making or in influencing the decision-making process.

All actors other than government and the military are grouped together as part of the "civil society." In some countries in addition to the civil society, organized crime syndicates also influence decision-making, particularly in urban areas and at the national level.

Similarly formal government structures are one means by which decisions are arrived at and implemented. At the national level, informal decision-making structures, such as "kitchen cabinets" or informal advisors may exist. In urban areas, organized crime syndicates such as the "land Mafia" may influence decision-making. In some rural areas locally powerful families may make or influence decision-making. Such, informal decision-making is often the result of corrupt practices or leads to corrupt practices.

### **II.1.1.2. Good Governance**

Good governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the views of minorities are taken into account and that the voices of the most vulnerable in society are heard in decision-making. It is also responsive to the present and future needs of society.

### ***Participation***

Participation by both men and women is a key cornerstone of good governance. Participation could be either direct or through legitimate intermediate institutions or representatives. It is important to point out that representative democracy does not necessarily mean that the concerns of the most vulnerable in society would be taken into consideration in decision making. Participation needs to be informed and organized. This means freedom of association and expression on the one hand and an organized civil society on the other hand.

### ***Rule of law***

Good governance requires fair legal frameworks that are enforced impartially. It also requires full protection of human rights, particularly those of minorities. Impartial enforcement of laws requires an independent judiciary and an impartial and incorruptible police force.

### ***Transparency***

Transparency means that decisions taken and their enforcement are done in a manner that follows rules and regulations. It also means that information is freely available and directly accessible to those who will be affected by such decisions and their enforcement. It also means that enough information is provided and that it is provided in easily understandable forms and media.

### ***Responsiveness***

Good governance requires that institutions and processes try to serve all stakeholders within a reasonable timeframe.

### ***Consensus oriented***

There are several actors and as many viewpoints in a given society. Good governance requires mediation of the different interests in society to reach a broad consensus in society on what is in the best interest of the whole community and how this can be achieved. It also requires a broad and long-term perspective on what is needed for sustainable human development and how to achieve the goals of such development. This can only result from an understanding of the historical, cultural and social contexts of a given society or community.

### ***Equity and inclusiveness***

A society's wellbeing depends on ensuring that all its members feel that they have a stake in it and do not feel excluded from the mainstream of society. This requires all groups, but particularly the most vulnerable, have opportunities to improve or maintain their wellbeing.

### ***Effectiveness and efficiency***

Good governance means that processes and institutions produce results that meet the needs of society while making the best use of resources at their disposal. The concept of efficiency in the context of good governance also covers the sustainable use of natural resources and the protection of the environment.

### ***Accountability***

Accountability is a key requirement of good governance. Not only governmental institutions but also the private sector and civil society organizations must be accountable to the public and to their institutional

stakeholders. Who is accountable to whom varies depending on whether decisions or actions taken are internal or external to an organization or institution. In general an organization or an institution is accountable to those who will be affected by its decisions or actions. Accountability cannot be enforced without transparency and the rule of law.

## **II.1.2. Poverty and Poverty Reduction**

### **II.1.2.1. Poverty**

This is the World Bank's definition of poverty: Poverty is an income level below some minimum level necessary to meet basic needs. This minimum level is usually called the "poverty line". What is necessary to satisfy basic needs varies across time and societies. Therefore, poverty lines vary in time and place, and each country uses lines which are appropriate to its level of development, societal norms and values. But the content of the needs is more or less the same everywhere. Poverty is hunger. Poverty is lack of shelter. Poverty is being sick and not being able to see a doctor. Poverty is not having access to school and not knowing how to read. Poverty is not having a job, is fear for the future, living one day at a time. Poverty is losing a child to illness brought about by unclean water. Poverty is powerlessness, lack of representation and freedom.

The UN definition: Fundamentally, poverty is a denial of choices and opportunities, a violation of human dignity. It means lack of basic capacity to participate effectively in society. It means not having enough to feed and cloth a family, not having a school or clinic to go to, not having the land on which to grow one's food or a job to earn one's living, not having access to credit. It

means insecurity, powerlessness and exclusion of individuals, households and communities. It means susceptibility to violence, and it often implies living on marginal or fragile environments, without access to clean water or sanitation.

In Vietnam, poverty is defined as a level of deprivation such that a person is unable to meet minimum standards of wellbeing defined as: adequate resources for attaining the basic necessities of food, water, shelter and clothing; access to acceptable levels of health and education; accountability from state institutions and civil society and freedom from excessive vulnerability to adverse shocks.

- Poverty indicators in Vietnam:

There are two main sources of information on poverty in Vietnam- the General Statistics Office (GSO) and the Ministry of Labor, Invalids and Social Affairs (MOLISA).

The first source is made by the level of expenditure. It is based on an international method and calculated by the GSO with the World Bank's support. The food poverty line is the amount of money needed to buy a basket of food items that can provide the basic nutrition of 2,100 calories per day per person. The general poverty line is the amount of money needed to ensure the basic food and non-food needs.

The method to define the total poverty line is to add the costs of non-food to the minimum expenditures. By adding this amount to the amount for the food poverty line, we have the total poverty line.

There have been four surveys to obtain panel data<sup>5</sup>, two focusing on living standards (1993 and 1998) and two recent ones set focus on household

living standards (2002 and 2004). During this period, the poverty lines have also been revised to reflect the new developments in the social and economic picture of Viet Nam. The table below gives the changes in absolute values at current prices of the poverty lines over the years and the associated poverty rates.

Table 2.1 GSO-WB expenditure poverty lines and poverty rates in Vietnam

Year	1993	1998	2002	2004
<b>Poverty lines</b>				
Food Poverty	750,000	1,287,000	1,382,000	1,500,000
Overall Poverty	1,160,000	1,790,000	1,917,000	2,077,000
<b>Poverty rate</b>				
Food poverty	25%	15%	11%	7.8%
Overall Poverty	58%	37.4%	29%	24.1%

*VND/person/year*

Source: GSO (2004)

The second poverty source is based on the basis of household income. It is used by government authorities in poverty alleviation activities and published by MOLISA. Households are poor if their per capita income is lower than some standard thresholds. Those levels depend on if the household is located in urban, rural or remote areas.

As a matter of fact, these two methods are moving towards harmonizing. The most currently revised poverty lines of MOLISA<sup>7</sup> was also based on consumption needs using expenditure of households with a basket of around 40 products to ensure the average 2,100 Kcal daily calorie intake per

capita as recommended by the World Bank as well as some other nonfood items.

In my thesis, I would like to use the GSO definition and estimate of poverty for some reasons. Firstly, they are based on an international methodology which is transparent and well defined. Secondly, the Vietnam Living Standards Survey (VLSS) data sets are the public field and have been used widely to explain characteristics of the poor. Thirdly, using VLSS of GSO approach help me to compare estimates consistently across periods of time and areas.

There are also two poverty index that are usually used to calculate the poverty figures in Vietnam. One is the head-count index, which is simply considered as the percentage of the population living under the poverty line. The other one is the poverty gap index, which is calculated by the average difference between the expenditures of the poor and the poverty line. In brief, the former represents for the poverty rate while the latter is an indication of the rigorousness of poverty.

- The general concept “ethnic minorities”

Ethnic minority peoples are defined as those who have Vietnamese nationality and reside in Vietnam but not share the identity, language and other cultural characteristics of Kinh people. Ethnic minorities are often treated as a homogenous group although in reality there is a high degree of diversity among Vietnam’s 53 ethnic groups with regard to language, agriculture practices, kinship systems, lifestyle and belief. The majority Kinh made up approximately 86% of the population of Vietnamese 54 ethnic

groups, minority groups almost 14%. The bulk (75%) of the total ethnic minority population lives in mountainous areas, mainly in the northern mountains with a smaller number located in the central highlands. The remainders live in southern and a few in urban areas. The ethnic minority peoples of Vietnam comprise almost 14% of the population but account for 29% of the poor. The gap between the socio-economic development of minorities and the majority population is widening today. This situation has arisen despite government efforts and programs to support the development of its ethnic minority peoples.

The 10-million-plus ethnic minorities currently living in rural Vietnam are found primarily in upland areas, along with some pockets in the Mekong Delta of lowland-dwelling Khmer and Cham. In 1999, 11 provinces out of a total of 61 contained populations in which non-Kinh were in the overall majority, but 28 provinces had at least one district in which non-Kinh were in the majority, meaning these provinces will have to pay some attention to minority policy concerns. Given that nearly half of Vietnam's provinces, spread throughout the country, have minority populations, minority-directed policies have to take into account this geographic diversity. Further, many minorities do not live in geographically exclusive spaces separated from Kinh or other minorities. More than half the districts in the Northern Mountains have 10 ethnic groups or more represented, all living side by side or even together within single villages. Each individual ethnic group may have members spread over hundreds and even thousands of different communes throughout the country. This extreme ethnic diversity in Vietnam is long-

standing in some areas (the Northern Mountains), while very recent in others (the Central Highlands).

Additionally, there is much internal diversity amongst minorities: they vary tremendously in terms of assimilation and levels of economic success. Some, like the Tay and the Muong, have levels of household income and education that rival those of most Kinh, while in some ethnic groups, not a single person has ever been admitted to tertiary education. This cultural and geographic diversity makes it extremely difficult to tailor government and other programs to individual linguistic and cultural needs, and points out the need for good anthropological studies in the future on ethnic similarities and differences.

- Theoretical explanation for minority poverty:

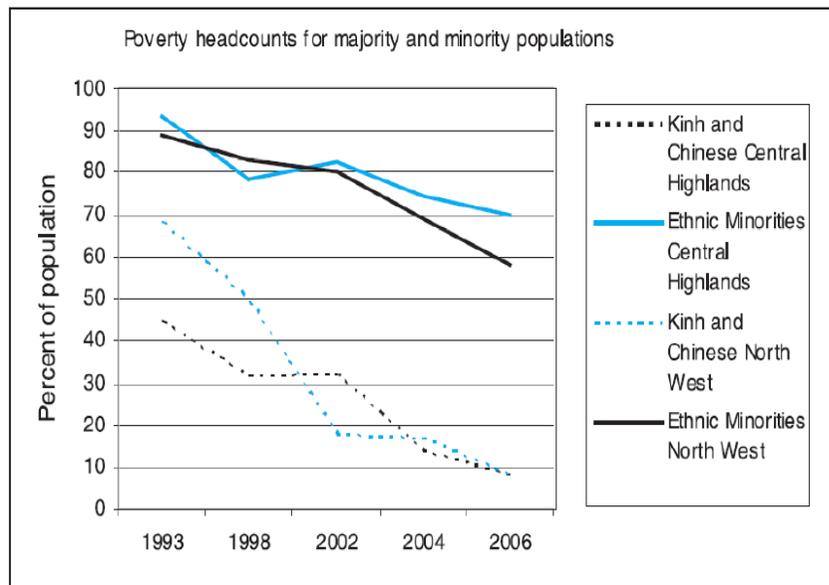
According to World Bank, there are multiple ways in which ethnic minority poverty has been explained by different stakeholders in Vietnam:

Ethnic minorities may have fewer physical assets – land, capital, credit – than Kinh. For example, while overall land holdings of minorities tend to be higher than Kinh, they tend to have less annual cropland and less wet rice or highly productive lands. They also tend to have larger households (5.7 vs. 4.7 members in 2006 VHLSS data) that are more likely to have young children (43 percent of ethnic minority households had a child below 6 years old, compared to 27 percent of Kinh).

Ethnic minorities may have fewer social assets – education, health, access to social services - than Kinh. A study based on VHLSS data notes that living in a household with an illiterate head almost doubles an individual's

chances of living in chronic food poverty. Data from the VHLSS show that minorities have worse health and report more illness than Kinh, and have significantly lower levels of education (23 percent of the household heads of ethnic minority households had no education compared to 6 percent of the Kinh heads of households) (VHLSS 2006 data).

Figure 2.1 Poverty headcounts for majority and minority populations



Source: World Bank (2008).

