

Working Paper 152

**Extension, Poverty and Vulnerability in Vietnam
Country Study for the Neuchâtel Initiative**

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English and French copies of the 'Common Framework of the Neuchâtel Group' and of the 'Guide for Monitoring, Evaluation and Joint Analyses of Pluralistic Extension Support' can be obtained by contacting Elisabeth Katz (eza@lbl.ch)

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Contents

Acronyms	vi
Summary	vii
1 Background	1
1.1 Who are the poor?	1
1.2 Access to land	2
2 Policy environment	3
2.1 Policies for poverty reduction	3
2.2 Strategy for rural development	5
2.3 Rural labour markets	6
2.4 Vulnerability and disaster mitigation	7
2.5 Local government and decentralisation	8
2.6 International co-operation	9
2.7 Policy guidelines for extension	10
3 Extension structures	13
3.1 Government organisational structure	13
3.2 Non-governmental actors	14
3.3 Pluralism under government co-ordination	17
3.4 Staff and finance	18
3.5 Outreach model	19
3.6 Participatory extension	20
4 Extension priorities and potential	22
4.1 The role of rice	22
4.2 Diversification	22
4.3 Market orientation	23
4.4 Niche products	24
4.5 Livestock	25
4.6 Coping strategies and vulnerability	26
5 Conclusion	28
Appendix: Government extension programmes 1993–2000	29
Persons interviewed	30
References	30

Acronyms

ADB	Asian Development Bank
Danida	Danish International Development Agency
DARD	Department of Agriculture and Rural Development (provincial level)
DFID	Department of International Development, UK
DPI	Department of Planning and Investment
FAO	Food and Agriculture Organisation
FCP	Vietnam–Sweden Forestry Co-operation Programme (1991–5)
GSO	General Statistical Office, Vietnam
HEPR	Hunger Eradication and Poverty Reduction Programme
IFPRI	International Food Policy Research Institute
IPM	Integrated Pest Management
MARD	Ministry of Agriculture and Rural Development
MOLISA	Ministry of Labour, Invalids and Social Affairs
MPI	Ministry of Planning and Investment
MRDP	Vietnam–Sweden Mountain Areas Rural Development Programme
NGO	Non-Governmental Organisation
PPA	Participatory Poverty Assessment
PRA	Participatory Rural Appraisal
PRSP	Poverty Reduction Strategy Paper
PTD	Participatory Technology Development
QTRDP	Vietnam–Finland Quang Tri Rural Development Programme
Sida	Swedish International Development Co-operation Agency
SME	Small and Medium-Scale Enterprises
SOE	State-Owned Enterprise
SWAP	Sector-Wide Approach
UNDP	United Nations Development Programme

Summary

Objectives of the study

This study was undertaken in the context of the Neuchatel Initiative, which is a network of donors for the exchange of experience on extension reform. The objective of the study is to discuss the relevance of extension to the poor in the context of increased market integration and the dynamic policy environment in Vietnam. It discusses the current and potential role of extension in supporting the livelihoods of the poor in Vietnam, and the conclusions that can be drawn for this role, as the nature of poverty changes and thereby also the focus of poverty alleviation measures. New challenges arise in relation to the scope of what extension should address. What are the constraints and opportunities for pro-poor extension?

Extension has played a significant role in the poverty reduction that has been achieved in Vietnam, largely related to the increase in rice production during the 1990s. As living standards are rising among the population as a whole, there is a need to focus the attention of poverty reduction measures on vulnerable groups. These include the ethnic minorities in the mountain areas, people in the disaster-prone regions, the people whose whole economy is based on export production and who are facing drastically falling prices, the laid-off workers from state-owned enterprises, as well as the normal poor – those with few resources. The policies for rural development, including extension, are facing major challenges in supporting people to reduce their vulnerability.

The role of extension in poverty reduction

Major progress has been achieved in poverty reduction during the 1990s. The percentage of the population living below the poverty line¹ decreased from 58% in 1993 to 37% in 1998, according to the World Bank and General Statistical Office (GSO). Policies for rural development and poverty reduction have focused on overall growth and development of the rural economy, aiming at raising the living standards of the rural population as a whole. The relatively even distribution of resources in the rural areas, especially land, has resulted in a positive relation between economic growth and poverty reduction. Growth is still seen as the main way to reduce poverty. The focus has shifted from concentrating on securing rice production for food security and export, during the 1990s, to rural agro-based industrialisation and employment creation, in the coming 10-year plan.

The largest poverty reduction effect came from the increase in paddy production, as a result of the land reform from collective to household tenure of land and the liberalisation of prices, which stimulated farmer investments. Public extension services were established in 1993 to support the farmers. As rice has been the basis of the rural economy for thousands of years, the communication of knowledge regarding rice production is quite well developed at community level through the formal and informal channels of community organisations. Public extension services provided new rice varieties and plant protection services.

The second most important source of income for the poor has been the rapid development of animal husbandry, especially pig-raising. With rising rural income, the local market for meat has expanded. As with rice, there is a long local tradition of knowledge of pig-raising which has been further encouraged by extension activities, largely through the Women's Union.

¹ The poverty line is calculated by the World Bank as per capita expenditure over one year. For 1998 it was VN\$ 1,789,871, which is approximately US\$ 123. Further explanation can be found in *Attacking Poverty* (World Bank, 1999, pages 162–3).

The main reduction in poverty has been in the rice-growing areas. For the ethnic minorities in the mountain areas, it has been more modest. In many areas the staple foods are various dry land crops from shifting cultivation. Policies to move away from shifting to fixed cultivation and fixed settlement have often proved difficult, especially in the short run. The role of extension in the mountain areas has so far been limited, partly because of the physical distances, and partly because of weaknesses in the integration of ethnic minorities into the overall structures of service provision. Extension staff also have insufficient knowledge of local production systems in the mountain areas. Recently, policies and investments have focused more on poverty reduction in areas which are 'lagging behind'. There are large ongoing investments in physical and social infrastructure in the remote mountain areas to raise the standard of living and contribute to enhanced market integration.

The focus of extension is on the 'modernisation' of agriculture, which often means new crop varieties and animal breeds with a higher yield potential for the domestic market and the expansion of cash crops for export. Extension and market integration have thus far placed too much emphasis on the mass production of certain export crops, such as coffee and sugar, which have rendered a lot of people highly vulnerable to fluctuating world market prices, which for many products have fallen drastically during 2000–1.

Extension serves the majority of rural households which are smallholder own-account farmers. The tendency towards mechanisation and larger farms remains very limited. The possibility of making a living from a small plot of paddy is, however, decreasing with falling prices. Poverty is more and more connected with dependence on a rice mono-culture and seasonal unemployment. Households which are able to generate a surplus invest it in other crops, animal husbandry and small rural businesses. Policies are shifting to encourage diversification and rural industrialisation, both on- and off-farm. It is still an open question to what extent the poor can benefit from this development as producers, or whether their main benefit will be in terms of increased labour opportunities on the better-off farms. The poor have less access to extension and credit with regard to the new lines of production and business. They are also more reluctant to take the risks involved in new ventures. Knowledge of new types of production may become a more important factor than access to resources in determining rural income differentiation.

The fact that the poorest have less access to extension services is related to the conditions that make extension less 'cost-effective' when servicing the poor. The poor have a lower level of education, fewer resources available for production development, live in remote areas, etc. Extension for the poor cannot therefore be provided in isolation. Other services are required in order to raise its 'efficiency'. These may range from basic education like literacy and numeracy, Vietnamese language skills, business development planning, to the provision of credit, rural roads and electricity, to knowledge of rights and obligations, to bargaining skills with both private and public traders and service providers, in order to strengthen the negotiating position of the poor on the market. Vietnamese policy aims to raise the overall conditions for development, in order to integrate the poorest. If the concepts of education and extension were brought closer together, the poorest could be helped to gradually build up basic knowledge for their livelihood and business planning. Extension has a potentially important role, especially in relation to the poor in the mountain areas, in facilitating the communication between the institutions dominated by the Vietnamese ethnic majority (Kinh) and the ethnic minorities.

Vulnerability and coping strategies

Although achievements in poverty reduction have been considerable, there are still a large number of people who are vulnerable to crises, which could push them back into poverty. Such crises may be crop losses due to floods and drought, illness in the family causing both medical costs and

reduced labour capacity, loss of buffalo or other livestock, falling market prices. The poor are the most vulnerable to such crises.

Means to reduce vulnerability include:

- water management infrastructure to reduce the impact of floods and drought;
- diversification of production to reduce the impact on the household economy if one line of production fails;
- community savings and credit schemes to reduce the dependence on private money lenders;
- insurance services for production losses;
- improved health insurance;
- improved veterinary services to reduce the occurrence of diseases in animal husbandry;
- improved market information systems.

The government is active in all these areas. Insurance services are the least developed. When natural disasters occur, the government and the whole society are very active in providing support for people to rehabilitate their production and livelihoods. Support is provided mainly in terms of seed for the next crop, production credits and food aid during the immediate crisis. The extension services are active both in immediate rehabilitation following a disaster and in long-term work to reduce vulnerability. They focus on short-term varieties of rice and other crops, and diversification to a broader range of crops, vegetables and spices. Effort is put into the development of new land areas which are less vulnerable to flooding, such as the hilly areas. Various agro-forestry modes of production are developed. The development of the hill land is still controversial, as forest interests argue for complete forest cover as a means of reducing the flooding. Support for non-agricultural diversification is not yet so developed.

