



# Engagements of Development Partners in Poverty Reduction for Ethnic Minorities in Vietnam

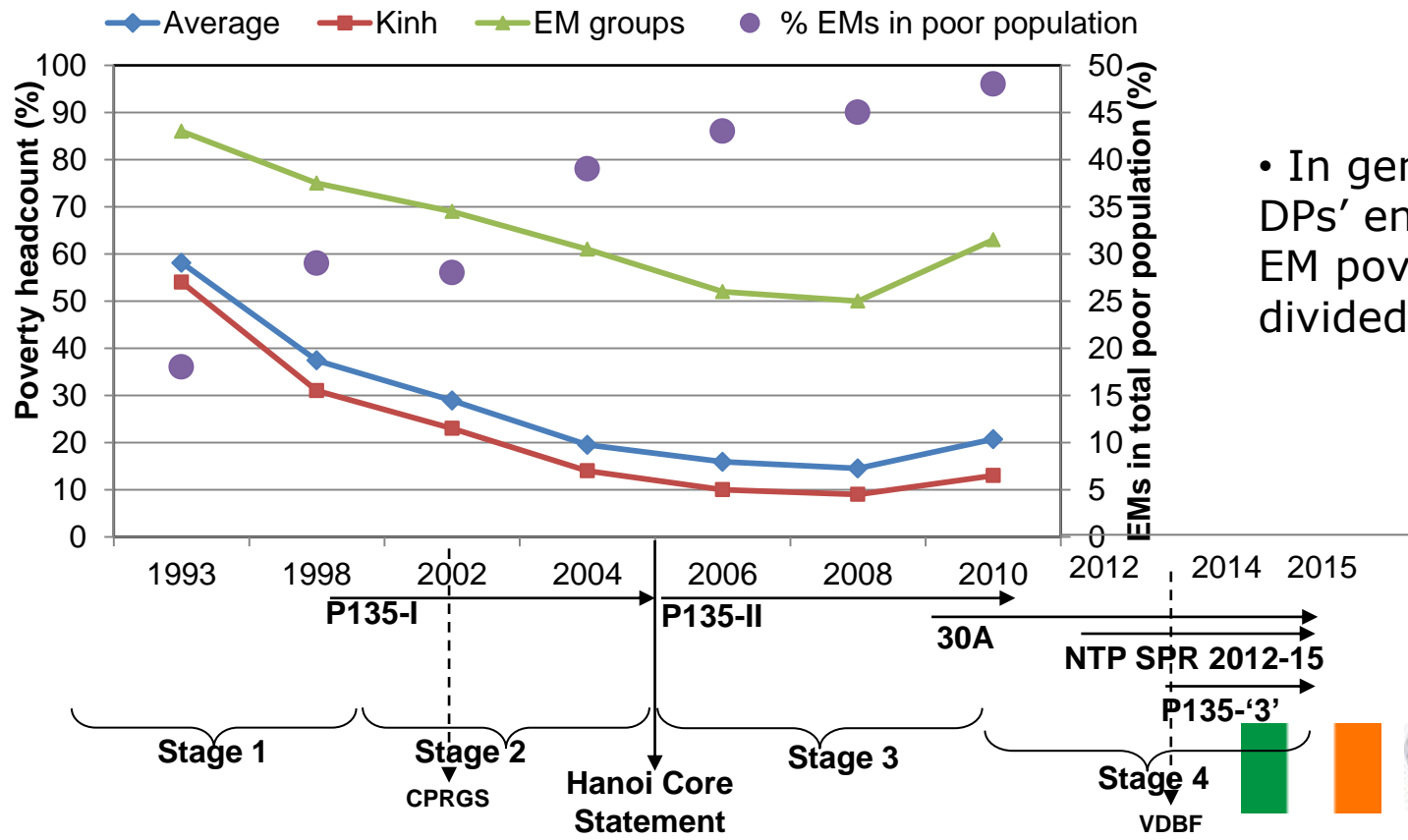
Thai Nguyen, June 2014

# Structure

- DPs' engagement in EM poverty
- Why many DPs changed their commitments in the post P135-II?
- Rationale for continued support
- Potential areas for continued support

# Overview of DPs' engagement in EM poverty (1)

- 63% of EMs are poor in 2010 while that of the majority was 13%.
- Representing nearly 14.6% of the total population. EMs constitute nearly a half of the total poor in 2010
- Hence, supporting EM poverty reduction has remained in the agenda of almost all DPs



- In general terms, DPs' engagements in EM poverty could be divided in 4 stages

# Overview of DPs' engagement in EM poverty (2)

- Stage 1 (around 1990-1998):
  - 86% of EMs were poor while the national headcount was 58% → no exclusive focus on EM poverty;
  - Increasing number of DPs and commitments; traditional ODA modalities;
- Stage 2 (1999-2005):
  - Started with P135-I; ended with Hanoi Core Statement (HCS);
  - Budget support started, but traditional ODA modalities still dominant;
  - Some innovations and good practices were experimented with, notably participatory planning under Sweden's Chia Se Project;
  - Increasing fragmentation of development aid → HCS with commitments to align GoV-led initiatives and donors';
  - Poverty reduction for EMs: from 86% in 1993 to 61% in 2004; while proportion of EMs in the total poor increased from 18% to 39%.