Ethnic minorities often are found in geographically remote areas, limiting their mobility and access to services and markets. Lack of physical mobility, caused by lack of access to roads and transportation, has been identified as a key factor in poverty. VHLSS data show that “households living in communities with a paved road, where most households have electricity, where a lower secondary school exists, where an upper secondary school exists, or with a market are more likely to escape poverty than

households who live in communes where these facilities do not exist”. The expansion of road systems, electricity and schooling as a result of P135 and HEPR investment in recent years has dramatically increased the number of ethnic households with access to these services, yet areas remain where roads, electricity, and schooling do not yet reach all villages and communes.

Ethnic minorities may not be benefiting from government poverty reduction programs as successfully as Kinh. This could be due to cultural factors such as lack of knowledge of the policies by minorities, their inability to read or hear about materials related to poverty programs due to language barriers, and a lack of poverty reduction cadres fluent in minority languages. There may also be cases of discrimination and power relations where minorities feel unable to access programs that are in place. While targeting for recent poverty programs, such as health care cards, has been relatively successful, as reported by respondents to the CSA, cultural barriers remain an issue; for example, minority women often reported hesitancy to use government health services, though they possessed health care coverage cards, because of embarrassment, lack of fluency in Vietnamese, and gender barriers within their own communities.

Ethnic minorities may possess other socio-cultural factors that are keeping them out of mainstream economic development. These may include such factors as language barriers; community leveling mechanisms that create social pressure against excess economic accumulation and cultural perceptions of social obligations and “shared poverty;” religious obligations

that require economic expenditures; gender expectations grounded in different cultural models; and community ownership of land and assets.

People may be poor if they lack endowments and assets, such as land, physical capital, and human capital (especially education). Similarly, people may also be poor because they have lower returns on the assets they do have. When minorities are not able to make their physical assets of land, labor and capital work for them, and when they suffer from lower levels of social capital, such as education and health, poverty is likely to result.

### **II.1.2.2. Poverty reduction**

Poverty reduction in developing countries is a core Millennium Development Goal (MDG). There is a healthy debate about how to achieve poverty reduction in developing countries, but not enough discussion of what we mean by “poverty reduction.” “Poverty reduction” is often used as a shorthand for promoting economic growth that will permanently lift as many people as possible over a poverty line. But there are many different objectives that are consistent with “poverty reduction,” and we have to make choices between them.

The reason that —poverty reduction is more than a one-dimensional objective is that there is no universally applicable way to —add up the reduction of poverty affecting different people in different circumstances in different places over time. In particular:

a. there is a trade-off between reducing poverty for as many people as possible, and focusing on a smaller number of people in chronic, long-lasting and deep poverty; (broad vs deep)

b. there is a trade-off between activities that reduce poverty today, and those that reduce poverty in the future; (today vs tomorrow)

c. there is a trade-off between programs that provide immediate redistribution of income and provision of global public goods, but which require long-term funding to be sustained, and time-limited programs that are intended to catalyze economic growth or social and political transformation so that long term funding is not required; (sustainable vs temporary)

Development agencies would not target a single measure of poverty reduction but explicitly manage a portfolio of objectives that (a) promote long term and permanent changes in developing countries by investing resources and sharing knowledge; (b) tackle the causes of poverty by changing the policies of rich countries and investing in global public goods; (c) transfer income and consumption from the world's rich to the world's poor to enable them to live better lives while development is taking place, as a matter of global social justice; and (d) target more assistance on those in chronic and deep poverty. The relative effort of each donor into these different dimensions of poverty reduction would depend on political priorities, the contributions being made by other donors, and evidence about the magnitude of the trade-offs and relative effectiveness of interventions.

## **II.2.Literature review**

Poverty in its most general sense is the lack of necessities. Basic food, shelter, medical care, and safety are generally thought necessary based on shared values of human dignity. However, what is a necessity to one person is not uniformly a necessity to others. Needs may be relative to what is possible

and are based on social definition and past experience (Sen, 1999). Bradshaw (2006) says that “the essence of poverty is inequality. In slightly different words, the basic meaning of poverty is relative deprivation.” A social (relative) definition of poverty allows community flexibility in addressing pressing local concerns, while objective definitions allow tracking progress and comparing one area to another. Most poverty scholars identify many problems with this definition related to concepts of family, cash income, treatment of taxes, special work related expenses, or regional differences in the cost of living (Quigley, 2003).

Refer to anti-poverty program, Bradshaw (2005) pointed out five theories of poverty in contemporary Literature and paralleled with them were also five theories of anti-poverty program. Five theory of poverty are poverty caused by individual deficiencies; poverty caused by cultural belief systems that support sub-cultures of poverty; poverty caused by economic, political, and social distortions or discrimination; poverty caused by geographical disparities and poverty caused by cumulative and cyclical interdependencies. From those perspectives of poverty causes, there are also five theories of anti-poverty program: Anti-poverty Programs from an individual theory of poverty perspective; anti-poverty programs from a culture of poverty perspective; anti-poverty programs from a structure of poverty perspective; anti-poverty programs from geography of poverty perspective and anti-poverty programs from a cycle of poverty perspective.

There are several studies on poverty reduction in ethnic minority regions available last few years. Some researches or articles provided general

situation of poverty in ethnic minority areas in Vietnam (Bob, Chuyen, Dominique and Jonathan, 2002 and Jean Michaud, 2009) and showed that the remaining 52 ethnic minorities constitute the poorest, least educated sections of Vietnamese society (Vietnam Poverty Working Group, 1999). Many studies have shown that ethnic minorities are concentrated in upland and mountain areas where access to infrastructure or health and educational facilities is limited and they are much poorer than the ethnic majorities (e.g. Van de Walle and Gunewardena, 2001; ADB 2002; World Bank, 2004).

There are systematic differences in endowments and the returns to those endowments for the members of the Kinh majority and the ethnic minorities, most of which are in favor of the majority group (Van de Walle and Gunewarda, 2001). These and other more detailed qualitative studies (Huy and Dai, 1999 and Jamieson, Cuc and Rambo, 1998) have led to an emerging consensus among donors and NGOs that a new, more differentiated approach to ethnic minority policy is required in Vietnam.

The literature on ethnicity in Vietnam indicates that in addition to income and social disparities with the Kinh majority, Vietnam's 53 officially-recognized ethnic minority groups differ among themselves. The Tay, Nung and Muong groups have been noted to have a smaller income gap relative to the Kinh and Hoa (Chinese) who are often grouped with the Kinh), and research suggests that the Khmer and Cham are also doing relatively well in terms of income, though statistics on education and health paint a different picture (Baulch et al 2010). Rural poverty monitoring by Oxfam and ActionAid finds that Khmer, Tay, Thai and Ede groups, among others, have

mid-levels of poverty, while Hmong and certain of the Central Highlands groups, together with the smallest ethnicities (usually grouped as “other” in research findings due to small sample sizes) have seen little or no improvement.

The implementation of poverty reduction policies in ethnic minority region in Vietnam in recent years has gained several achievements (Vu Tuan Anh, 2005, UNDP, 2002). However, there are still a lot of obstacles in this process such as inequality in the development of ethnic minorities and majority (Katsushi, Raghav, 2007) and unrealistic and inefficient application of same solutions policies in poverty reduction for both majority region and minority region (Yukio, 2003). Vietnamese government need create a specific set of policies for poverty reduction in ethnic minority regions.

The World Bank’s Country Social Analysis (2009) also offers comprehensive explanations of ethnic poverty focusing on six areas: education, mobility, credit, land, market access, and ethnic stereotypes. CSA report makes numerous well-grounded policy recommendations, but contains exactly one reference to a positive model of poverty reduction: a Hmong women’s cooperative in Ha Giang.

There are several researches related to P135 to adjust the efficiency and transparency of the program which were conducted by both Vietnamese and foreign researchers from Vietnam governmental institutes or NGOs. However, all most of those studies discuss about stage I of P135 from 1999-2005. Many researches evaluate that P135 was implemented successfully and brought good results to poverty reduction in Vietnam in recent years.

Meanwhile, the others argue that P135 still has some drawbacks such as lack of transparency or accountability which will lead to the vulnerability for corruption.

According to Quan (2007), P135 is recognized popularly by GOVN and donors as having an effective and clear targeting strategy with simple and clear development targets in line with the MDGs. Moreover, P135's effectiveness in terms of achieving expected results is due to a simple, transparent, result-based and pro-poor resource allocation process (Thuat and Quan, 2007). In a background paper of Tuan(2009), researchers also evaluated highly the responsibilities of stake holders in the implementation of P135. According to Committee on Ethnic Minority Affairs (CEMA)'s report of P135 phase II, P135 brought a new vision for poverty reduction in Vietnam. It helps reduce the gap between ethnic majority and minorities.

However, some scholars point out there were some problems existing in the implementation of P135. A report of World Bank in 2006 indicates that P135 had several vulnerabilities for corruption in small-scale infrastructure subprojects such as the limited transparency in financial matters or a disparity between ownership of projects and all financial matters. Moreover, the financial management and reporting of P135 schemes are highly dependent on skills of the local accountant whose numbers are rarely checked or questioned, there is additional susceptibility to corruption. Besides, guidelines for implementation from the national government agencies late and communication of activities, management and benefits of the Program were still weak (Tuan 2009).

Discussing on good governance, Deleuze (1995) believes that the concept of good governance framed by the democratic vocabulary of participation, transparency and accountability. Good governance relies instruments of governance that nurtures and strategically utilizes the self-governing potential of civil society under the strategic supervision of public authorities, seen in such diverse areas as employment policy, police power and crime prevention, health policy and bio-politics, employment policy, educational policy, accounting practices etc. (Bang and Esmark, 2009). According to Rose & Miller (1992), In theory as well as practice, the underlying point of the governance perspective is to relocate politics and administration from the problem of the state to the problem of steering, or, put differently, to reframe the state as one particular construct that can be utilized within the more general ‘problematic of government’.

In recent years, it has been increasingly recognized that good governance is an essential precondition for achieving sustainable economic growth and reducing poverty. “The exercise of political, economic and administrative authority in the management of a country’s affairs at all levels. It comprises the mechanisms, processes and institutions through which citizens and groups articulate their interests, exercise their legal rights, meet their obligations and mediate their differences (UNDP 1997:2-3).” Governance is not just about the way in which government functions but rather concerns the ways in which power is exercised both inside and outside formal authority and institutions. It is thus a process that involves many actors with different interests, which have to be reconciled (UNCHS 2000).

Institutions of governance include both national governments and institutions at more local levels. Osmani (2000) has suggested the need for a focus covering “a range of issues involving decentralization, people’s empowerment, and the involvement of community-based organization in local affairs, and the relevance of all their for poverty alleviation.” Mathur (1996) notes that the need for concern with governance has increased as city populations have risen sharply and democratization has given rise to increased demands for accountability and transparency. The fruits of good governance are likely to include: equity in the way in which resources are allocated; efficiency in the way in which services are delivered and managed; transparent and accountable decision-making processes; security from environmental disasters, crime and the adverse effects of poor management decisions.

Discovering the relationship between good governance and poverty reduction, there are several success cases all over the world of poverty reduction. The Saemaul Undong of Korea is a typical case of how good governance can affect the results of poverty reduction policies. This model of Korea was so successful and has been applied in many developing country (Reed 2010) and it is a successful example of rural community based development and good governance (Eom, 2011). In Vietnam, building new rural areas (Saemaul Undong model) was introduced since 2000s and it has shown many achievements (Thao and Kim 2008). Another case is the “Hunger Zero” program of Brazil. The “Hunger Zero” program that began in 2003 delivered an eight-fold increase in credit for small farmers. Along with

other social policies like an increased minimum wage and the ‘Bolsa Família’ cash support from government to poor families, “Hunger Zero” has helped lift 28m people out of poverty in a country of 192m, cut child malnutrition and boost the average family farm income by 33% against an average overall rise of just 13% (Oxfam 2012).