Extension has sometimes played a vulnerability-increasing role, with regard to household dependence on one main export crop, such as coffee or sugar. When world market prices fall drastically, as they have done in the past two years, there is a risk of a large number of farmers, mainly in the mountain areas, falling into poverty.

The organisation of extension

Extension in Vietnam is a relatively new phenomenon, embarked upon in 1993 with the land reform from collective to household tenure of land. The formulation of policy and organisation for extension is therefore gradually developing and finding its form.

Extension is organisationally highly diverse, with many government branches, community organisations and farmer groups. The role of government is strong; it has an overall role of co-ordination between the various organisations involved in extension activities. The possibilities for the rural population to articulate their demand for rural services are often enhanced by the high level of organisation and the close links between community organisations and the government. The lack of independent civil society can, however, be a constraint if the community organisations concentrate on implementing national government directives rather than stimulating the communication of local interests. Because of the strong organisational culture at local level, with high participation in community meetings and organisations, there is also a possibility for the poor to voice their demands. Constraints arise when the poor are in a minority, as it is easier for the majority to get a response to their interests. The organisational linkages are not so strong and communication of demand and provision of services are less developed in the remote ethnic minority areas.

The activities of private actors are also partly under government co-ordination. Private extension comes partly from small local providers of veterinary and plant protection services where sale of inputs and extension are combined. They operate under state certification. The larger input supply companies often 'contract-in' the public extension services to organise the demonstration and marketing of their products. Competition has been constrained by the subsidies to state-owned companies, the difficulties of the private sector in accessing credit, the strong tradition of government provision of services, etc. Policies are moving, however, towards creating equal terms of competition between different forms of companies.

Two-tier extension systems?

Triage is officially rejected. In public documents, all policies, including those regarding extension, are meant to have a poverty alleviating effect. The objective of extension is to improve the living conditions of the rural population as a whole, and especially the poor. This is against the background of decades when the majority of the population have been very poor, and are still poor according to international standards. It is recognised, however, that extension often fails to reach the poorest and most vulnerable groups. A conclusion drawn by some people is that there is a need for a separate extension system for the poor. Ministry policy documents mention the objective of gradually moving towards the cost-sharing of extension services for commercial production, with subsidised services in the remote mountain areas. Poverty is in this case defined as mainly limited to the remote areas, leaving out the poor in the commercial areas. It may not be well targeted to base the distinction between commercial and subsidised extension on geographical area.

At present an informal type of two-tier system is being practised, although so far on a very limited scale. On top of the basic public services, extension staff provide commercial services to those who are prepared to pay for them. This is permitted in order to allow them to increase their salaries. It is becoming common, especially in the south of Vietnam, for farmer groups to purchase extension services commercially. This is sometimes done also by community organisations, which then make them available to the poor.

Summary of constraints to extension in relation to the poor

- Extension is developed mainly to serve the lowland and midland areas. The knowledge and service network relevant to the mountain population is much weaker.
- There is a lack of recognition of the special needs of the poor in market-integrated areas. They are often excluded from extension activities because of their lower educational level and lack of resources to implement the advice.
- Extension messages often concentrate on strategies for income generation, which would require more resources and knowledge than are currently available to the poor.
- Poverty is linked to vulnerability. Production increase and income generation are not enough if there is a constant vulnerability to floods, drought, diseases and falling market prices, which are common factors in why people stay poor or become poor. The extension services need to develop their capacity to support people in order to reduce vulnerability.
- Normal credit is generally not available to the poor. They are referred to credit from the Bank for the Poor, which is mainly distributed according to the Bank's plan rather than based on applications. There is no co-ordination with extension.
- In order to reduce transaction costs, the efforts to promote commercial production in the mountain areas have taken the form of massive campaigns to engage the many small-scale

producers in export production. Extension support and market information in relation to such campaigns have often been insufficient, and have caused difficulties, especially for the poor. Falling prices on the export markets create difficulties for large groups of people.

Summary of opportunities for pro-poor extension

- Poverty alleviation is the core of government policy, as expressed in the 10-year socio-economic plan and the PRSP.
- There are many organisations at local level, which have the potential for expanding extension activities. They are often broad-based community organisations, which also include the poor. Public extension policy allocates public funds to encourage the extension activities of community organisations and private actors.
- Programme ‘135’ for ‘communes in most difficulties’ is significantly upgrading access to markets and services for the remote communes. There is broad policy attention to reducing poverty, especially in the remote mountain communes.
- The steady rise in living standards among the population as a whole also provides an increasing domestic market for agricultural produce. With the increased efforts with regard to certification standards and processing, the market will expand even more.
- The level of education is relatively high and improving, which increases the opportunities for the poor to access extension services.
- Most of the poor are still own-account producers who can be helped to make a living from their own production. Landlessness is not yet significant in north and central Vietnam.

1. Background

1.1 Who are the poor?

In Vietnam, the nature of poverty is changing. Ten years ago, almost everybody was poor, and policies that stimulated overall growth in the economy would almost automatically target the poor. Now there is need for more carefully targeted measures of poverty alleviation. Poverty is connected very closely with vulnerability: ethnic minorities in the remote mountain areas, people in the disaster-prone areas of the north central coast, laid-off workers from the state-owned enterprises, single-headed households, victims of the war, landless workers in the south, etc.

In 1999 the World Bank, in co-operation with other donors organised Participatory Poverty Assessments (PPAs) in four different regions. These are compiled in the report *Voices of the Poor* (World Bank, 1999). The four cases include the northern mountainous region (Lao Cai Province), the north central coastal region (Ha Tinh province), the southern lowland region (Tra Vinh province) and Ho Chi Minh City. The nature of poverty is quite different in these four areas.²

Poverty in the mountain areas is relatively homogeneous in the community, and is largely related to the overall difficult conditions in which people live. In many areas, they have gone through major changes in their production system, from shifting cultivation to fixed cultivation. This puts them in a vulnerable situation, as their traditional knowledge with regard to cultivation, the spreading of risk and adaptation to the environment is no longer valid. The transformation to fixed cultivation is constrained by poor infrastructure and remoteness from district and provincial centres, services and markets.

Poverty in the midland (lower mountains) communes is less well recognised. The situation is often socially complex, with the immigration of people from the lowlands causing changes in land rights and practices.

Poverty in the north central coastal areas is also relatively homogeneous, and is linked to difficult natural conditions with frequent floods and drought. Vulnerability to seasonal crises is a main cause of poverty. The most vulnerable households are those which are solely dependent on the production of rice, with little diversification of income sources.

Poverty in the lowland delta areas is less homogeneous. Poverty is found in the midst of better-off rural areas. Factors connected with this type of poverty are:

- less access to land, and land of lower quality than average;
- lower education than average;
- health problems;
- small amount of labour in relation to dependants in the family;
- negative debt spirals, caused by taking private loans to solve immediate crises, such as sickness in the family.

² In this study we only discuss rural poverty.

1.2 Access to land

In 1998, nearly 80% of the rural poor in Vietnam worked on their own land. Of the 20% without land, the majority are in the south. In north and central Vietnam, the rural poor usually still have access to land and basic productive resources. In the south there are many poor people who are landless labourers, because of the skewed access to land there. This is a historical difference. The land reforms in the north started early, following the declaration of the Democratic Republic of Vietnam in 1945. There were land reforms in the south also after 1975, but it was not possible to enforce them: after a few years the large landowners managed to reclaim their land at the expense of the rural poor. This study concentrates on the rural poor in north and central Vietnam, where the main household income still comes from farming.³

Access to land is more than a productive resource. It is part of social identity and belonging in the community. In north and central Vietnam, paddy land was distributed according to the number of workers in the household. Some inequalities did still occur, not so much in the quantity as in the quality of the land allocated. Households which have too little land today are often newly established households, comprised of individuals who have recently left their parents. This problem will, of course, increase rapidly as the next generation grows up.

In the mountains, land is a complex issue. There has often been insufficient knowledge among policy-makers about the traditional systems for access to land. The traditional systems have also changed with the move from shifting cultivation. Groups of people from the lowlands have moved up into the mountains, bringing with them different cultivation practices, at times causing conflicts over land. The process of finding appropriate forms for land allocation in the mountains is still ongoing.

Land tenure rights cannot be sold, but can be leased out. This type of ‘temporary’ loss of land occurs when poor farmers lease out their land rights to settle debts or to meet urgent expenditure needs. It is still rare, however. There is not yet a tendency for land concentration in larger farms. Households which are expanding economically do so mainly in terms of diversification into business development, rather than in land holdings.

³ The reason for concentrating the discussion on north and central Vietnam is because the author has first hand experience of these areas, but not yet of the south.

2. Policy environment

2.1 Policies for poverty reduction

Poverty reduction is the overarching policy goal in Vietnam. Poverty in Vietnam has been substantially reduced during the past decade, from 58% in 1993 to 37 % in 1998, according to World Bank statistics. The majority (90%) of the poor live in the rural areas. Agricultural incomes rose by 60% during the same period. Living standards are rising, which is reflected also in other indicators of human development. School enrolment rates have improved, as well as indicators such as access to household assets such as television sets and bicycles (World Bank, 1999).⁴

Growth has so far been driven by the rural sector. The primary route to overall poverty reduction is still perceived as being broad-based economic growth plus structural reforms intended to promote employment and exports. The relatively even distribution of resources has resulted in a positive relation between general economic growth and poverty reduction. There is, however, an increasing recognition of the need for measures targeted more at vulnerable groups, including the ethnic minorities, female-headed households, migrants to urban areas and people in disaster-prone areas.