# Overview of DPs' engagement in EM poverty (3)

- Stage 3 (2006-2010):
  - Following HCS: target budget support, program-based approach, sector-wide based approach were main platform;
  - P135-II supported by a consortium of 7 DPs, using the Partnership as the framework for collaboration between DPs and GoV;
  - Many innovative implementation arrangements and good practices were experimented successfully. For instance:
    - Participatory planning in almost all DP-supported initiatives.
    - Commune Development Fund (CDF) model was advocated by Switzerland's (SDC and Helvetas) PS ARD Project in Hoa Binh and Cao Bang, and the World Bank's NMPPR-2.
    - Block grants, village/commune investment ownership were experimented by Australia's ISP in Quang Ngai and Ireland's VOICE in Bac Kan.
    - Local governance, civil society organization, linking the poor to markets, capacity building for villagers and community (INGOs such as Oxfam, SNV, Helvetas, Plan etc. )
  - Increase in the number of GoV-led policies and programs;
  - But poverty reduction for EMs slowed down; and nearly half of the poor is now EMs.

# Overview of DPs' engagement in EM poverty (4)

- Stage 4 (2011-present):
  - Started with Vietnam becoming (L)MIC and end of P135-II;
  - Many DPs changed their strategies accordingly but some DPs remain strongly committed to EM development;
  - Consultations between DPs and GoV:
    - Close consultations in design of new policies and programs for EM poverty;
    - DPs contributed to several drafts of P135 and NTP SPR etc.
    - DPs demonstrated (i) necessity of rationalizing policies and programs for EM poverty; (ii) institutionalizing good practices experimented successfully (e.g. participatory planning, commune investment ownership, block grants etc.
    - These proposals were not finally reflected in the new P135, NTP SPR and many others.
  - Late approval of P135 and 'Business as usual' of the GoV does not encourage DPs to align their support - as a result:
    - Some withdrew their commitments to P135; moved to stand-alone projects (WB's NMPP2 or the recent CHPov in the Central Highlands);
    - Irish Aid remains its support to CEMA/P135 in 2011, 2012 by (i) providing discrete funds to a number of small-scale infrastructure projects which were to be based on participatory planning and communal level oversight; (ii) support policy dialogue and implementation of NTP SPR by PRPP
  - New 2016-2020 planning: is this the final push?.



# Why many DPs moved back to more traditional ODA modalities after 2010?

- Difficult to align the support to GoV-led plethora of policies
  - MOLISA: around 78 policies and programs on poverty reduction;
  - This creates overlap and fragmentation – highlighted by DPs at the end of P135-II;
  - Limited signs of reforms to rationalize the current setting.
- Shortcomings of the current policies for EM poverty
  - Very heavy focus on infrastructure (up to 90 percent) at the expense of other 'nuances' for support (e.g. livelihoods, capacity building) → more 'balanced' focus needed;
  - Lack of responsiveness to different ethnic groups (i.e. 'one size-fit all' approach);
- What happened to good practices?
  - Introducing such innovations is a very important impact of DPs;
  - Experiences confirm that innovations (e.g. participatory planning, commune investment ownership, block grants) are instrumental for improving effectiveness;
  - After nearly two decades of advocating and experimenting, still lack of institutionalizing at the national level (though some institutionalizing efforts were observed at the provincial levels).

# Options for DP engagements in the post-2010?

- Stand-alone projects
  - An option to fill in some gaps that cannot be solved effectively by aligning DPs' support to GoV-led strategies and programs;
  - Decline of concessional loans represent a time constraint (perhaps no more after 2015?);
  - Impacts on EM poverty could be material but scaling-up good practices is questionable;
  - How this modality enhance the capability of the GoV system and aid effectiveness?
- Continued partnership to support policy dialogue and execution of innovations
  - Useful option to facilitate the change of the GoV-led poverty reduction initiatives for EMs;
  - Might be the modality for MIC: policy dialogue, capacity development, empowerment of EMs?



# Rationale for Continued Support

- Most common ground for continued support:
  - (i) to consolidate significant achievements over the past two decades;
  - (ii) to address unfinished low income country agenda in Vietnam (i.e. to continue the support for the poorest and the most vulnerable);
  - (iii) to support ethnic minorities in climate change adaptation and disaster management;
  - (iv) to prevent ethnic minorities from further lagging behind, especially in the context of middle income trap; and
  - (v) to ensure that the transition from 'aid to trade' does not exclude ethnic minorities.
- Continuing the support of donors are most likely to be subject to whether radical reforms could be made in the foreseeable future in both the institutional setting for and approaches in the pursuit of poverty reduction.

# Areas for Continued Support

- Supporting the GoV in the process of rationalizing the overlap and fragmentation of policies and programs (PRPP could be an effective modality)
- Supporting the institutionalizing innovative models and mechanisms that were successfully piloted (e.g. participatory planning, commune ownership, block grant)
- Innovations and requirements for ethnic minority development where DPs could contribute:
  - Approaches: adaptation of anthropology-based approach and multidimensional poverty approach;
  - ‘Nuances’: vocational training, conditional cash transfer, sustainable livelihoods under climate change adaptation and risk management.

# Thank you!



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