This study will give an overview of results of P135 phase II from 2006-2010 and especially analyze a successful case of P135 in Thai Nguyen province from the standpoint of good governance. Through this case, this research will clarify the influence of good governance to the efficiency of policy implementation in case of P135 in Vietnam.

## **II.3. Analytical framework and Research Method**

### **II.3.1. Analytical framework**

Table 2.3 Analytical framework

<b>Good Governance</b>	<b>Program 135 phase II</b>
Participation	<ul style="list-style-type: none"> <li>- Participation of households in selection process of infrastructure project (local meetings)</li> <li>- Households contribution to the project implementation (human and material resources; community responsibility)</li> <li>- Households participation in monitoring implementation</li> </ul>
Consensus orientation &	Consensus decision-making process expressed through decentralization from central government to local

Responsiveness	governments <ul style="list-style-type: none"> <li>- Central level (top-down) (National Steering Committee)</li> <li>- Local level (bottom-up) (Project Management Board)</li> </ul>
Transparency & Accountability	<ul style="list-style-type: none"> <li>- Financial transparency increased (financial reporting regime)</li> <li>- Supervision activities was enhanced (Monitoring people's committee)</li> <li>- Awarding and penalty system was improved to maintain the accountability</li> </ul>
Equity & Inclusiveness	Implementation results in education, health care system, employment at national and local level
Rule of law	P135 has a strong legal framework <ul style="list-style-type: none"> <li>- National regulations system</li> <li>- Local regulations system</li> </ul>
Effectiveness & efficiency	<ul style="list-style-type: none"> <li>- Organizational agreement at Central level ensured the effectiveness of P135</li> <li>- Project management at Local level (Thai Nguyen case) ensured communes become real project investors</li> </ul>

According this analytical framework, this study will concentrate on the relationship between good governance and successful results of P135 phase II in Thai Nguyen province. Good governance will be analyzed based on 8 characteristics discussed above in Theoretical framework part.

## **II.3.2 Method**

In this study, I shall adopt case study method to explain how good governance can bring the efficiency to public policy implementation. A case study design is a systematic inquiry into an event or a set of related events which aims to describe and explain the phenomenon of interest (Bromley, 1990). In most cases, a case study method selects a small geographical area or a very limited number of individuals as the subjects of study. In this study, I would like to use a case study to prove that the successful of policy implementation related to good governance. The case I used in my study is Thai Nguyen province where P135 has been implemented to improve the living standard for ethnic minority communities there. The analysis depends on 8 characteristics of good governance: participation, consensus orientation, responsiveness, transparency, accountability, equity and inclusiveness, rule of law, effectiveness and efficiency.

This research will show the poverty situation of the ethnic minority region in Vietnam in general and in Thai Nguyen province in particular by reviewing existing materials and analysis of secondary data and analyzing a number of surveys in the national scale conducted by General Statistical Office (GSO), namely Vietnam Population and Housing Census (2009). Survey on infrastructures in rural communes (2006), and Household Living Standard Surveys (2006, 2008 & 2010) have also figured out the context of poverty reduction in ethnic minority regions.

In this study, first, I consisted of analysis of available statistics on program content, allocations and coverage. The assessment of poverty status

and evaluation of the implementation of poverty reduction policies requires quantitative data. The VHLSS 2010 was conducted nationwide with a sample size of 69,360 households in 3,133 communes/wards which were representative at national, regional, urban, rural and provincial levels. The survey collected information during four periods, each period in one quarter from the second quarter to the fourth quarter in 2010 and one period in the first quarter of 2011 through face-to-face interviews conducted by interviewers with household heads and key commune officials in communes containing sample enumeration areas.

Moreover, secondary data from several previous materials will be used such as document from World Bank, ADB, UNDP, General Statistics Office of Vietnam, Annual reports of Vietnamese Government and field researches of other scholars. Sites for field visits were selected using a combination of quantitative analysis and a snowball sample of academic researchers and NGO workers. Data from census samples was analyzed to determine rates of poverty reduction among ethnic minority respondents only in each province and district over the periods 2006-2010.

Data collected from investigations of the beginning (2006) and the ending (2010) of P135 phase II in Thai Nguyen province conducted by Provincial People's Committee will be also applied in this study.

# **CHAPTER III. OVERVIEW OF PROGRAM 135**

## **PHASE II 2006-2010**

### **III.1. Background and purpose**

P135 was established in 1998 to implement government policies targeting the most vulnerable communes, promoting production and access to basic infrastructure, improving education, training local officials and raising people's awareness for better living standards and quality of life.

The rationale for establishing P135 was to help people in ethnic minority and mountainous areas overcome poverty, narrow the income gap with other communes in other districts and provinces and eliminate risks for social instability. P135 was designed to address the different causes of poverty particular to ethnic minorities such as: low capacity; small landholdings; lack of knowledge, skills and market information; health problems; large family size; unemployment; and vulnerability to risks (including social problems). Other typical causes contributing to poverty among ethnic groups include: (i) low start level, location in the most impoverished areas of the country with under-developed markets; (ii) mainly subsistence agriculture using traditional practices; (iii) population sparsely distributed over wide areas and increasingly complex migration issues; (iv) degradation of the environment; (v) poor and unsustainable infrastructure; (vi) low literacy rate, education problems and unskilled human resources.

P135's overall objectives (in both phases) are: i) to radically accelerate production and promote market-oriented agricultural development;

ii) to improve in a sustainable manner the sociocultural life of ethnic groups in the most impoverished communes and villages to narrow the gap in living standards among Vietnam's ethnic groups and regions; and iii) eradicate hunger in the targeted areas and reduce the poverty rate to below 30%.

P135 has a set of specific, measurable and outcome-oriented objectives and targets in line with the MDGs and Vietnam's own national development goals (the VDGs)

Summarized by components, they are:

Production development: to upgrade skills and develop new production techniques among ethnic minorities so that by 2010 more than 70% of such households will have an average annual income per capita of over 3.5 million VND.

Infrastructure development: To ensure that all communes have the basic infrastructure needed to improve living conditions, production development and incomes, including roads, irrigation, schools, health clinics and electricity.

Capacity-building: to provide commune staff and village leaders with skills and knowledge to manage poverty reduction activities, including legal skills and investment knowledge; to strengthen the capacity of communities and create favorable conditions for them to participate more effectively in the monitoring and supervision of interventions in the area.

Improvement of socio-cultural living standards: to ensure access to basic social services including clean water and latrines, health services,

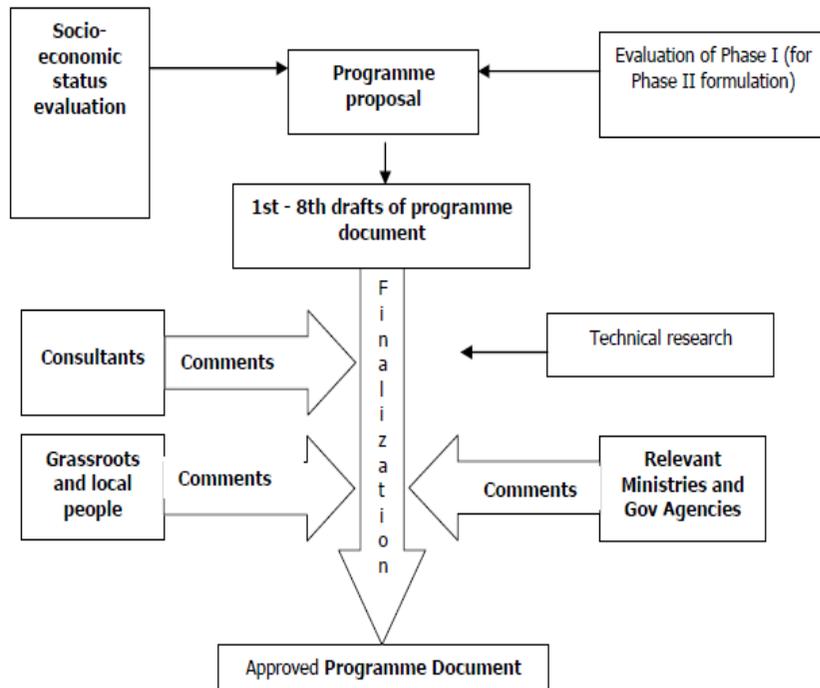
primary and secondary enrolment, and universal and free access to legal assistance to those in need.

### **III.2. Program formulation – listening to ethnic minorities**

P135 was designed in 1997 and approved in 1998 by the Government for a period of seven years. A second phase was formulated in April 2005 and approved in January 2006 for the program to continue until 2010. The Ministry of Investment and Planning (MPI) and the Committee for Ethnic Minority Affairs (CEMA) researched and designed both phases of P135 in coordination with relevant ministries and government agencies.

In both phases, the process involved local need assessments and widespread consultations with stakeholders, especially local ethnic groups. Accordingly, a broad consensus was reached in the design, approval and implementation process. To design the second phase, CEMA – with technical assistance from UNDP - organized hundreds of consultations with local officials and ethnic groups, consultants, specialists, relevant ministries and government agencies and donors. Eighteen national and international studies and in-depth technical consultancies were carried out to provide input for the design of Phase II which also benefited considerably from the UNDP Government joint evaluation of the first phase.

Diagram 3.1P135 Formulation Process



Source: Thuat and Quan (2007).

### III.3. Target beneficiaries and geographic coverage

P135's first phase, implemented with total government funds of over VND 9,142 billion (US\$ 571 million) from 1998 to 2005, focused primarily on developing village, communal and inter-communal infrastructure. From 2006 to 2010, the program was extended to agricultural production, capacity-building and improved livelihood.

Target beneficiaries are the most impoverished and disadvantaged ethnic minorities and mountainous communes and villages, defined through specific criteria that include population size, remoteness, poverty rate, existing basic infrastructure, education and health indicators (enrolment rate, child and

maternal mortality rates, etc.). Based on these criteria, local governments conducted assessments and selected such communes and villages in a transparent, democratic and participatory manner.

In the first phase, 2,410 most vulnerable communes were selected as program beneficiaries, representing nearly one-fourth of all communes nationwide and 15% of the total population. Of these, 671 communes were assessed to have completed the program objectives, and in 2006 the second phase targeted a further 1,920 communes, including those from the first phase plus additional communes that have been re-zoned. In 2008, 2,500 were added. Such inclusion is reviewed annually based on the criteria, and from 2008 onwards those intervention sites that meet P135 targets would graduate from the program.

### **III.4 Program Activities**

Activities in support of market-oriented agricultural production and income generation include: agriculture, forestry and fishery extension; establishment of demonstration models; distribution of agricultural inputs; and equipment and extension services for post-harvest and processing activities.

Local infrastructure development includes: inter-village and village-to-commune roads; small irrigation schemes; construction or upgrading of schools and boarding facilities for students and teachers; construction or upgrading of commune health care centers; markets; community halls; and clean water supply systems.

The capacity-building component includes training activities targeting commune and village officials to strengthen the knowledge and skills they

need to manage and implement P135 and other socio-economic development programs: participatory planning; monitoring and reporting; financial management; grassroots democracy and local governance; gender; communication; other topics specifically related to P135 activities. Training is also provided to grass root communities. Under this component, funds are allocated for provinces to design their own training activities to meet local needs, including study and exchange visits.

Program activities under the improved livelihood component include: support to housing and clean water and sanitation facilities; campaign on the delivery of social programs and services; school feeding; training of ethnic minority teachers; Vietnamese language for ethnic minority pre-schoolers; financial support for ethnic school boarders; free legal services.

The second phase of P135 also includes a number of cross-cutting activities derived from lessons learned in the first phase and from other similar large-scale poverty reduction programs in Vietnam. These include:

- A monitoring and evaluation system that includes an impact assessment methodology with baseline, mid-term and final impact surveys and an improved reporting system;
- Emphasis on decentralization with the goal of 100% decentralization of the program management to communes by 2010;
- Pro-poor budgeting with allocation of funds directed to communes based on the poverty incidence and other criteria determined by the provinces;

- Application of participatory principles in planning, monitoring and evaluation processes at the commune level and strengthening of commune ‘people’s supervision committees’;
- Increased transparency of financial management, including quarterly financial reports, fund-flow maps and rigorous auditing;
- A communication strategy focusing on behavioral change linked to program objectives.