The Government of Vietnam is preparing a Poverty Reduction Strategy Paper (PRSP) as a basis for obtaining Structural Adjustment Credit from the World Bank. The Ministry of Labour, Invalids and Social Affairs (MOLISA) is in the process of formulating the Poverty Reduction Strategy for 2001–10. The interim PRSP is adopting a broad approach to poverty reduction. The document is based on many years of co-operation between the government, NGOs, the World Bank and other international organisations in formulating policy for poverty reduction. Results have been presented, for example, in the report *Attacking Poverty* (World Bank, 1999), drawn up for the Consultative Group meeting in December 1999, in which three broad imperatives are set out in the fight against poverty:

- creating opportunities for employment and productivity growth, in order to raise incomes for the poor;
- adopting measures to ensure that growth and access to services are fair and equitable;
- reducing the vulnerability of the poor to events like sickness and crop losses.

Before the PRSP is completed, further studies are to be finished including an assessment of the possible consequences of proposed trade liberalisation for the poor and vulnerable groups.

The main achievement in poverty reduction during the 1990s has been the enormous increase in rice production for both food security and export. Although rice is still the basis of food security in many areas, its decreasing profitability has led to the recognition that further increase in rice production should no longer be the main focus for poverty alleviation. Policy is therefore shifting to support diversification away from rice. The emphasis at present lies in supporting rural industrialisation based on agro-processing and small-scale rural enterprise, both on- and off-farm. There is a large rural workforce of people who are under-employed on their small landholdings and who have a large demand for supplementary income-generation activities and small business development.

⁴ Primary school enrolment rates have increased from 87% to 91% for girls and 86% to 92 % for boys, in the period from 1993–8. Lower secondary school enrolment has doubled and is now 62 % for both boys and girls. Upper secondary school enrolment has increased from 6% to 27% for girls and from 8% to 30% for boys. In 1998, 58% of the population owned a TV and 76% owned a bicycle (World Bank, 1999).

The interim PRSP takes a very market-oriented approach to poverty alleviation and comprises broad outlines for the liberalisation of the economy to achieve rural economic growth. This includes providing equal access to capital, credit, land, labour, technology and information, government incentives for all types of enterprises, liberalising the trade and banking system, etc. The focus is on policies to create a positive business environment and to support the development of small and medium-sized enterprises. In parallel, the PRSP is proposing increased government investment in sectors considered important for poverty alleviation, including agricultural extension services, water management, agro-processing, education, training and health. It is suggested that the poor should receive preferential treatment in terms of subsidised credit, extension services, etc. In the long run, however, the formal credit system should be adapted to become more accessible to the poor by means of appropriate procedures and loan conditions rather than subsidies, though special credit conditions are required to help the poor cope with market difficulties, such as falling prices. Research on appropriate technologies for the poor will be supported. Market centres are to be developed in the remote areas to facilitate the exchange of information and products.

From the poverty perspective, there are tensions between liberalising markets and the immediate situation of the poor. Fertiliser subsidies are being removed, which raises the costs of rice production; at times, input costs are even higher than the value of the marketed rice. As subsidies to the state-owned enterprises are dismantled, large numbers of workers become unemployed. On the one hand, there is an emphasis on the need to steer away from crops which have no comparative advantage; on the other hand, there is a continued commitment to support the troubled sugar industry, for example, in order to protect investments and employment that are already ongoing.

The PRSP suggests supporting the development of large-scale farms in order to create employment opportunities, but so far there is not much of a tendency in the direction of large farms. The majority of the poor are still own-account farmers and the main poverty-alleviation efforts are directed towards developing the productive capacity of the poor and facilitating their integration into markets. For this large group of poor people, employment creation is mainly seen as a supplement to agricultural production. There are still possibilities for the poor to develop own-account micro-enterprises. Other poor farmers take seasonal employment in, for example, infrastructure projects, to supplement their own-account farming. Even full-time employment opportunities often serve to provide supplementary support for poor own-account farming families, as sons and daughters seek employment outside the farm. It is important to keep this perspective in mind when stimulating labour opportunities for poverty alleviation. Can the stimulation of small-scale enterprise be on conditions which stimulate the productive capacity of the poor and not only regard them as labour?

The government programme for rural employment creation, programme '120', is also related to a poverty alleviation programme. It involves the provision of credit funds and vocational training to encourage small-scale rural enterprise. Thus far, a large proportion of the funds go to animal husbandry, which has been the most common way for farmers to diversify their income. Non-agricultural small-scale enterprises are becoming more common, but there is a lack of advisory services to provide the knowledge and information that people require in order to venture into new types of enterprise.

A large poverty reduction programme is targeted mainly at the ethnic minorities in remote mountain areas. It is usually referred to as programme '135' for development in the 1000 communes 'in most difficulties' and makes a potentially large impact on raising living standards and improving production conditions, especially in the remote mountain communes. The funds for this programme were largely mobilised from domestic private resources through the sale of bonds, and are intended to be allocated on the basis of commune development plans which increase the potential for cross-sector co-ordination. There is a strong role for the commune in the monitoring and implementation

of activities and investments, and capacity-building is conducted for the establishment of monitoring boards at commune level, drawing on the mass organisations.

The mountain areas are seen as highly interesting from an export market perspective, despite their remoteness. The PRSP mentions support for specialised commodity production areas, based on each region's particular endowments. Insufficient attention is paid to developing sustainable local production systems for food security, which makes people in the mountain areas particularly vulnerable to changes in export market conditions.

The government has undertaken a Hunger Eradication and Poverty Reduction programme (HEPR) for a number of years. The HEPR for 1998–2000 had nine components, namely, infrastructure for poor communes, support for disadvantaged ethnic groups, fixed cultivation and sedentarisation, moving people to new economic areas, guidance for the poor in business skills, credit, health care, education, support for the expansion of industry and trade in poor communes and training poverty reduction workers in poor communes. Part of the HEPR policies has been related to backing up the policies of fixed cultivation and settlement in the mountain areas. Significant investments are made to provide the mountain population with alternatives to shifting cultivation. Social security policies entitle the poor to reduced fees for health care. The Bank for the Poor was established in 1994 and has distributed credit at a subsidised interest rate to a high proportion of the poor households in the country. People in remote communes have had less access to these credits, however, and the credit has mostly been allocated without the back-up of advisory services.

2.2 Strategy for rural development

Vietnam has experienced rapid social and economic development since the reform process towards a market economy started in 1986. Economic growth, measured in GDP, has been 6–9% per year (except during the South-East Asian economic crisis, when it fell to 'only' 4% per year). In the draft ten-year Socio-economic Development Strategy (2001–10), the government is seeking to develop the economy into an 'industrialised' economy by 2020. Government strategies still make rural development central both to growth and to poverty reduction. In their *Vietnam Development Report 2001*, the World Bank, the African Development Bank (ADB) and UNDP summarise and comment on government strategy as follows.

The strategy sees rural industry and services as a driving force in the rural economy, and these sectors are expected to increase their share of rural GDP from 30% to 50% over the coming ten-year period. There is recognition that there is no way that agriculture alone can absorb the growing labour force, 60% of which is estimated to be un- or under-employed, a large proportion of them in the rural areas. The strategy focuses on employment creation for poverty reduction. A key debate is on how to stimulate domestic investment, especially in small and medium-scale enterprises (SMEs), in order to create more employment opportunities for a growing labour force. Many jobs are likely to come from the manufacturing sector, which is labour-intensive and export-oriented. Employment opportunities can also be created in the rural areas in marketing and processing, increasing the value-added of agricultural produce. The new Enterprise Law is stimulating the growth of labour-intensive industry in the rural areas, but constraints still remain. Financial sector reforms and investment in rural infrastructure are measures, expected to support the development of a dynamic rural sector, both on- and off-farm.

The strategy maintains the vision of an internationally competitive agricultural sector. There is still scope for increased productivity in agriculture. This is complemented by expectations of growth in the off-farm sector, creating opportunities for employment and diversification. There is emphasis

on the need for diversification to reduce the vulnerability that comes from dependence on a single crop.

The strategy recognises the roles of the state, co-operatives, households and the private sector in this development. It also emphasises the need to ensure that all regions and ethnic groups participate in and gain from the growth in the rural sector.

The *Development Report* comments that achieving the targeted growth in agricultural output will require greater investment in research and extension, which is currently low by international standards. It considers that there is still a lot of scope for increases, due to technological improvements. Expenditure on extension is calculated to be about US\$3 per farming household. The report sees plenty of scope to boost research and extension services, financed by the redistribution of funds from state-owned enterprises which receive indirect subsidies in the form of soft loans, tax exemptions and preferential access to land. In 1998 the fertiliser-importing parastatals received interest subsidies equivalent to the total government expenditure on agricultural extension.