## **III.5 Outcomes**

### **III.5.1. Outcomes of Program 135 phase II at National level**

Program 135 Phase II was approved by the Prime Minister on 10/1/2006 to continue support for particularly difficult hamlets, communes and villages in mountainous areas to help them develop economics and reduce the gap between ethnic minorities and majority. This program is the continuity of the Program 135 Phase I which was approved on 31/7/1998.

After 5 years of implementation, the Program 135 Phase II was deployed in the area of more than poor 1,958 communes, 3,274 villages of 369/690 districts in 50/63 provinces. The program has achieved many important results, contributing to social and economic development of particularly disadvantaged communes and villages of ethnic minorities in mountainous areas.

During 5 years, central budget has allocated 14025.25 billion VND, till now, disbursed 13604.5 billion VND, accounting for 97.1% budget. In

particular, 194686 billion has been already allocated to support 2.2 million households to 11.8 thousand tons of food crops, 33 million industrial crops, fruit, specialty crops, nearly 300 thousand seed cattle, more than 1.3 million breeding birds, 470 thousand tons of chemical fertilizers, plant protection products; 6834 agricultural, forestry and fishery developing model, 81085 machines for production, product processing, 911721 people to participate in training courses of agricultural; 8646.07 billion has been already allocated for the construction of 12 646 infrastructure projects (3375 traffic projects, 2393 irrigation works, 2478 school buildings, 1573 water supplying projects, 995 electric projects, 367 market works, 489 clinics, 976 community living houses; 576.16 billion was arranged for the training staff at all levels of management knowledge in implementing vocational training programs for youth. The central agency has trained 3,500 officers from provinces to districts who participate in the management of P135; 178000 communes and villages officers were trained and retrained to improve their knowledge in public administration, project management and assessment by local governments; 280000 citizens was invited to take part in training courses of P135 content, assessment and use of credit, households economic development knowledge, support vocational training for ethnic minority youth; 1896.92 billion was allocated for 926 326 children entering kindergarten, etc.

Along with the support and assistance of the Central Government, local authorities and other organizations, associations, communities, residents of mountainous difficult villages and hamlets have tried and put many efforts

to escape. After 5 years of implementation of Program 135 Phase II, the percentage of poor households in special difficult villages and communes declined from 47% in 2006 to 28.8% in 2010.

Currently per capita income in communes of program reached 4.2 million / person / year (the goal of the program until the end of 2010 was over 70% of household has income per capita at 3.5 million VND / person / year). The percentage of communes having roads for motor vehicles from the town center to the village increased to 80.7% in 2010 (target is 80%). 100% of communes have local clinics, 100% of people in need of legal assistance was aided for free.

### **III.5.2. Outcomes of Program 135 phase II in Thai Nguyen province**

In Thai Nguyen province, the poverty rate in the province at the beginning of P135 phase II in 2006 was 26.85%, till 31<sup>st</sup> December 2010, this number decrease to 10.8%. The percentage of poor households in 44 communes benefited from P135 in early 2006 was 49.76%, till 31<sup>st</sup> December 2010, dropt to 23.55% (average annual reduction of 5.24%).

The total budget Central Government allocate for the province was 321,981 million VND, including: 46,500 million VND for projects supporting for development of production; 201,000 million VND for infrastructure development projects; 13,570 million VND for human resources management projects; 50,854 million VND for service supporting projects; 8,784 million VND for repairing and maintaining works projects.

In terms of product development project, total households receiving benefit from program was 32,274. There were many activities to support agriculture, fishery, forestry and industrial (training courses and visits) including 7692 visitors, 83 training courses, 9 studying tours. In supporting plant, cattle and production material, there were 62ha of rice and corn, 398 ha of tea, 1036 ha of acacia, 2958 pigs, 4561 cows and buffalos, 8 Laisin bulls and 13,924 poultries. In supporting production machine, there were 2,957 water pumps, mini tractor 491 sets, 10 pcs of tea cutting machine, 56 grass cutters, 505 rice cutters, 40 rice threshers, 5 tea picking machines, 904 pesticide sprayers, tillage machine 346 females, 1 the vaccine storage cabinets. The impact of P135 express clearly through the increase of production force, productivity, the improvement of technical and scientific knowledge and production quality. There were 70% of total households reached per capita income over 3.6 million VND in many communes.

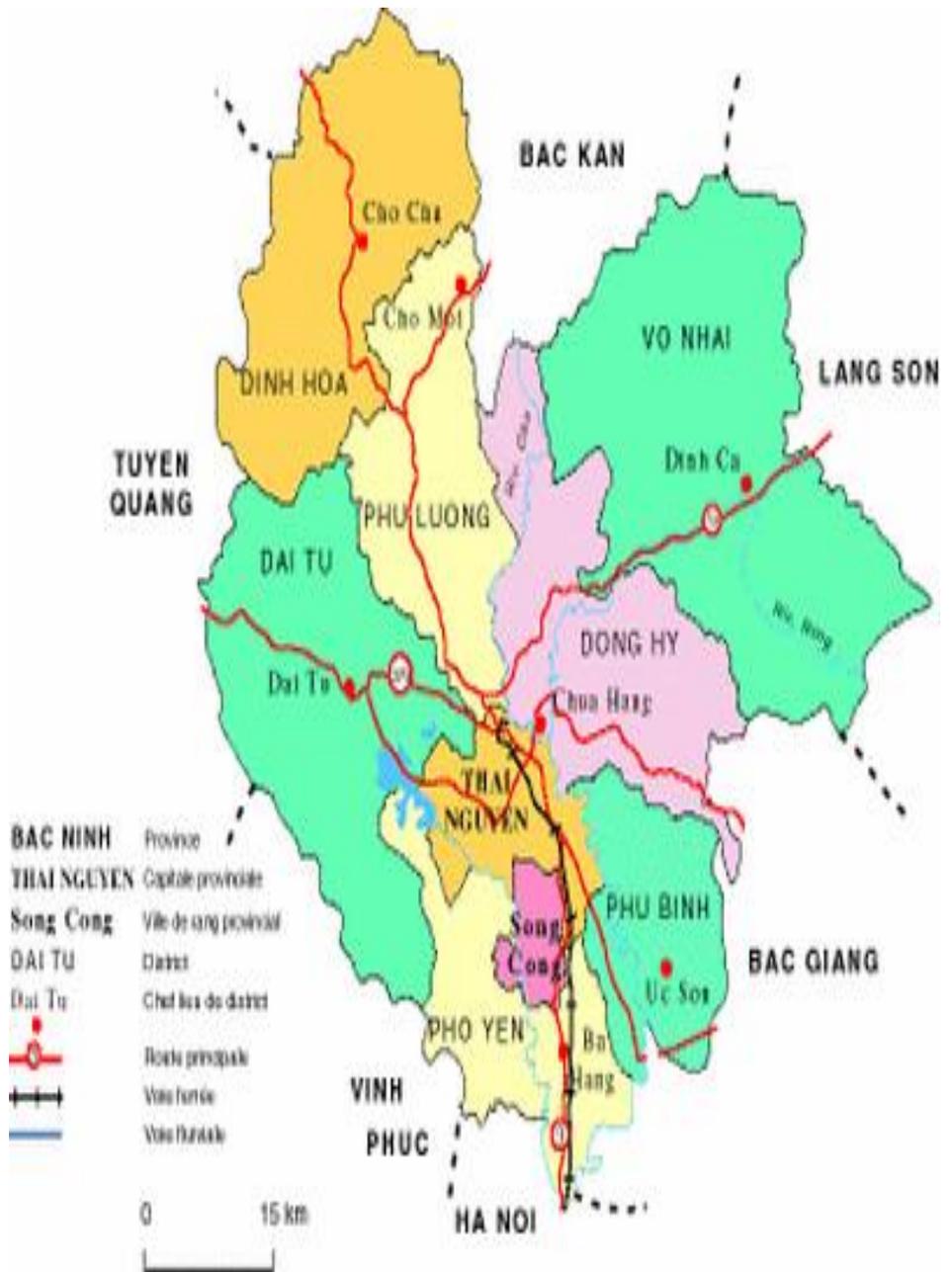
In terms of infrastructure development project, there were 376 works built from 2006 to 2010, including: investment in communes which were special difficulties is 249 works, of which 93 works for transportation, 22 works for irrigation, 07 electricity projects, 104 schools, 12 clinics, 08 markets, 03 cultural centers; investment in the extremely difficult villages were 127 works, of which 64 transportation works, 14 irrigation works, 06 electricity works, 06 schools, 37 cultural centers 37. It can be said that democracy was ensured in process of planning and construction selection. The role of citizen was improved, especially in clearance activities to build public works. Investor selection process was implemented openly and transparently

with extensive information in accordance with regulations. The quality of works was ensured. Maintenance capital was used in right purposes efficiently.

In terms of human resources management projects, there were 46,540 people trained and retrained from 2006 to 2010, including: 97 short-term training courses for 5,957 local officials, 636 training courses for 38,912 citizens, 57 vocational training classes for ethnic minority youth with 1671 people took part in. Staff capacity at commune level was clearly improved. Many communes did their task well as investors in construction works and production supporting projects. Several new knowledge of production was applied. Local government created many job opportunities for ethnic minority youth.

In terms of policy projects which support services to improve and enhance citizen's living standard, the total budget was 50,854 million VND. There were 58,803 poor students supported to go to school, of which 26 046 kindergarten students, 32,757 students at all levels of the school system. There's also support for the 312 passengers for preschoolers. Number of households supported in improving sanitation was 12418 households (relocation assistance, housing renewal, building toilets). Besides, P135 supported in cultural activities and also supported in legal activities for poor people such as the fields of land, civil, criminal, denunciation, etc. By 2010, has established 56 legal aid clubs (44 clubs in 135 villages and 12 clubs in the neighborhood of the extremely difficult communes).

Map 3.1 Map of Thai Nguyen Province



# **CHAPTER IV. ANALYSIS OF GOOD GOVERNANCE AND PROGRAM 135**

## **VI.1 Participation**

Experiences in development and poverty reduction indicate that decentralization from central government to local government, letting local leaders taking part in conversations with citizens is one of the most efficient methods to develop sustainable community. This method increase democracy and independence for rural citizens (Ghai, 1990). Government realized the important role of the participation of citizen so in P135 II, they strongly encouraged people participating in selection and planning project process and program implementation and management. In Thai Nguyen province, till 2010, there were 44 communes benefited from P135 including 53 extremely difficulty villages.

### **IV.1.1 Participation of households in selection process of infrastructure project**

The involvement of families in the selection phase of works / infrastructure development projects have a crucial role for planning at the local level. The active and effective participation of households will decide the needs and their aspirations will reflect in the works / projects selected. At the village level, the meetings to select opinions of the beneficiary were held directly by the Planning Board.

In principle, all households will be notified of the selection meeting and each household sent a representative to participate in the meeting. After gathering public comments from those meetings, the planning committee and village heads will build a list of works / projects in order of importance. Due to the close guidance of a higher administration, the program has been successful in encouraging farmers to participate in the project.

In 2010, approximately 85% of the project in Thai Nguyen province was approved in local meetings. The percentages of households that are informed about those meetings were 56.1% and 79.3% respectively in 2007 and 2010. This data shows an improvement in the perception of people in the period from 2007 to 2010. Information was more common in the village. Thanks to the information, the participation rate has soared from 49% in 2007 to 73.9% in 2010.

#### **IV.1.2. Households contribution to the implementation of infrastructure development projects under P135-II**

The contribution of community to investment included not only the support of human and material resources in the implementation of infrastructure projects, but also promoting community responsibility for project management and maintenance of future work. Local contribution was in the form of cash or labor. Number of households contributing to the infrastructure projects has significantly increased with 14.2% in the 2007-2010 period.