2.3 Rural labour markets

Employment-creation policies in the rural areas largely target family members who are under-employed in smallholder agriculture, a problem that increases with the new generations growing up. Most rural households in north and central Vietnam have access to land and there are no strong tendencies towards land concentration. In the south, there is a much larger class of landless labourers. Industrialisation is stronger in the south and many young people from the rest of the country migrate to the south to seek employment in manufacturing industry, mainly the textile industry in Ho Chi Minh City. Seasonal migration of labour is common, especially among the poor in the central coastal region, to the areas producing export crop. Many people used to migrate seasonally to the coffee-growing areas in the central highlands, but with coffee prices having slumped in recent years, that option is no longer available.

Government rhetoric favours the development of large-scale commercialised farms ('trang trai'). Concrete proposals in this direction have been turned down, however, by the National Assembly, as the vast majority in north and central Vietnam are still smallholder farmers. A few large-scale farms, with capital-intensive production, are emerging in peri-urban areas, supplying the urban markets with meat and vegetables.

Government policy with regard to rural under-employment is to create employment in agro-processing and non-agricultural rural enterprises, rather than in agriculture itself. So far, these enterprises have been small-scale and are providing important income opportunities for the own-account poor, but not much employment opportunity. Many small rural manufacturing enterprises are constrained by difficulties in obtaining credit for expansion.

Most technologies and extension messages in agriculture are adapted to the own-account producer based on household labour, and are designed to be labour-saving. The main focus of extension has been on increased productivity through new seeds and breeds, with shorter crop cycles and better resistance to crop diseases. The technology of throwing rice seedlings instead of planting them, which is widespread in China, is now also spreading in Vietnam. It is very labour-saving at the planting stage. Tractor ploughing is gradually taking over from buffalo ploughing. The reduced employment opportunities come during the peak season, and the main demand for employment opportunities is during the off-peak season in the paddy areas.

2.4 Vulnerability and disaster mitigation

Although achievements in poverty reduction have been considerable, there are still a large number of people who are vulnerable to crises which would push them back into poverty. Such crises may be crop losses due to floods and drought, illness in the family giving rise to both medical costs and reduced labour capacity, loss of buffalo or other livestock, or falling market prices. The poor are the most vulnerable to such crises.

Floods and drought occur frequently in many parts of the country and are almost part of the seasonal cycle, and this contributes to a general level of vulnerability. At times they are more severe than normal and turn into disasters, such as the floods in central Vietnam in November 1999, when 2700 mm of rain fell in 4 days, over 700 people lost their lives and there were huge material losses. In the summer of 2000, the Mekong River overflowed and flooded the lowland of the Mekong delta for three months, also causing high human and material losses.

Means of reducing vulnerability include:

- water management infrastructure to reduce the impact of floods and drought;
- diversification of production to reduce the impact on the household economy if one line of production fails;
- community savings and credit schemes to reduce dependence on private money lenders;
- insurance services for production losses;
- improved health insurance;
- improved veterinary services to reduce the occurrence of diseases in animal husbandry;
- improved market information systems for a broader understanding of how markets may develop.

The government is active in all these areas. Insurance services are the least developed. When natural disasters occur, the government is very active in providing support for people to rehabilitate their production and livelihoods. This is mainly provided in terms of seed for the next crop, production credits and food aid during the immediate crisis. Special credit was channelled through the Bank for Agriculture to enable people to reinvest in production, mainly rice inputs, after the 1999 floods. The mass organisations mobilised the mutual support and informal safety net structures in the communes. The extension services are active both in immediate rehabilitation after a disaster and in the long-term work to reduce vulnerability. They focus on short-term varieties of rice and other crops, and diversification to a broader range of crops, vegetables and spices. The veterinary organisation mobilises massive vaccination campaigns to try to avoid the spread of animal husbandry diseases. Nevertheless there were large losses of animals due to diseases after the floods in 1999 and 2000.

Long-term disaster mitigation planning focuses on strengthened infrastructure, and early-warning systems, increased community preparation and awareness. All communes in the flood-prone areas should have two-storey schools to which people can be evacuated. The interim PRSP proposes social relief centres in disaster-prone areas and strengthening emergency social relief for the poor in connection with disasters. There is a new emphasis on changing the agricultural structure to make it less vulnerable. This includes a diversification away from rice to a broader range of crops and intensified research for short-term crop varieties to increase the chances of harvesting before the floods. Effort is being put into the development of new land areas, which are less vulnerable to flooding, such as the hilly areas. Various agro-forestry modes of production are being developed. The development of hilly land is still controversial, as the forest interests argue for complete forest

cover as a means of reducing the flooding. Support for diversification out of agriculture is not yet so developed, but it will be increasingly important.

2.5 Local government and decentralisation

In most countries, decentralisation is perceived as desirable from a poverty perspective, but is constrained by a lack of capacity at the local level. In Vietnam, the capacity of local government is often greater than the level of responsibility it is given. The demand for decentralisation comes largely from below. The district People's Committee has the primary responsibility for local development in practice, with accountability both to the people of the district, and to the provincial and national governments. In most districts people have real possibilities of exercising pressure and influence at district level, through the commune People's Committee and the People's Council structures. Direct accountability to the people is weaker, however, higher up the hierarchy. Policy at national and provincial level is not always adequate at the local level, which puts local government in the difficult position of balancing interests. In general, all levels have a common policy focus oriented towards rural development. In the allocation of resources at district level, the rural communes have strong bargaining power, as they clearly outnumber the urban centres.

At commune level there are two main structures through which people can articulate demand, for instance, for public services. First, through the mass organisations, mainly the Women's Union and the Farmers' Association, which organise regular meetings in which everyone can take part and where ongoing development issues can be discussed. The second is the structure of hamlet, village and commune decision-making. Previously these government-led structures were used mainly for spreading directives, but they are now increasingly becoming structures for development planning.

The development planning structure thus potentially also gives a voice to the poor. One type of constraint in the lowland and midland areas, where the level of organisation is highest, is that the poor are often in a minority. Development decisions tend to focus on issues which are of priority to the majority in the commune. In the mountain areas the organisational structure is not so strong. The district People's Committee also tends to have less overall responsibility and control in the mountain areas compared with the lowlands. There is also a more diverse spectrum of local, provincial, national and international interests, including state-owned enterprises and management boards for natural forests. This tends to restrict the scope for local planning. The links between government and the communities tend to be weaker in the mountain areas, partly because of the physical distances, and also because of the traditionally different organisation of authority in areas with ethnic minorities.

Extension has so far been primarily led by vertical structures, whereby the local organisation is mainly accountable upwards to the provincial and national levels of the organisation. This has created a bias in favour of the national extension programmes, whether they are locally relevant or not. Pressure is increasing from the districts (with support from the central ministries) to reinforce the accountability of the Extension Organisation to the district People's Committee in order to enhance the local relevance and integration of extension activities with other local development strategies.

The ongoing reform of public administration is mentioned in the interim PRSP as a crucial means of meeting the country's socio-economic targets. This includes efforts to identify clearly what the government should do, in relation to what should be done by the people and by private organisations. With regard to decentralisation, the emphasis is placed on strengthening the supervisory and monitoring responsibilities of the local administration. The grassroots democracy

decree (no 29, 1998) emphasises the people's right to information and to comment on and contribute to development plans and projects.

2.6 International co-operation

The World Bank, Danida and the African Development Bank (ADB) define their way of working as aiming at a Sector-Wide Approach (SWAP) to agriculture and rural development, with the emphasis placed on comprehensive joint analysis with the government. Some key areas for donor support are jointly identified on the basis of the common analysis, with the main objectives being capacity-building and support for the government in implementing its strategy for agriculture and rural development. This support is seen as a long-term (20-year perspective) partnership. The donors who are committed to a SWAP way of working are hoping that there will be a joint donor-government co-ordination effort involving all the major donors. This is currently the case with regard to support for the forestry sector, but not yet for agriculture and rural development.

Danida is supporting capacity-building within the Ministry of Agriculture and Rural Development (MARD) on structures for market analysis and market information, improvement in the quality of export products, and capacity-building in the Extension Organisation, co-operatives and farmer organisations.

The DFID approach is based on supporting and reinforcing policy and capacity-building within the framework of other programmes, with poverty alleviation as the main objective. There are no separate DFID programmes.

The World Bank and DFID are together supporting the government in the implementation of the large poverty alleviation programme '135' for the 'communes in most difficulties' (*cac xa kho khan nhat*). The investments follow government structures and regulations and a major effort is being put into capacity-building within the government's institutional framework for implementing the grass roots democracy decree. This involves the training of commune supervisory boards monitoring the investments, and capacity-building of the provincial technical, economic and political schools, so that they have the capacity to train commune staff.

Major Sida programmes are coming to an end in 2001. Five options are being discussed for the continuation of support. The first is to follow DFID's example, and work to enforce other programmes focusing on poverty alleviation. The second is to continue bilateral co-operation for capacity-building at provincial and local level for poverty alleviation. The third is to concentrate on institutional development at ministry level, the fourth to channel support through the large forest sector partnership, and the fifth is the poverty alleviation programme in Quang Tri.

The forest sector partnership is a SWAP which started with co-operation concerning the government programme for planting '5 million hectares of forest'. The objective is a 10–15 year plan for the forest sector, agreed jointly by the government and the donors, with a co-ordinated plan for donor support. So far the partnership has been dominated by the perspective of the forest industry rather than community forestry. A main strategy is to reclassify 2 million ha of protection forest as production forest in order to enable an income to be gained from these forests. The ADB is suggesting the opening up of the forest sector for international competition in logging rights, a suggestion which is not popular with the government, but it needs the ADB money. Sida is encouraging a forestry approach from the local people's perspective, but it has only very recently begun to get involved in the process.

2.7 Policy guidelines for extension

According to Decree 13 (1993) the role of the Extension Organisation as follows:

- to disseminate advanced technology in cultivation, animal husbandry, forestry, fisheries, processing industry, storage and post-harvest technology;
- to develop economic management skills and knowledge among farmers for effective business production;
- to co-ordinate with other organisations in order to provide farmers with market and price information so that they can organise their production and business in an economically efficient way.

At present the Extension Organisation mainly focuses on the dissemination of technology for primary production, with 70–80 % of its funds being used for demonstration models for primary production. The other components of the extension agenda are limited by lack of experience and capacity. The economically-oriented staff often focus on economic organisations, such as the co-operatives. They have limited access to market information. MARD policy documents recognise, however, that the Extension Organisation is only 8 years old, and that it is still developing and discovering appropriate roles and ways of working. There is also recognition that basic food security has been more or less achieved, at least in the lowland paddy areas. The focus of extension is thus to turn to new issues, like business planning, the efficient use of credit, market development, non-agricultural income generation, post-harvest technologies and processing. To make this shift in the role of the Extension Organisation will require a concentration on the training of extension staff, both the currently active staff and the academic education of future staff.

The Extension Organisation has a very growth- and production-oriented relation to poverty alleviation. Poverty is addressed through increased production, better technologies, and economic efficiency. The report *Attacking Poverty* (World Bank, 1999) identifies three ‘legs’: growth, equity and reduced vulnerability. Reducing seasonal vulnerability to crop loss from floods, drought, pests, etc. is currently receiving more attention, especially finding rice varieties that reduce vulnerability to seasonal disturbances. New technologies are often risky, at least initially, as they involve a relatively high contribution of knowledge and external inputs and dependence on outside markets. For example, this is the case with introduced breeds of cattle and poultry, industrial crops and fruit trees. In some cases the new technology, once established and adapted to local conditions, has reduced vulnerability through more stable and diversified production. The discussion and awareness about vulnerability is maturing, but is not yet well developed.

The discussion about equity in access to services is limited to an area-based perspective of the need to develop access to services for people in the mountain areas. The fact that poor people have difficulties in accessing services in areas where services are relatively well developed is not yet commonly accepted as a problem.

MARD policy guidelines for extension

At the end of 2000 the Ministry of Agriculture and Rural Development (MARD) undertook an evaluation of the Extension Organisation during the 1990s and looking forward to the next 10-year period.⁵ Achievements in the many extension programmes were recognised. The report draws attention, however, to the fact that some programmes had not been realistic and appropriate according to farmer demand, their implementation was still mainly top-down, and there were still

⁵ A draft version of this report has been studied and translated into English here by the author of this paper.

no good methods of evaluating them. It also points to the need for greater focus on commercial farm production and commodity production for the market.

The report lays great emphasis on demonstration models as the most efficient mode of extension. Most of the resources of extension are spent on the establishment of demonstration models, which often receive subsidised inputs along with the farmer's own contribution. The models are directed both to other farmers, who learn from them, and also to party and government leaders who are expected to derive experience from them for policy guidelines and recommendations for expansion. The report admits that the dissemination of technologies relevant to the mountain minority areas and the poor has been limited.

The development direction for 2000–10 is expressed as 'To develop the agriculture-forestry-fisheries primary sector together with processing industry and the reform of the rural economic structure, according to the direction of industrialisation and modernisation and export orientation. The level of increase in production value in agriculture, forestry and fisheries should be 4.5–5% per year'. Government directive 09, 2000, sets four imperatives:

- to reinforce commodity production with high productivity and quality for export;
- to contribute actively to the programme for hunger eradication and poverty alleviation;
- to reinforce industrialisation and the modernisation of agriculture and the rural areas;
- to contribute to building a new rural environment.

The MARD report comes up with the following policy recommendations for extension:

- 'To formally give extension the role of link between research, policy, markets, environment and production. Extension is the last stage before reaching the farmers with production advice, and should combine all aspects and considerations. Extension should also have the role of recommending the appropriate direction for future research.
- To direct the provinces to establish extension stations in all districts (40% still outstanding) and that the extension stations should be managed directly by the district People's Committees. To make sure that there is enough staff capacity at all levels.
- To establish extension organisations for groups of communes in the mountain areas.
- To increase incentives for staff to work in the remote and difficult areas and to allow them to move to other positions after a certain period of work.
- To arrange training opportunities for all extension staff. To support the development of extension education at all universities and colleges. (At present there are departments for extension education at Thu Duc and Thai Nguyen universities)
- To allocate responsibility to the provincial People's Committees to arrange for contracting commune extension workers, with the target of 1 extension worker per 500 households, and to arrange allowances for the village extension workers.
- To encourage local farmer extension groups.
- To establish clear regulations allowing individual staff to sign economic contracts for the provision of advisory services.
- To establish clear regulations about the use of extension funds for the encouragement of extension initiatives on the part of voluntary organisations, mass organisations, research centres, etc.

- To establish consultative councils of all stakeholders and organisations involved in extension to plan the use of extension funds and to co-ordinate activities and avoid overlap.
- To establish extension funds under the extension organisations at all levels, where different people and organisations can apply for interest-free credit for extension activities.’

MARD distinguishes between three different target groups for extension:

- Large-scale farmers and enterprises, with highly profitable commodity production, and with the capacity to pay for advisory services, such as business farms, enterprises, processing industry, co-operatives. For this target group the state will support the farmers in forming their own extension organisations (such as farmers’ clubs, interest groups, etc.). The costs of establishing models will be borne by the farmers. The state provides support with training, information and encouraging the farmer extensionists to take part in national extension programmes.
- In remote and difficult areas the state will establish extension organisations at village level. There is a need for regulations so that the farmers can evaluate and manage the extension staff in order to ensure that the extension is relevant to local production requirements. The state should bear the full cost of the demonstration models (at present its contribution amounts to 60%).
- There are organisations which possess material, staff and technical resources, such as schools, institutes, companies, organisations and individuals with the conditions to conduct extension. There is need for policies which encourage these organisations to involve themselves in technical services (like plant protection, veterinary services, seed production, etc.) and advisory services to farmers on demand. The state would provide support with training, investments (through, for example, reduced taxes, credit), information, quality control and certification.

3. Extension structures

3.1 Government organisational structure

What is called the Extension Organisation (Khuyen Nong) is only a limited part of the organisations involved in extension activities. The Ministry of Agriculture and Rural Development (MARD), departments at provincial level (DARD) and sections of the People's Committees at district level are responsible overall for issues related to agriculture, in particular. Under the MARD structure come the Extension Organisation, the Plant Protection Organisation, the Veterinary Organisation, the Forestry Organisation and Fisheries Department. They all undertake extension activities.

The Ministry of Labour, Invalids and Social Affairs (MOLISA) is responsible for the Hunger Eradication and Poverty Reduction Programme and programme '120' for rural employment creation. The '135' programme for the communes in most difficulties comes under the Ministry of Planning and Investment. The Ministry of Science, Technology and Environment also plays an important part in rural development.

At district level they all come under the district People's Committee, which has a strong co-ordinating role. There is less co-ordination at provincial and national level. The co-ordinating mandate of the districts varies between provinces as each organisation is also accountable to its respective departments at provincial and national level. The stronger the district mandate over the local organisations, the more it tends to be in favour of the poor, as activities can be directed more in response to local conditions. The MARD guidelines favour strengthening the accountability of the various organisations to the district People's Committee, but in practice it is the provincial level which takes the decisions, and some provinces are reluctant to devolve power.

The Extension Organisation was established in 1993, based on government decree 13, which provides the basis for the formation of extension organisations with government employees at national, provincial and district level. Some provinces also have a network of commune extension workers employed under contract. Decree 13 also encourages the extension activities of research and training institutions, the mass organisations and other social and economic organisations and individuals. Extension is said to be the responsibility of all actors in society. The staff and the organisations are allowed to charge for advisory services. Around 10% of the government budget for extension is set aside for financing extension activities by farmer organisations and others, mostly in the form of joint campaigns.

The Agriculture Section of the district People's Committee is responsible overall for agriculture and rural development issues at district level. In some districts it has a mere policy function, while in other districts it also does much of the hands-on training, trials and other extension work. It often has more flexibility than the Extension Organisation in prioritising local issues and responding to local demand.

The Plant Protection Organisation has the widest outreach and is normally flexible in its response to farmer demand. This is due to the nature of its advice. Information on how to deal with outbreaks of pests spreads easily among farmers, who are keen that the outbreak should be constrained over the whole area. The Plant Protection Organisation sells chemicals and conducts quality control of private suppliers. It also organises the training of private suppliers so that they are able to provide advisory services along with the sale of products.

The Veterinary Organisation provides extension services in connection with vaccination campaigns. As animal health has an impact on the whole area, there is an incentive to make sure to include the

poorest. Village and commune veterinary services exist, but need support to upgrade their knowledge. The state veterinary system plays a role in training and support for private veterinary workers and in certification and quality control for private stores of veterinary medicine. Farmers get most of their advice regarding animal diseases from private people with some veterinary knowledge. Even poor people are prepared to pay for private veterinary services and advice, when their animals are sick and they are desperate for help.