Table 4.1 Contribution of community to infrastructure development projects of P135 II (%)

	2007	2010	Difference
Number of households contributing for infrastructure project	21.8	35.9	14.1
Average amount of money each household contributing (1000 VND)	12.2	135.42	123.2
Average amount of money contributing in each project (1000 VND)	4,136.2	5,713.5	1,577.3
Average of working day of each household	1.07	6.27	5.2
Average of working day of households in each projects	100.2	122.5	22.3

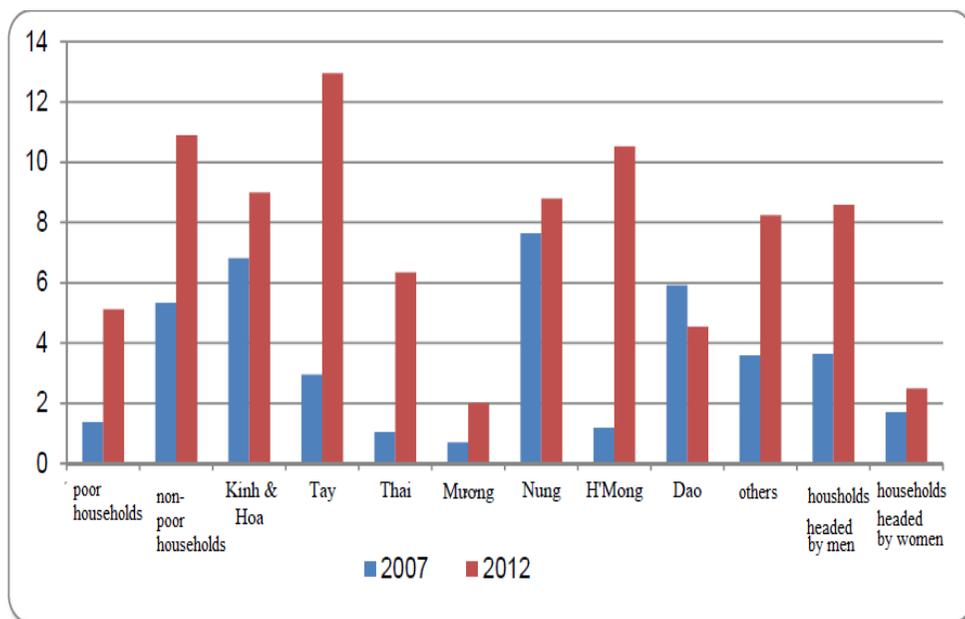
Source: Report at the beginning and ending of P135 II of People's Committee of Thai Nguyen province (2011)

Table 4.1 shows continuous improvement in the contribution of the community in terms of the number of households as well as valuable contributions in cash and labor. For example, the averages number of days each household contributing significantly increased from 1.1 days in 2007 to 6.27 days in 2010. The value of each household contribution for each project has increased 10 times. Despite the contribution of the household was still small percentage of the total value of the works, but was very important in promoting public accountability for the public service works that they are the direct beneficiaries.

### IV.1.3. Households participation in monitoring implementation of the P135-II infrastructure works

To promote community participation and promote community capacity in project management, Monitoring people's committee (MPC) was established from the local community. MPC plays a key role during the construction process. This committee is responsible for monitoring the implementation of projects. The empirical analysis shows that there was a improvement of the participation of households in MPC. Although the proportion of household members is less than 10% in MPC for both years, but this rate has doubled from 3.5% in 2007 to 8% in 2010.

Figure 4.1 Rate of participation of households in MPC (%)



Source: Report at the beginning and ending of P135 II of People's Committee of Thai Nguyen province (2011)

This figure shows that the rate of participation of each ethnic minority groups increasing from 2007 to 2010 in MPC. Kinh, Hoa, H'Mong, Tay and Nung minorities had higher rate than Thai, Muong, Dao and others. The participation of non-poor households doubled poor households. However, the data of poor households had strong improvement in 2010 compared to it in 2007.

## **IV.2 Consensus-Orientation and Responsiveness**

### **IV.2.1 Central level**

From top-down perspective, the National Steering Committee for P135 consists of representatives from various ministries and agencies such as CEM, MOLISA, MPI, MOF, MARD, VFA, and the Minorities Committee of the National Assembly. CEM is the Standing Agency in the committee. There are clear guidelines for project implementation procedures. For individual sub-programs, the CEM as the standing body and the executive agencies have issued inter-ministerial circulars on program management and implementation. MARD, as the other executive agency for P135, has also issued various guidelines on implementation of related components.

At the central level, CEM is the Program Managing Agency for the implementation of P135.

The National Steering Committee for P135 was established, and operates in accordance with the Regulation on the 135 National Steering Committee operations, as per Decision 01/TTg of 4 January 1999 and Decision No-13/1998/QD-TTg of 23 January 1999 issued by the Prime Minister. The Committee consists of representatives from various ministries

and agencies such as CEM, MOLISA, MPI, MOF, MARD, VFA, and the Minorities Committee of the National Assembly. CEM is the Standing Agency in the committee.

There are guidelines for project implementation procedures. For individual sub-programs, CEM as the standing body and the EAs have issued inter-ministerial circulars on program management and implementation. MARD, as the other EA for P135, has also issued various guidelines on implementation of related components. The implementing apparatus was simpler because there were only two direct managing bodies of the program: CEM managed three components and MARD managed two components. The Vietnam Farmers' Union and Ethnic Council of the National Assembly were assigned to monitor the program. Placement of management agencies for Program 135 in many localities was inconsistent. At the central level, CEM was the management agency, but most provinces assigned DPI to be the focal point of the program.

In terms of Responsibilities for P135 management, standing body CEM coordinates with relevant ministries/agencies and provinces in program implementation, providing guidelines on program implementation, management and monitoring. Executing Agencies CEM Coordinating sub-program implementation MARD Coordinating sub-program implementation Providing guidelines to provinces on land planning and relocation, and agricultural and forestry production promotion linked to processing industries. Others Ministries involved in P135 such as MPI cooperating with MOF and other agencies prepared program budgets; MOF provide guidance and

supervise disbursement and utilization of funds from state budget, and report to Government on fund use from local budget; VFA, NCMA and MOLISA participate in program evaluation. Civil servants and field level bureaucrats take such policies forward.

#### **IV.2.2 Local level – Thai Nguyen province**

In terms of top-down perspective, P135-II program is the only national target for the decentralization to villages by making villages become investors for the project / program. Strengthening capacity at the local level is therefore necessary to promote the decentralization process. In Thai Nguyen province, Phase II of the program emphasized the importance of strengthening institutional capacity at the local level with more than 7% of the total program budget allocated for this activity, an increase of 6% compared with stage I. During program execution, a set of policies of decentralization was introduced to enhance the autonomy and accountability of local governments in the target area. The transferring of responsibility to the investors from provincial, district level to commune level requires from village level a good capacity for financial planning, management and project management. Training for commune officials is one of the major activities in building capacity component at the commune level. The local government organized training in management skills, project management and financing for 5.957 commune and village officials. The training is done in the short form, each session lasting from 5 to 6 days.

Table 4.2 Training activities for commune officials

	2007	2010	Difference
Percentage of commune officials that appropriated training content (%)	82.7	85.7	3.0
Percentage of commune officials that appropriated time of training course (%)	37.6	62.3	24.7
Percentage of commune officials that satisfied with the quality of teachers (%)	78.7	89.7	11.0

Source: Report at the beginning and ending of P135 II of People's Committee of Thai Nguyen province (2011)

During the period 2007 - 2010, the courses were evaluated by commune officials that they had a better quality. In 2007, 82.7% of respondents said that training courses are practical and applicable on the job. This rate increased by 3% in 2010. The significant changes are shown in the 24.7% increase in the proportion of staff that the course is appropriate and 11% increase in the proportion of people satisfied with the quality of teacher training. The survey results showed that the training had improved the content and quality of courses and the quality of teacher.

In terms of bottom-up perspective, villagers in 135 communes where the commune is the project holder discuss their needs and propose their investment proposal to the commune project management board (PMB). There were several town meetings which all village residents had the right to attend and talk about their expectation. In communes where the district is the project holder, the commune PC along other authorities from the party and mass organizations proposes the investment to the district project

management board (PMB). The commune PMB sends the investment proposal to the district, then to province to approval.

In terms of responsiveness, the transfer of responsibility of the owner / project manager from the higher administrative level to the local authority requires the establishment of PMB at the commune level. PMB has the legal right to perform administrative activities and financial transactions for the project / program implementation in commune. According to Circular No. 676/2006, the PMB must be established before performing any work / project. In Thai Nguyen, Provincial People's Committee (PPC) wrote direction documents for all districts in determining and assigning capacity of investors at the commune level. There were 42/44 communes as investors infrastructure projects; 39/44 communes assigned to investors in supporting projects of production development.

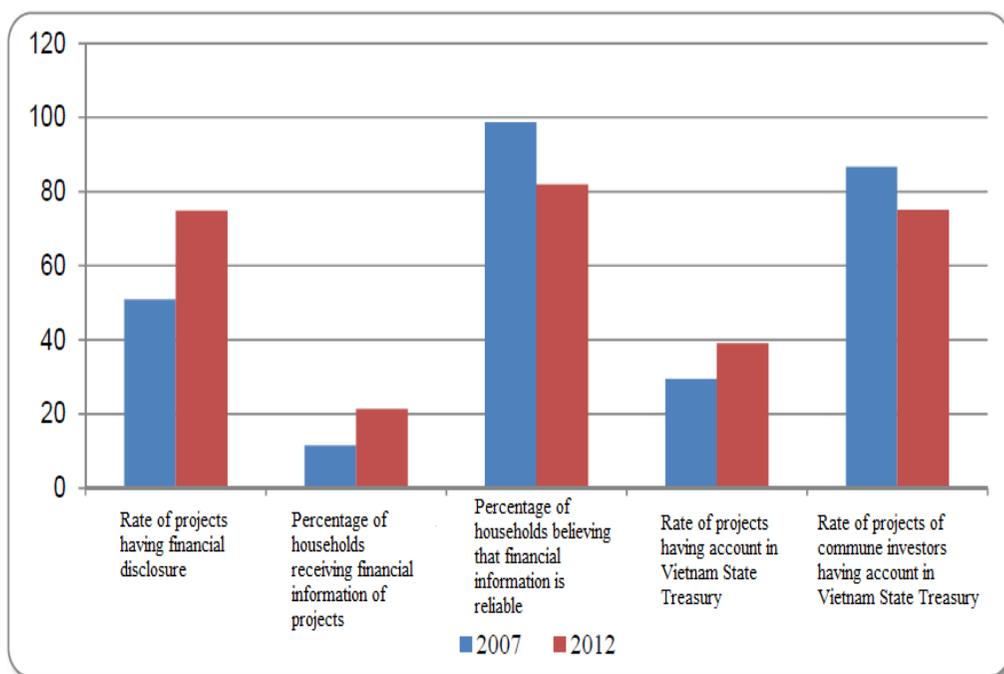
It can be said that the decentralization from center to local government helped increase the responsiveness and led to the selection of P135 projects that promoted citizens' long term benefits and reflected their expectations.

## **VI.3 Transparency and Accountability**

### **VI.3.1 Financial transparency**

Participatory, consensus-oriented decision-making within village units also increase transparency. Information about projects was disseminated through town meetings. As the study mentioned above about, the participation of residents in communes in village meetings increased year by year. Besides, financial transparency was also improved.

Figure 4.2 Financial transparency in commune level (%)



Source: Report at the beginning and ending of P135 II of People's Committee of Thai Nguyen province (2011)

Figure 4.2 shows the number of projects having financial disclosure increased dramatically 24% (from 50.9% in 2007 to 74.9% in 2010). It can be said that financial reporting regime has been widely applied in commune. However, the way local government publishing financial information was not really effective because the information was not really disseminated to a large number of target households. In 2010, 74.9% of the projects have to disclose information about budgeting and spending, but only 21.3% of households know this information.

### IV.3.2 Transparency in supervision activities

Table 4.3 Rate of participation and quality of MPC

	2007	2010	Difference
Rate of household having participant in MPC	3.5	8.0	4.5
Rate of works having MPC	81.1	85.4	4.3
Rate of works having MPC received technical training	30.3	46.0	15.7
30.8	47.8	17.0	
Percentage of households satisfying with the level of MPC			

Source: Report at the beginning and ending of P135 II of People's Committee of Thai Nguyen province (2011)

Transparency also expressed through the quality of Monitoring people's committee (MPC). In Thai Nguyen province, MPC has been established in 44/44 communes. The MPC received technical training and percentage of households satisfying with the level of MPC were not very high, even quite low in 2007, but they had clear improvement from 2007 to 2010. Data shows that the quality of project supervision has been tightened step by step. The State Auditor performed 01 times on the 135 program in 2008 in the province and 3 districts. Audit results reveal that Thai Nguyen implemented program according to governmental regulations, funds are used for the right purpose, the right people, not losses.

### IV.3.3 Accountability

In terms of accountability, according to Decision No 2078/QĐ-UBND in releasing regulation of Steering Board of Social-Economic development program in extremely difficulty areas of mountainous ethnic minorities (P135) phase 2006 – 2010 of Thai Nguyen Provincial People’s Committee (PPC), organizations and individuals that have made outstanding achievements in the implementation of the Program 135 Phase II will be rewarded for the emulation. However, organizations and individuals violating the State regulations on the management of the Program 135 Phase II, depending on the seriousness of their violations, will be disciplined in administrative level or criminal prosecution in accordance with law. From 2006 to 2010, Thai Nguyen PPC rewarded for excellent 24 organizations and 25 individuals who achieved success in the implementation of P135 phase II.

## **IV.4 Equity and Inclusiveness**

### **IV.4.1 General Context of Vietnam**

One of the most important targets of P135 was increasing social equity by reducing the gap between ethnic minorities and majorities, rural and urban areas.

In general context of Vietnam, in terms of education according to the VHLSS 2010, the literacy rate of people aged 10 and over was quite high: 93.1%, the same rate as in 2008, which constitutes a slight increase in comparison to previous years (2004: 92,1%; 2006: 93%). However, this rate among the richest quintile (98%), urban households (96%), and men (96%) was still higher than for the poorest quintile (85%); rural households (92%) and women (91%) respectively.

According to the VHLSS 2010 results, 66.7% people receiving medical examination and treatment had health insurance or free healthcare cards. This share in urban areas and rural areas were respectively 72.6% and 64.1%. In particular, 74.1% of healthcare visits among the poorest quintile had health insurance or free health cards while this figure in the richest quintile was only 71%. This figure was higher than the national average in the poorest regions of the country like the Northern midlands and mountain areas and the Central Highlands, and among ethnic minority groups.

In terms of employment, the occupational/industry structure of household enterprises showed progress in shifting towards non-farm activities (i.e. outside of the agricultural, forestry and fishery sectors). The percentage of population aged 15 and over who worked in non-farm sectors in 2010 hit 34.1%, higher than in previous years (2002: 22.3%, 2004: 26.3%, 2006: 28.4% and 2008: 29.9%). However, poor households continue to be disadvantaged compared to rich households because a majority remains in purely agricultural jobs with low income.

#### **IV.4.2. Results in Thai Nguyen province**

In Thai Nguyen province, the poverty rate in the province at the beginning of P135 phase II in 2006 was 26.85%, till 31<sup>st</sup> December 2010, this number decrease to 10.8%. The percentage of poor households in 44 communes benefited from P135 in early 2006 was 49.76%, till 31<sup>st</sup> December 2010, drop to 23.55% (average annual reduction of 5.24%). In 2010, there was 95% ethnic minority student in primary school age supported to go to school, compared to 70.8% in 2006. Over 95% of people in need of legal

assistance received free legal help. 100% commune had 80% of total household using electricity in 2010 this data in 2006 was 80.7%. Those impressive results show that living standard of poor residents in this province has been improved.

Equity also expressed through the proportion of ethnic minority people and proportion of women taking part in decision-making, implementation and evaluating process of P135 phase II (as mentioned above in participation part) increase gradually.

## **IV. 5 Rule of Law**

### **IV.5.1 National regulations**

Program 135 is considered as one of the highest priority program of Vietnam Government. The Program for Socio-economic Development in Communes faced with Extreme Difficulties (known as Program 135) was approved by the Prime Minister by Decision 135/1998/QDTTg issued on 31/7/1998, to enhance poverty reduction in disadvantaged communes in 52 out of 64 provinces in the country.

There have been quite a number of guidelines from ministries to implement the Program. For example, Committee on Ethnic Minorities (CEM) issued Circular No 41 dated November, 8 1996 to help to stipulate out criteria for identification of communes of Program 135 to fulfill the target groups of Program 135 of extremely difficult communes located in mountainous and isolated areas. The criteria included: Location: far-flung, borderline or island areas with a distance of over 20 km from a centre of development; Available infrastructure: no infrastructure or only temporary

infrastructure, difficult transportation, no roads to communes, very poor or no electrical facilities, clean water, schools or clinics; Social issues: illiteracy rate of over 60%, many diseases, out of date customs, poor access to information; Production conditions: In general, production conditions were difficult and could not meet the demands of the people. Household living resources mainly come from cutting timber; forest area was utilized for agricultural cultivation; production was nomadic; Living conditions: Over 60% of households were poor with difficult lives.

On 29 November 2000, Decision 138/2000/QĐ-TTg integrated the earlier National Targeted Program on Hunger Eradication and Poverty Reduction (NTP on HEPR) components on sedentarisation support to especially disadvantaged minorities, and inter-commune center development in mountainous communes into P135. In addition, the component “support for disadvantaged ethnic minority households” was changed into “support for disadvantaged ethnic minority policies” and shifted from the NTP on HEPR to P135 in 2001. Following these shifts, P135 now consists of five highly targeted sub-programs: infrastructure development, inter-commune center infrastructure development, relocation planning, agricultural and forestry extension (linked to processing industries), and training for commune/village staff in remote and mountainous areas.

In 2006, P135 phase II from 2006 to 2010 was approved by the Prime Minister by Decision 07/2006/QĐ-TTg issued on 10<sup>th</sup> January 2006. And P135 phase III 2012- 2015 has been also approved by the Prime Minister by Decision 551/QĐ-TTg issued on 4<sup>th</sup> April 2013.

Besides, P135 include a system of legal documents giving the direction for planning, implementing, evaluating projects from central to local government.

#### **IV.5.2 Provincial regulations – Thai Nguyen province**

To implement the Decision 07/2006/QĐ-TTg and documents guiding the implementation of ministries at the central level, Provincial People's Council and People's Committee has issued some specific documents. For example, PPC approved Resolution No. 19/2007/NQ-HDND about capital allocation criteria on 14<sup>th</sup> December, 2007. Decision 1343/QĐ-UBND was issued by PPC on 19<sup>th</sup> June 2008 about roadmap of implementation of P135 Phase II. Decision 1796/QĐ-UBND issued by PPC about regulations of implement of P135 program in the province on 7<sup>th</sup> September 2007. In addition, the departments at provincial and district People's Committee has issued many legal documents and implementation guide lines.

### **IV.6. Effectiveness and Efficiency**

#### **IV.6.1. Organizational arrangement at National level**

Several institutional devices were used to enhance the effectiveness and efficiency of P135 phase II. The diagram below shows us a series of committees and consultative meetings with government agencies from center government to the village level. At the central government level, after the executive order, the relevant government ministries, basing on the content of the order and their mandates, would prepare and issue guidelines for implementation. The executing agencies would form the Steering committee

represented by various ministries/agencies. The chairperson, who is the Deputy Prime Minister, often leads this steering committee. A program management office would be set up, often hosted by the lead ministry/agency, to prepare detailed annual work plans, budgets, and programs of activities, monitoring and evaluation for approval by the Steering committee. It also serves as the coordination agency of the program to manage the daily work of the program.

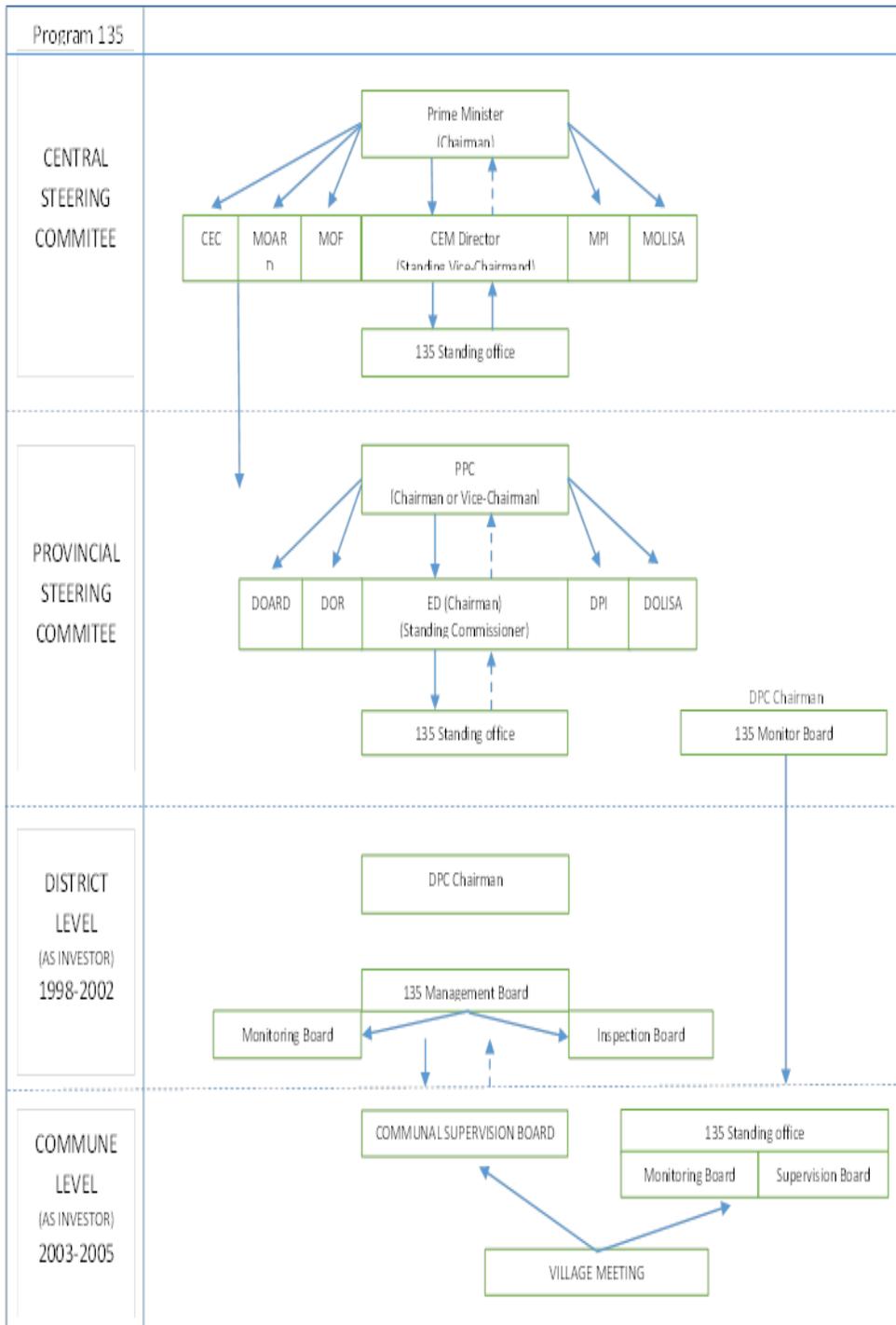
At the local level, the provincial party cell and the government are responsible for carrying out the national targeted programs in accordance to the guidelines set out by the national government agencies (ministries). These implementation plans would get reflected at the local level socio-economic development plans. Relevant local government agencies would be assigned to implement the plan. At the same time, local governments also initiated their own programs, using their own funds from the local budget revenues. The implementation set up is similar to that at the central level. The Vice Chair of the People's Committee heads the steering committee.