Forestry Extension has just been separated from the agricultural extension organisation and is now under the newly formed Forest Development Department within MARD. This is in order to reinforce the currently ongoing process between the donors and MARD to create a Forestry Sector Programme. Some people fear that the programme will be dominated by industrial forestry interests, and that the organisational shift of forestry extension might mean fewer resources for extension for household and community forest purposes. Forestry extension has so far been working mainly with developing the forests from the farmer and community perspective. Forest development models are being developed for forest protection, the rehabilitation of forests, the development of high-value species such as cinnamon and anise, the multi-purpose use of bamboo and models for the sustainable cultivation of hilly areas.

The Forest Inspection Organisation is well developed from central to local level, with a strong network of staff at all levels, including the commune level. It has previously had both control and forest development duties. Its mandate is now being redefined to include only responsibility for forest protection. This is a loss of capacity from the point of view of extension. If the human resources network of the Forest Inspection system could be made available to support farmers and communities in forest development, it would prove to be a good resource.

3.2 Non-governmental actors

Public involvement in extension is too often focused on direct services to farmers. The outreach is therefore limited, as the number of extension staff is limited. Results have been better in areas where the extension staff concentrate more on capacity-building within local organisations with extension functions. The government realised at an early stage that local institutional development was crucial in the outreach of extension and access to extension by the poor. The MARD conference on extension in 1997 gathered together representatives of a broad range of farmer groups and village organisations involved in extension at commune and village level, to exchange experiences on how to develop local-level extension and to draw policy conclusions. At policy level, local initiatives are encouraged, but it is up to the provincial and district People's Committees to decide on the allocation of resources. The different provinces have very different strategies of financial support.

The mass organisations

The Vietnamese concept of 'socialising' extension ('xa hoi hoa') means that extension is in fact a responsibility of society as a whole and that all organisations play a part in raising production, improving technologies, spreading production knowledge, etc. In practice, this policy is mainly implemented through the mass organisations, which also have important extension functions. Part of the national budget for extension is also allocated to the mass organisations for joint programmes with extension.

The mass organisations, mainly the Women's Union, the Farmers' Association, the Youth Union, the Old People's Union and the War Veterans Association, often have an important social network

for the exchange of knowledge, supporting each other in times of crisis and providing a structure for discussion of village and commune matters. The Women's Union at commune and village level often holds monthly group meetings for the exchange of knowledge and to run small-scale savings and credit schemes. Their main effort is in small-scale animal husbandry, mainly pig-raising, which is important for the poor. The Women's Union often has staff who are trained veterinarians, and they organise regular training courses with district funding and support from international programmes. Both district and international programmes in many areas choose to channel credit funds through the Women's Union, which has a reputation for good management.

The Farmers' Association organises training courses, to which it invites staff from the Extension Organisation or other relevant people. It has established a special section for extension and poverty alleviation – the VAC⁶ – which is also sometimes defined as a mass organisation and is known to possess 2,000 demonstration models. They function like interest groups of farmers who exchange experiences in developing their VAC garden. The members are mostly better-off entrepreneurial farmers, but their models have at least some beneficial spread effect also for the poor.

Membership fees in the mass organisations are low and are normally not perceived as a barrier to entry. The mass organisations are more likely than the formal Extension Organisation to involve the poor because of their mainly social objectives. They do not have production targets to live up to. Their success is measured by the number of people involved in their activities and how well anchored they are in the community. Their extension principles are based more on exchange of knowledge, rather than formal training courses, which also is more inclusive of the poor. Some people are still excluded, of course. There is sometimes a connection between poverty and social exclusion. This situation is worse for the poor in relatively well-off communities where the poor are a relatively small percentage of the population, and are often excluded from services and activities.

Private service providers

There are many private veterinary service providers, both farmers with veterinary knowledge who work either independently or on contract with the co-operative or commune, and shop-keepers who sell veterinary medicine. The district Veterinary Station issues certification for private people to work as veterinarians and sales points for medicine, and the district staff make regular quality checks. The system is similar to that for plant protection. The level of knowledge is unsatisfactory and much more training and back-up is needed for the private suppliers to function adequately.

Private providers of seedlings, piglets, fingerlings, etc. are the main source of breeds and seed, except for new rice varieties, which most often come from government research stations. A few co-operatives have the capacity to produce rice seedlings for supply locally. There is a common request from the villages to strengthen their capacity to produce seedlings, in order for them to be more independent.

Both private and public suppliers of inputs like fertiliser and chemicals undertake extension activities to encourage the use of their products as well as demonstrating their appropriate use. Such extension is often in the form of demonstration models and seminars where farmers are invited to study various products and solutions. They also disseminate information leaflets. The input suppliers are interested in co-ordinating with the Extension Organisation in order to give a more unbiased appearance.

The employees in government departments often go in for private enterprise in input supply and marketing, drawing on their professional knowledge and networks. Staff of the Agriculture

⁶ Vuon Ao Chuong. Integrated garden – fishpond – animal husbandry.

Department produce seedlings for sale to farmers, or to the state and international programmes which supply them to farmers on subsidy. The government employees sometimes also control the contracts with private entrepreneurs producing seedlings.

Farmers often turn to the extension staff with requests for advice on access to inputs such as seedlings and seed. The extension stations organise study visits where input providers (both public and private) demonstrate their produce to farmers. The extension staff sometimes organise the purchase on behalf of the farmers. The role of mediating input supply is also largely undertaken by the co-operatives. Kick-backs provided to the extension staff from such activities are less of a problem when dealing directly with the farmers, i.e. the farmers are going to use their own resources to buy the inputs. They are more of a problem when government or donor funds are subsidising the inputs. 'Friendship' contracts are then common, with extension staff favouring a certain input supplier and receiving 'benefit' from that favour.

It is becoming more common for groups of farmers to form interest groups or even economic organisations for the joint purchase of inputs, marketing and the purchase of advice and technical support from government extension staff. It is normally better-off farmers with the capacity to take risks with new lines of production, who organise themselves in this way.

Co-operatives and village organisations

During the period of collective agriculture, the co-operatives organised production for the whole village and people cultivated the land in brigades. When the land reform was implemented in the early 1990s and tenure was transferred to individual households, the co-operatives collapsed in many areas. In the northern mountain area there was a vacuum following the co-operatives, with all households having to arrange market and service contacts individually. Nor were there any widespread networks of private traders either. The villages involved in the FCP/MRDP programme⁷ set up new village organisations, originally to manage project matters, but gradually more and more filling the role as co-ordinators for farmer contacts and activities in extension, input supply, veterinary services and revolving credit. The main way for them to finance their extension activities is by combining extension with seed production services, input services and marketing.

In other areas the co-operatives were dismantled and replaced by member organisations, which adopted new regulations and sometimes elected a new leadership. There are now 6000 co-operatives which follow the new law on co-operatives, and 60–70% of them provide extension services. Hai Lang district, Quang Tri province, has relatively well functioning co-operatives, representing member interests. In other areas the co-operatives are still seen as a top-down structure which is inhibiting the development of private initiative. The co-operatives are sometimes criticised for not being real membership organisations, as most of the people in the village join almost automatically. However, this does mean that the poor are also included. The co-operatives tend to concentrate on economic activities of relevance to almost everyone in the community, such as water management (irrigation and drainage) and input supply (seed and fertiliser) for rice production. They distribute basic information on production, mainly concerned with rice production, and their broader extension capacity needs to be developed. Organising the supply of inputs on credit is especially important for the poor. There is an ambition to establish a secondary co-operative level, which can handle the co-ordination of issues of seed and input supply in relation to the primary co-operatives. At present this supply is organised through the district Agriculture Section, or in direct relations between the co-operatives and the input supply companies.

⁷ Vietnam-Sweden Forest Co-operation Programme 1991–5, Vietnam-Sweden Mountain Areas Rural Development Programme 1996–2001.

There is an increasing recognition of the need for village extension networks in order to reach the poor. It is unrealistic to rely on formal extension staff to provide direct advisory services to the poor to the extent that would be required. Extension staff can never be sufficient to reach out directly to the poor farmers. One way of working is for the extension staff to concentrate their efforts on building up capacity in community organisations, where the poor can obtain advisory support in more informal communication within the village. This is especially relevant in the remote areas.

The Bank for Agriculture and Rural Development

There is little co-operation between this Bank and the advisory services. The Bank takes as little risk as possible, which constrains access to credit for the poor. There are special funds via the Bank for the Poor, which are more widely available. The lack of co-ordination with extension services has, however, caused problems for the poor, with frequent production failures. The limited staff capacity of the Bank has also resulted in little credit being available in the remote villages.

Media

The Extension Organisation co-operates with television and radio. The national TV runs a regular extension programme every Friday afternoon. Half of the provinces go in for co-operation between the Extension Organisation and TV, with regular broadcasts of farmer experiences. A lot of farmers refer to TV as their main source of new ideas. But this can also be risky, as people try out all kinds of things which may not be suitable in their particular context and environment. There are also a number of magazines on extension.

3.3 Pluralism under government co-ordination

Vietnam can be seen to be following a collaborative model of extension, in which local government has the overall control over extension activities in the district and funding comes primarily from public funds. Pluralism is encouraged with government funds, tax reductions, credit provision and other incentives. The Ministry puts forward proposals for the provinces and districts to form co-ordinating boards for extension, with representation from the numerous actors involved.

There are advantages and disadvantages in the close relation between the community organisations and local government. It means that there is an institutional structure for communication between supply and demand for services. People have more chance of influencing supply by voicing demand from within the mass organisations than from outside. However, there is the risk that the mass organisations spend most of their time mobilising for state policy decisions which have already been made, at the expense of their role as a channel for popular demand.

From a poverty perspective, most community organisations are community-wide and include also the poor. They exercise an important function in farmer-to-farmer communication of knowledge. They have a wider outreach than the formal Extension Organisation, which tends to concentrate training and extension on the farmers with the best 'potential'.

Private sector extension is growing as policy is moving towards more equal terms of competition between public and private enterprise. Subsidies to state-owned companies are gradually being removed. However, access to credit remains a constraint on small business development. Ministry policy is nominally to move towards sharing the costs of extension services for commercial

production. So far this means that commercial production will not get subsidies for demonstration models. Extension itself is still free.

3.4 Staff and finance

The national government budget for extension programmes is steadily increasing and has grown from 14.3 billion dong in 1994 to 44 billion dong (around US\$ 30 million) in 2001 (excluding staff and administrative costs). The budget is not very large by international standards. (Thailand's extension budget is US\$ 150 million a year.) Apart from the national budget, each province can also allocate funds for extension from provincial funds. This ranges from 200 million dong (northern mountain provinces) to 1–2 billion dong (southern lowland provinces) depending on how 'rich' the province is. This difference also reflects how extension inputs into lowland intensive agriculture are considered more profitable than into remote mountain areas.

The state extension system is financed mainly from government resources and to some extent by international donor support in individual provinces and districts. It is theoretically possible for the state extension services to have an income from the surplus from sales of inputs (such as seed) to farmers. This has not yet been applied in practice, because of unclear regulations. Fees paid to the Extension Organisation by farmers and organisations which buy advisory services are becoming more common, but are not yet a major source of income.

Extension programmes are formulated at national level (see Appendix). It is easier for the extension departments and stations to access resources for these national programmes, compared with agendas that might arise from local demand. There is thus a bias to concentrate on national programmes, for which extension funds are allocated directly from the national level. At provincial level, the resources for extension are allocated by Department of Planning and Investment (DPI) in competition with all the other provincial departments. The provincial level often focuses on fulfilling national goals and agendas. The district extension stations, which are working directly with the farmers, more often want to concentrate on local-level priorities. In cases where these do not coincide with the national programmes, the district People's Committee has to mobilise extra resources.

The mandate of the Extension Organisation is not organised homogeneously, but varies between provinces as to whether extension for agriculture, forestry and fisheries operate in combination or separately. In some provinces the Extension Organisation is also responsible for research and seed production. In total, the provincial Extension Centres have around 900 staff (15–20 per province), 70% of whom have a university degree. At district level there are in all around 2000 staff. There is a general freeze on the employment of government staff, and directives for a reduction of 15% by 2003. The provinces which do not yet have a developed extension system at district level are thus not able to increase their staff until staff are removed from other government departments. It is up to the individual provinces to budget for and finance extension workers on contract at commune level. Many provinces consider that they cannot afford this. The northern mountain provinces have been able to use international donor funds and funds from programme '135' to contract commune extension workers, who are most urgently needed in the remote communes which have little contact with district staff.

The salaries of government employees are generally below living standard requirements. Extension staff with a university degree earn around 350,000 dong (US\$ 24) per month. Apart from that, they receive fieldwork allowances to cover the costs of transport and a mid-day meal. However, these allowances are not clearly regulated or available in the budget. The lack of adequate coverage of fieldwork costs is a major constraint in determining the outreach of staff in the mountain provinces.

Extension staff are allowed to sign individual contracts with farmers for the provision of advisory services, but this practice is not yet widespread. Often contracts are not made individually, but with the Extension Organisation.

There is a high level of motivation among most extension staff, who often work overtime to cover the working agenda set by the provincial Extension Centre and to respond to farmer demand outside the formal agenda. They are often admirable in handling the balance between state directives and local needs and circumstances. The local extension stations welcome support from NGO and development programmes in order to have the capacity and resources to spend more time on extension activities directed to local needs and the needs of poor households.

Where the extension staff come from makes a difference. Staff who are from the area and who have grown up with its farming systems have more possibilities of giving relevant advice. Social relations are also important. If you come from the area, you are advising the likes of your parents, aunts, uncles and other relatives, which increases the commitment and the demand to be realistic.

The MARD policy recommendations place a lot of emphasis on strengthening extension in terms of staff and organisation. The state should, according to the MARD report, provide more incentives, training, contracts, etc. to encourage all kinds of organisations to be active in extension activities. The policy guidelines recognise that extension staff often have very little training in extension methods and are limited in their technological perspectives. Training strategies focus on broadening understanding of farming systems and on extension methods. So far there have been few government resources for the training of extension staff. Resources mainly come from international programmes.

3.5 Outreach model

There is widespread belief within the Extension Organisation in the spread of knowledge and technologies through demonstration models and farmer examples. Theoretically, the idea is that farmers learn from their peers. Farmers are more likely to learn from farmers like themselves who practise a certain technology. In practice, the concept comes close to a trickle-down model. It is easier for the more successful (and therefore richer) farmers to access state funds for 'models', attract the attention of extension staff and receive credit. A consequence of quantitative production goals leads the Extension Organisation to concentrate time and resources on the farmers with the best potential for production development.

There is frequent mention of poverty alleviation in policy documents and objectives. This is true from the perspective of poverty, where a large percentage of the rural population is regarded as poor, which is the case, as seen in international comparison. In terms of relative poverty within the communities, however, the focus of extension is seldom on the poorest. This is a catch 22 argument. The poor have less education and often less knowledge about production. This is often used as the main argument for not including them in extension activities, since there would be less spread effect to other farmers and the rate of success with the new technology would be less.

There is an ongoing discussion about revising Decree 13 and the directives for extension at policy level. The need for increased poverty orientation in the extension system is raised, to enable the extension system to work more directly with the poor. However, at policy level, the majority still favour the demonstration model approach. They point to the fact that so far the overall growth in production and the rural economy has also benefited the poor.

3.6 Participatory extension

MARD defines participatory extension, in the policy guidelines, as the process whereby farmers and extension staff together analyse local conditions and needs, define activities, implement and evaluate them, and share their costs. The report concludes that the advantages are that the resulting technologies are more appropriate to the local conditions and less dependent on outside subsidies. The disadvantages are that the way of working has so far focused mainly on production and not attended to the needs of the whole household, especially the women. It is stated that there is an overall need to improve mechanisms whereby the needs of farmers guide extension priorities. State directives on extension are not seen as sufficiently reflecting farmers' needs.

The Vietnamese extension system has taken the opportunity of learning from the many international programmes, which have contributed experience in participatory processes of extension and technology development. FCP/MRDP put great effort into supporting the development of local institutional structures for extension and credit, supporting the villages in organising village institutions responsible for development planning in the village, with the help of PRA methods. The villages then organised their own extension and other development activities and handled requests for services from district and provincial institutions. Many village institutions now operate independently of project support, while others faded out when the project withdrew, largely depending on the personalities and motivation of the village leaders, and on how institutionalised the way of working has become at provincial and district level. Some provinces (like Tuyen Quang) adapted a large part of their entire extension activities to responding to demand from the village organisations. There is a close network of personal contacts between the extension staff and the village leaders and successful farmers. The extension agenda set by this process is more relevant to the majority of farmers in the villages, than are the top-down programmes. The level of integration of the poor varies between villages. Village institutions do not automatically represent the specific interests of the poor, if the poor are in the minority. Many village institutions do tend to be inclusive, however, and integrate the whole village, including the poor. Everybody comes to meetings; everybody takes part in activities and discussions. However, the agenda often tends to be set from the point of view of the majority. The poor do benefit to some extent, but there is a need for further analysis and more attention to their specific situations and needs.

The MRDP decided to shift the focus of the programme to the mountain areas where the majority of people in the villages where it operates are poor and the programme was able to concentrate on development plans for the whole village. When the objective of reaching the poor was brought to the forefront, the work with the development of participatory extension institutions in the midlands was pushed to the background. Major achievements concerning institutions for demand-driven services were thereby abandoned at a critical stage, which significantly reduced the sustainability and institutionalisation of participation. Attention to the poor in the midland villages was dropped, as was work on finding ways of responding to their demands. It is not strange that extension tends to focus on the majority of farmers, given its limited resources. Extension that is specifically relevant to the poor could, however, be developed, if there was more knowledge of, and attention to, their specific needs.

There are a few NGOs which work with Participatory Technology Development (PTD) in hillside agro-forestry, like the Swiss Helvetas in Cao Bang. Two people from MARD's Extension Department received training (5 weeks) in PTD in the Philippines, financed by the MRDP. Awareness of the benefits of using PTD is not well established, however, in MARD's extension strategy. There are very few government funds for PTD. Staff who have been trained in PTD now support other international programmes.