At the village level, though P135 have not had management board yet but it allowed many residents meeting. Through this information channel, commune leaders could understand needs and expectation of local residents. Thus, P135 projects became more useful and efficient for residents in those areas.

At each local level, people's committee and program manager board were established and took responsibility for promoting P135. The upper level

gave the lower specific guidance and the lower had responsibility for reporting their results to the upper.

Diagram 4.1 Key Institutional Relationships in Program 135



## IV.6.2 Project management at local level

Decentralization and participation with adequate matching support in capacity development at local levels are keys for effective management in the implementation of P135. Commune and village levels should be the real program ‘owners’. Improvement in local participation in decision-making on the implementation of P135 is attributed to both the Ordinance on Grassroots Democracy Decree and P135’s strong support in strengthening local capacities.

The government decentralized and let communes become project investors to encourage the participation of local residents and improve their responsiveness with common projects. In Thai Nguyen province, there were 42/44 communes as investors infrastructure projects; 39/44 communes assigned to investors in supporting projects of production development.

Table 4.4 Program Management and Planning in communes (%)

	2007	2010	Difference
PMB using planning method within participation	93.02	93.94	0.92
PMB having training plans for commune officials	88.95	95.02	6.07
PMB having media plans	84.52	90.35	5.83
PMB using new report templates	34.42	38.16	3.74

Source: Report at the beginning and ending of P135 II of People's Committee of Thai Nguyen province (2011)

If a commune wants to become an investor, it was required to have a PMB. In the commune having PMB, the application of planning method within participation is widely practiced. The rate of commune using this method remained at 93% in both 2007 and 2010. While the number of

communes having media plans and organizing the monitoring and evaluation of participation is high in both years, the application of the new reporting format has not been widely implemented. Despite the progress in percentage communes using new report templates, this rate is still lower than 40% in 2010.

## **CHAPTER V. CONCLUSION**

### **V.I. Good results and drawbacks of Program 135 II**

P135 is not a standalone traditional project of the donor but a program of the government of Vietnam. Its implementation is subject to the wider Vietnamese laws and regulations. Therefore, any improvement of the P135 performance has great opportunities to be scaled up into the bigger expenditure of Vietnam that is state budget funded programs/ activities.

The GOVN's strong determination and commitment to poverty alleviation, coupled with the special concern showed by the Communist Party, all relevant bodies and the population in general are the most significant factors for the success of P135. While making efforts to ensure that mainstream economic growth is pro-poor, the GOVN has recognized that additional work is needed to accelerate socio-economic development in the most impoverished ethnic regions, so that the poor in general and poor ethnic minorities in particular can catch up with the majority and actively participate in and benefit from mainstream development. This is reflected in Vietnam's VDGs, a 'nationalized' version of the MDGs which include not only the MDGs but also goals specifically targeting ethnic minorities. P135 is an additional effort to realize this dual pro-poor strategy and achieve the VDGs. Serving as a channel for additional state budget transfers to the most impoverished villages and communes, its resources are allocated within the

framework of national socio-economic development planning and budget allocation, making that framework even more pro-poor.

P135 with four components aims to realize the basic human rights: rights to education/ social healthcare, better living standard, better information for villagers etc. The program provides schools, infrastructure, small-scale irrigation projects, animal and plant varieties, etc to help the ethnic minority people to have better life. Difference in Phase 2 compared with phase 1 is the introduction of participatory approach in program implementation (from planning to implementation to monitoring and evaluation).

P135 is recognized popularly by GOVN and donors as having an effective and clear targeting strategy with simple and clear development targets in line with the MDGs. P135 applies a set of simple participatory criteria to identify and publicly announce the targeted villages, communes and households and its simple and clear targets have been widely communicated to all stakeholders.

In terms of good governance, decentralization and participation with adequate matching support in capacity development at local levels are keys for effective management in the implementation of P135. Commune and village levels should be the real program 'owners'. Improvement in local participation in decision-making on the implementation of P135 is attributed to strengthen local capacities.

Due to the close guidance of a higher administration, the program has been successful in encouraging farmers to participate in the project. The active and effective participation of households will decide the needs and their

aspirations will reflect in the works / projects selected. Residents also took part in implementation and monitoring projects at local level.

The consensus orientation from central government to local government also makes P135 in Thai Nguyen province gain success. Decision-making mechanism was operated in both top-down and bottom-up perspectives. Upper levels gave the specific and clear guidelines to lower level. Lower level such as commune level collects opinions of residents to report to upper level and also reports the results of program implementation in local area. However, there still is not program management board in village level. It limits the participation of resident directly in project planning and implementation.

Transparency was tightened by supervision activities and reflected in financial transparency of projects implementation process. The number of residents knowing information related to finance of projects has increased year by year. And the number of residents taking part in PMB also raises gradually, especially ethnic minority residents. The number of projects having financial disclosure is getting higher. However, still many residents did not approach that information.

In terms of equity and Inclusiveness, P135 achieved several good results in education, health care system and employment development. Rate of poverty reduced clearly. Poverty reduction is mainly due to the increase of income. However this increase tends to decrease over time. In addition, the reduction in P135-II communes is unsustainable. The rate of temporary poor households is quite large. The Kinh ethnic poor households tend to be

temporary poor, while the poor minority households are more likely to be chronically poor. Households with low income (poverty) have increasing rate of income lower than high-income groups. As a result, the income gap between households in the P135-II communes still increases.

P135 has legal basis remained quite strong. There are several set of legal document at central and local level to ensure the operation of P135 projects. Moreover, government still continue release more decisions, regulations to create a favorable legal regime for P135 implemented and become more successful. However, still many agree that too little decentralization regulations were done in the implementation of Program 135 for 2001-2005.

In terms of effectiveness and efficiency, due to the rational of organizational arrangement at national level, National Steering Board operated efficiently in planning program. Moreover, consultative meetings between central level and local level promoted the implementation of P135 in local areas. Objective 100% communes can become investors of project at the end of the program has not achieved as expected. However, thanks to the capacity building is done very seriously at the commune level, the number of work / projects done by commune investors has doubled in 2010 (45.9%), reflecting impressive progress in the capacity of communes to become investors.

## **V.2 Policy recommendation**

### **V.2.1 Better system for monitoring and evaluation.**

The government has recognized the importance of a sound monitoring and evaluation system and had taken step to improve. The new degree on ODA management released recently has a separate charter on monitoring and evaluation. This is a good start, however, their needs to have an even bigger effort to institutionalize this system into the reporting system of the government. Among other things, capacity building for government officers on this area of expertise is important. Discussions with practitioners revealed a lack of incentives of the government officers at the national level to monitor performance at the provincial level. In addition, there is a need to make monitoring and evaluation more participatory at the grassroots level to encourage the local people and institutions to supervise the implementation process. Further, gradually, Viet Nam needs to use independent evaluation of the government programs to promote transparency. Are there intermediary measures that would be usefully prioritized in this process and most helpful in reviewing the policy annually?

## **V.2.2 Further decentralization**

Many agree that too little decentralization was done in the implementation of Program 135 for 2001-2005. One of the principles of P135 was to decentralize implementation to commune level and this was not materialized. The explanation was the inadequate capacity of the commune level to manage. Some fear of misuse of funds. Clearly, these concerns are real and legitimate. But, it is also clear that little was done to build up capacity at the grassroots level to manage and there was not much effort from the Program to provide guidelines on the responsibilities and accountabilities of

the various agencies and individuals at the commune level. Discussions with officers at different levels revealed a reluctance of officers at higher levels to delegate power to the lower levels. The success of the future phase of the programs is dependent on the ownership and leadership of the local government to push implementation to higher and more difficult limit. To some extent, decentralization is an end in itself of any development intervention, not merely a mean to an end.

### **V.2.3 More participation from the bottom up**

Together with decentralization, another encouraging trend is that planning and implementing development programs have become more participatory. Nation-wide, government effort in improving planning process in the preparation of national and provincial socio-economic development plans has promoted participation of various stakeholders through consultative process.

### **V.2.4 Communication**

This area was considered weak in the implementation period 2001-2005. CEM report revealed that the Program did not meet the target regarding mobilization of funds contributed from businesses individuals. This was partly due to the absence of an effective communication strategy to enlist the support of the public at large to the Program. Various studies reported that knowledge about the program and the associated benefits to the poor was very limited. This hinders implementation. In addition, limited information on the program's coverage and status of the implementation bred corruption and created suspicions. The communication strategy for the next phase of P135,

which was already designed, has taken into account these shortcomings. But the challenge is to push it through the bureaucracy in the implementation stage.

### **V.2.5 More international technical support to government**

The Government and the international donor community have decided to move away from project support to budget support in an effort to promote ownership and leadership of the Government and to harmonies procedures. In addition, with the current growth rate, it is predicted that in the near future Viet Nam will not be eligible as a recipient of ODA. Ultimately the international community will phase out. This means that Vietnamese have to take over many tasks that are currently performed and delivered by specialist employed by the donors. In order to ensure smooth handover, Viet Nam needs to learn about a lot of things. This means an overall upgrade of human capacity from the part of the government. This work best in the form of technological transfers when Vietnamese officers or professional working together in tackling specific problems in real life. The range of issues involved includes setting up institutions, procedures and building capacity.

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# APPENDIX 1

## Five Theories of Poverty and Community

### Anti-poverty Programs

Theory	What causes Poverty?	How does it work?	Potential Community Development responses	Community examples to reduce poverty
1. Individual	Individual laziness, bad choice, incompetence, inherent disabilities	Competition rewards winners and punishes those who do not work hard and make bad choices	Avoid and counter efforts to individualize poverty, provide assistance and safety net	Drug rehabilitation, second chance programs, making safety net easier to access, use training and counseling to help poor individuals overcome problems
2. Cultural	Subculture adopts values that are non-productive and are contrary to norms of success	Peer groups set wrong values and reinforce wrong behaviors,	Use community to the advantage of the poor; value diverse cultures, acculturation, and community building; alternative socialization through forming new peer groups.	Head start, afterschool, leadership development within sub-cultures, asset based community development
3. Political-economic Structure	Systematic barriers prevent poor from access and accomplishment in key social institutions including jobs, education housing, health care, safety, political representation, etc	Selection criteria directly or indirectly exclude some groups of persons based on inappropriate criteria	Community organizing and advocacy to gain political and economic power to achieve change; create alternative organizations,	Policies to force inclusion and enforcement,
4. Geographic	Social advantages and disadvantages concentrate in separate areas,	Agglomeration, distance, economies of scale, and resource distributions reinforce differences	National redistributions, concentration of development on local assets,	Redevelopment areas, downtowns, rural networking, urban revitalization
5. Cumulative and cyclical	Spirals of poverty, problems for individuals (earnings, housing, health, education, self confidence) are interdependent and strongly linked to community deficiencies (loss of business and jobs, inadequate schools, inability to provide social services) etc.	Factors interact in complex ways. Community level crises lead to Individual crises and vice versa, and each cumulate to cause spirals of poverty	Breaking the spiral of poverty with a spiral of success through a comprehensive program that addresses both individual and community issues.	Comprehensive CDC programs that build self-sufficiency in a community reinforced environment, programs that link individuals and community organizations, asset based approaches

Source: Bradshaw (2006)

## APPENDIX 2

### Selected Important Government Documents

Decision No. 135/1998/QĐ-TTg of July 31, 1998 to approve the program on socio-economic development in mountainous, deep-lying and remote communes with special difficulties

The Prime Minister

Pursuant to the Law on Organisation of the Government of September 30, 1992;

Pursuant to Resolution No. 4/1998/NQ-CP of the Government at its March 1998 regular meeting; At the proposals of the Minister-Chairman of the Committee for Ethnic Minorities and Mountainous Areas, the Minister of Planning and Investment, the Minister of Finance, the Minister of Labor, War Invalids and Social Affairs and the Minister of Agriculture and Rural Development;

Decides:

To approve the program on the socio-economic development in mountainous, deep-lying and remote communes with special difficulties, with the Committee for Ethnic Minorities and Mountainous Areas acting as its standing body to assist the Government in directing the program implementation, which includes the following contents:

I. Objectives

1. General objective:

To quickly improve the material and spiritual life of the ethnic minority people in mountainous, deep lying and remote communes with special difficulties; create conditions for these areas to overcome poverty, backwardness and under-development and integrate themselves into the overall national development, thus contributing to the maintenance of social order and safety, national security and defense.

2. Specific objectives:

a/ For the 1998-2000 period:

- There will be basically no households suffering from chronic hunger, with the number of poor households to be reduced by 4-5% annually.
- To initially supply the inhabitants with water for their daily life, attract the majority of school age children into schools; to be able to control a number of dangerous diseases, to build roads to the centers of commune clusters in service of the people's life and economic activities; to help the majority of people to enjoy cultural performances and communication services.

b/ For the 2000-2005 period:

- To reduce the percentage of poor households in communes with special difficulties to 25% by the year 2005.
- To ensure the supply of sufficient water for the inhabitant daily life; attract over 70% of school-age children into schools; to provide a great majority of inhabitants with production experiences, scientific, cultural and social knowledge so that they can take initiative applying such experiences and knowledge to their production and life, to be able to control most of dangerous social diseases; to build roads to the centers of commune clusters

for motorized vehicles and in service of the people's daily life and economic activities; to boost the development of rural markets.

## II. Directing principles

1. The socio-economic development in mountainous, deep-lying and remote communes with special difficulties must be, first of all, based on the promotion of the internal resources of every household and the community-based assistance and at the same time with the active support of the State in order to tap local land and labor resources as well as the natural, and socio-economic conditions in the areas, create new changes in the people's production as well as material and spiritual life.

2. The State shall create a legal environment and adopt socio-economic development policies, give priority to the allocation of the State budget, funding of the programs and projects located in the areas and capital sources donated by foreign countries and international organizations to communes with special difficulties.

3. There should be comprehensive measures for implementing the program, first of all concentrating on the agricultural and fore trial development; building rural infrastructure; and at the same time boosting the educational medical, cultural and social development in the areas.

4. The provinces and cities directly under the Central Government, the ministries and branches shall have to assist the communes covered by the program; socio-economic organizations, people's armed forces, socio-professional organizations, enterprises and the people of all strata throughout

the country as well as overseas Vietnamese... are encouraged to make active contributions to and support the program implementation.

### III. Scope of the program

1. The Central Government shall select 1,000 out of 1,715 communes facing difficulties (the list of these communes is enclosed herewith) of the districts with special difficulties so as to concentrate investment under this program. The remaining communes shall receive priority investment through various national target programs and other development projects and programs.
2. The program shall be implemented from 1998 to 2005.

### IV. Tasks of the program

1. To make a planning on the population redistribution in places where it is so necessary, step by step rationally organise the daily life of the inhabitants in mountainous and rural villages and hamlets in areas where conditions permit, particularly in border and island communes, create conditions for the inhabitants to quickly stabilise their production and life.
2. To boost agricultural production and forestry in association with products processing and marketing so as to tap local natural resources and utilise the local labor force, create more opportunities of employment and income generation, stabilize the inhabitants' life and gradually develop goods production.
3. To develop the rural infrastructure in line with the production planning and the population redistribution planning, first of all, the communications system; the drinking water supply systems; and the power-supply systems in areas where conditions permit, including mini hydro-electric power stations.

4. To plan and build centers of commune clusters, focusing on the investment in building medical and educational establishments, commercial centers, handicraft and cottage – industrial establishments, production and service establishments, radio and television networks.

5. To train cadres for mountainous and rural communes and villages, help grassroots cadres to raise their administrative and economic management abilities in order to meet the local socio-economic development requirements.

Decision No. 139/2002/QĐ-TTg on health care of poor people.

On 16th of December, 2002, the joint circular No. 14/2002/TTLT-BYT-BTC was issued for guiding the implementation of health care for the poor, including organisation, planning, management, and accounting. According to the decision, beneficiaries of the programme for health care for the poor include:

The poor people identified by current regulations and poverty criteria specified by the

Decision No. 1143/2000/QĐ-LĐTBXH dated 01/11/2000 by the Minister of MOLISA.

The people of communes of special difficulties as decided by the Decision No. 135/1998/QĐ-TTg dated 31/7/1998 by the Prime Minister on approval of "Socio-economic development programme for mountainous and remote communes".

People of ethnic minority groups in the Central Highland in accordance with the Decision No.168/2001/QĐ-TTg by the Primary Minister, dated

30/10/2001 on "Long-term orientations, five-year plans for 2001-2005, and basic solutions to socio-economic development of the Central Highland" and the ethnic minority people of 6 Northern mountainous provinces according to the Decision No. 186/2001/QĐ-TTg by the Prime Minister on "Socio-economic development of 6 provinces with special difficulties in the Northern Mountainous region in the 2001-2005 period" .

A stable source of budget for the implementation of free health care for the poor at all levels will be established, especially the communal level. The fund for free health care for the poor is a national fund and operates in the principles of non-profitability, security, and development. Provincial people's committees establish funds for free health care for the poor on the minimum level of 70.000 VND/head/year, where at least 75% is from the state budget, the rest being mobilised from contributions made by home and international organisations and individuals.

## APPENDIX 3

### Household Living Standard Survey 2010 Structure

To evaluate living standards for policy-making and socio-economic development planning, the General Statistics Office (GSO) conducts the Viet Nam Household Living Standards Survey (VHLSS). In particular, from 2002 to 2010, this survey has been conducted regularly by the GSO every two years in order to systematically monitor and supervise the living standards of different population groups in Viet Nam; to monitor and evaluate the implementation of the Comprehensive Poverty Reduction and Growth Strategy; and to contribute to the evaluation of achievement of the Millennium Development Goals (MDGs) and Vietnam's socio-economic development goals.

The VHLSS 2010 was conducted in accordance with Decision No. 320/QĐ-TCTK dated May 26nd, 2010 of the GSO Director General. In order to meet information needs for management, policy making, evaluation, and socioeconomic development planning, the GSO has compiled detailed data tabulations and is publishing "Results of the Viet Nam Household Living Standards Survey 2010" which consists of 2 parts:

Part A: Living standards through results of the Vietnam Household Living Standards Survey 2010

I. Overview of the Viet Nam Household Living Standards Survey 2010

II. Survey results

1. Some basic demographic characteristics related to living standards

2. Education
3. Health and health care
4. Employment and income
5. Expenditure
6. Housing, electricity, water, sanitation facilities and durable goods
7. Poverty reduction
8. Participation in poverty reduction programs
9. Commune general characteristics
10. General remarks

Part B: Data results on the Viet Nam Household Living Standards Survey

2010

Section 1. Some basic demographic characteristics related to living standards

Section 2. Education

Section 3. Labour - Employment

Section 4. Health and health care

Section 5. Income

Section 6. Consumption expenditure

Section 7. Durable goods

Section 8. Housing, electricity, water, sanitation facilities and use of Internet

Section 9. Participation in poverty reduction programs

Section 10. Business production activities

Section 11. Commune general characteristics

## APPENDIX 4

### Results of Program 135 Phase II (2006-1010) in

### Vietnam

	2006	2010	Targets
POVERTY REDUCTION			
Poverty in income and inequity			
Rate per person (%)	57.50	49.25	30.00
Poverty gap (%)	23.50	22.36	
Gini index	43.07	47.53	
Employment and Income			
Rate of people having job at the age of 15 - 60 (%)	95.92	95.95	
Unemployment rate (%)	67.05	50.27	
Rate of people working (%)	24.70	24.57	
Rate of people working in non-agriculture sector (%)	11.84	5.61	
Rate of people working in agriculture sector (%)	79.09	72.79	
Number of working hours per year	1306.80	1659.52	
Income from main job (thousand VND)	7747.23	20292.62	
Income			
GDP per person (thousand VND/year)*	6024.04	7265.78	
Rate of people having GDP >3,5 mil VND/year (%)*	30.88	41.13	70.00

Income of Household			
Salary	19.54	23.92	
Agricultural, forestry, fishery activities	63.50	57.47	
Non-agriculture activities	5.32	4.73	
Other activities	11.64	13.88	
Agricultural production			
Agricultural Infrastructure			
Rate of land for annual plants irrigated (%)	50.21	82.08	
Rate of land for perennial plants irrigated (%)	29.82	61.71	
Productivity of some plants			
Rice (ton/ha)	3.54	3.94	
Corn (ton/ha)	3.13	3.36	
Cassava plant (ton/ha)	13.41	12.14	
Poor Households using a market-oriented service			
Rate of rice purchased (%)pt	9.70	8.50	
Rate of other crops purchased (%) )	24.41	37.12	
Rate of industrial plants purchased (%)	39.62	51.83	
Rate of households receiving agricultural support (%)	32.18	49.34	
Rate of household paying for agricultural support (%)	5.44	14.35	
Rate of household satisfying with agricultural support information	88.49	87.68	

Infrastructure Development			
Ability in approaching infrastructure (%)			
Rate of commune having road to villages	93.12	95.55	80.00
Rate of commune having post office	85.43	85.83	
Rate of commune having small irrigation systems	59.11	70.45	80
Rate of commune having electricity	82.19	95.14	100

Source: GSO (2006, 2010)

국문초록

**프로그램 135-베트남 소수민족  
지역에서 효과적인 빈곤감소  
정책집행과**

**바람직한 거버넌스:**

**Thai Nguyen Province 의 성공사례**

Hoang Mai Anh

행정대학원 행정학 전공

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본 연구의 목적은 베트남의 <프로그램 135>의 2 단계 사업(2006-2010)에 대해 바람직한 거버넌스의 관점에서 분석하는 것이다. 이 프로그램은 베트남의 산악지대 및 오지에 사는 소수민족을 대상으로 하는 정책이다. 이 프로그램의 목표는 첫째, 생산을 촉진하고 소수 민족 가정의 생활수준을 향상시키는 것이고, 둘째, 지역의 인프라와 공공서비스를 개발하여 전기, 학교, 보건 시설, 소규모 관개시설, 도로, 상수도 등을 공급하는 것이며, 셋째, 소수민족들이 더 나은 생활수준과 삶의 질에 관심을 갖도록 하는 것이다.

본 사례연구는 베트남의 가구생활수준조사 2006-2010 의 현장조사로부터 질적자료를 이용하여 분석하였다. 또한 Thai Nguyen

지방의 인민위원회에서 프로그램 135 초기와 종료 시점에 작성한 보고서를 분석하였다. 본 연구는 바람직한 거버넌스와 빈곤감소 정책집행의 효율성의 관계에 대해 밝혔다. 프로그램 135 에서 바람직한 거버넌스의 특징들이 나타났는데, 예를 들어 주민들의 참여가 증가하고, 지역 단위의 의사결정과 프로그램 집행과정에서 합의지향적이고 반응적이며 투명한 정책결정과 집행이 증진되었다. 마을들이 참여하고 코문의 역할이 프로젝트 투자자로 변화함에 따라서 프로그램 135 의 효율성, 효과성, 책임성이 증가했을 뿐만 아니라 형평성과 포괄성도 증대되었다. 사례연구 결과, Thai Nguyen 지방의 프로그램 135 는 성공적인 사례인 것으로 확인되었다. 이 사례를 통해서 바람직한 거버넌스가 정책집행의 효율성에 긍정적인 역할을 하고 있다는 것을 명확히 증명하였다.

**주요어 :** 프로그램 135, 바람직한 거버넌스, 소수민족 개발, 빈곤감소

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