The staff of the Plant Protection Organisation have the most training in participatory extension approaches, because of the FAO's massive investment in building capacity for integrated pest management (IPM) training through farmer field schools. IPM training is widespread all over the country and has a very big impact on farmers' knowledge of biological predators and the use of pesticides. Learning in farmer field schools is linked directly to practical experience in the field, and this increases the chance that the farmers really integrate the new experiences, thus also increasing the spread of knowledge and experience between farmers. When a large part of the community incorporate new knowledge in common agriculture practices, the poor are also more easily integrated.

This method of extension is not commonly used by the Extension Organisation, mainly because of lack of resources for this more intensive way of working. However, some organisations are trying out the farmer field school methodology in other training courses. The Farmers' Organisation is conducting training in mushroom production at regular meetings during the 45-day production cycle.

There is demand for training of staff in extension methods, including participatory methods. A major contribution of the many international programmes in operation, is that they provide opportunities for staff to try out new ways of working and build up new experiences, which they then adapt and take back into the government system. Many organisations have their main focus on capacity-building and training of staff. The World Bank project in the northern mountains is supporting the government network of training institutions, for technical, organisational and administrative skills, to enable commune and district level staff to be more active in managing development projects.

There is as yet no legal framework for community management of resources, but a number of trial projects are ongoing to build up experience, with the purpose of introducing such a framework. There is a growing interest in finding more community-based ways of solving problems of forest protection. This involves moving away from state payment of forest protection fees, to systems where the development and use of minor forest products provide the incentives for individuals, groups or communities to protect the forest.

4. Extension priorities and potential

4.1 The role of rice

Rice is still the basis of the rural economy; 70% of Vietnamese households grow rice and 99.9% consume rice. Rice accounts for three-quarters of the caloric intake of the average Vietnamese household. The rural poor in the lowland and midland provinces perceive an increase in rice productivity as the first priority for increased food security. A study by IFPRI (Minot and Goletti, 2000) shows that rice consumption rises with income for low- and middle-income households, demonstrating that food security in rice is not yet attained. Rice, as a means to food security, is not questioned. Rice production for income generation, however, is becoming less attractive with decreasing profitability. Import restrictions on fertiliser are being removed, leading to higher prices for fertiliser and thus higher production costs while market prices for rice remain continuously low. The IFPRI study suggests that the removal of export quotas would raise prices by 14–22%. There is thus a conflict of interest between the poor who are not self-sufficient in rice and the very large group of farmers whose poverty status is largely determined by whether or not they can obtain a surplus from rice. According to the IFPRI study, the net effect in poverty reduction would be greater with market liberalisation and higher rice prices. Another way would be to convert the export quotas to an export tax, which could be used for redistribution purposes.

The major effort of the Extension Organisation still goes into rice production, although attention is shifting from quantity to quality, to serve market demand better. The role of the Extension Organisation is expected to be reduced as the co-operatives and other market actors take over the supply and production of seed. In the meantime the Extension Organisation plays an important part in building up the capacity of co-operatives and farmer groups in seed production.

4.2 Diversification

Households which manage to generate a surplus in rice production are able to invest in diversification. The most common sources of supplementary income are animal husbandry of all kinds, fruit trees, and cash crops like pepper and other spices. Non-agricultural supplementary incomes are not yet widespread. Better-off households invest in rice milling, small tractors for ploughing and other rural services. These enterprises are family-based and seldom employ labour. Enterprises like carpenters, blacksmiths, tailors, etc. are also family-based, mainly producing for the local market. Some communities have a traditional handicraft, such as weaving fishing nets or pottery, which provides the basic livelihood for the community.

With the increased income from rice production, investments in animal husbandry increased enormously during the 1990s. Pig-raising is and remains the most important source of supplementary income for the poor, and fulfils many functions: using crop residues for fodder, providing manure, providing a means of saving. Local organisations, especially the Women's Union, devote a lot of their effort to extension for pig-raising. The Extension Organisation has focused on the introduction of new breeds with higher productivity. Crossbreed pigs for lean meat production are now widespread, even among the poor. New breeds of poultry are still at the trial and error stage, and the poor would do well to stay out of risky investments. Crossbreeds of cattle (indian sind) comprise one of the major extension campaigns, but they are not directly relevant to the poor, as they involve a relatively large investment.

Extension has so far been purely agriculture-oriented (including forestry and fisheries). Diversification within agriculture is actively sought and encouraged. Non-agricultural

diversification is also encouraged by the government, but is not seen as the role of the extension organisations. Non-agricultural diversification is not seen as an exit option but as a supplement, which strengthens the whole household economy including agriculture.

Subsidies are used at times to encourage diversification into new areas of production. State subsidies are provided to break traditional patterns, and provide extension and credit for trials. They are mostly linked to certain crops, such as beans, groundnuts and pepper, where seed is subsidised or distributed free. There are also funds managed by the state Treasury, to which anyone can apply for subsidised credit for new production.

4.3 Market orientation

Vietnam has experienced an exceptional growth of exports of agricultural produce during the 1990s. The agricultural economy has been transformed from an almost exclusive focus on subsistence and the domestic market, to becoming the second or third largest international exporter of a number of agricultural crops including rice, coffee, pepper, rubber and cinnamon.

The boom in export production of crops other than rice has largely occurred in the mountain areas with the continuous search for an income generator and livelihood base for the local population. The expansion of cash crops, such as coffee, is the result of massive government campaigns, with the provision of land tenure certificates, credit and input packages. Access to government resources has been relatively equitable, but the poor have suffered more from failures connected with lack of sufficient knowledge and production inputs. In some areas the export crop production has been at the expense of food production, thus creating tension.

The rapid expansion of production has sometimes caused difficulties. Incorrect market assessments have led to cases of large numbers of farmers not being able to sell their products. The government's liaison with private processing industry in Thua Thien Hue province proved very risky, with the state providing massive resources to farmers for sugarcane production. The Singapore-owned processing factory decided to move to another province just before the harvest, leaving thousands of farmers without a market. Plum production in Lao Cai expanded rapidly, out of phase with any processing industry. International market prices are currently falling drastically for coffee and pepper, resulting in serious losses for farmers. The Vietnam Coffee and Cocoa Association (VCCA) has recently decided that 30% of the country's coffee trees should be chopped down (an equivalent of 180 000 ha of coffee), in an attempt to raise coffee prices.

The massive production campaigns are motivated by the need to achieve a sufficient scale of production to reduce transaction costs in relation to the remote areas. As each household produces small-scale, i.e. from less than one hectare, the campaigns also result in households concentrating a large proportion of their resources in export crops, which makes them vulnerable to falls in prices.

Apart from rice, the big export production initiatives have mainly taken place in the mountain and hill areas. In the lowlands people are gradually orienting themselves to domestic markets for vegetables and meat. The role of the government in this context is to build up the necessary regulations and infrastructure to ensure health standards and certification. Organically produced vegetables are in high demand, but an adequate certification system is not yet functioning. The main competition in the domestic market comes more from the region, mainly from Thailand and China, rather than from global markets.

Some export efforts have a chance of making a difference for the poor. Pepper is such a crop, since it requires relatively low inputs. Seedlings can be acquired from the plants of neighbours. It can be

stored for a long time, so it is not so vulnerable to market fluctuations. The problem with using local seedlings is that the quality is lower and more liable to disease. The lower quality pepper is mainly sold on the local market. Vietnam is rapidly increasing its export of pepper, however, and is now the second largest exporter of pepper, after India.

Cinnamon is originally a niche product from Yen Bai province. The Day minority population have a tradition of planting cinnamon when a child is born. Recently cinnamon production has been expanding rapidly in provinces without such suitable conditions. In A Luoi district, Thua Thien Hue province, people have planted a lot of cinnamon, which has been too poor in quality and thus low in price. Attention is now focused on the wood rather than the bark.

The national system of market information is not yet so well developed. There is a Centre for Information at the Agriculture Ministry, which receives international support (mainly from Danida) to reinforce its capacity in market information. There is also an institute for market and price research, but it deals mainly with consumer prices.

The interim PRSP mentions measures to support the poor in their participation in markets; these include research into preservation methods and the provision of credit to reduce vulnerability to low points in market prices. The government will also help the poor to find suitable forms of economic co-operation to increase their bargaining power on the market.

4.4 Niche products

Trial processes are going on at all levels. The districts have quite small resources for trials, and it is difficult for farmers to get credit for them because of the higher risk. Many NGOs and development programmes have focused resources on enabling districts, communes and farmers to conduct trials for new lines of production. A wide range of activity is going on at local level to try to find products with a market value. In Hai Lang, Quang Tri, for example, there is an expansion of groundnut production, which is sold to small oil processing enterprises in Hue, and of mushrooms, which are sold to export companies in Hanoi.

The Dutch NGO, SNV, in Quang Tri and Hue, has developed a system of market development advisers for non-agricultural products. Groups of farmers analyse their situation and come up with ideas for income-generating activities. The advisers, who are local entrepreneurs, help with market contacts and linkages with people with useful experience who support and train the group to develop their ideas.

For the poor to be involved in developing niche production, support is needed from some project or the government. Niche products are mostly market-sensitive and require a high knowledge input. Diversification is important in order to spread risks, but spreading into new products is in itself also a risk. It is seldom the poor who have the possibilities to take such risks. Niche production is almost always initiated by the better-off entrepreneurial farmers.

One niche product which seems within reach of the poor is mushrooms, which can be grown with relatively low investment in rice straw. In Vinh Phuc province, mushroom production started a few years ago and is spreading fast. They have now established market linkages and, are exporting to China. In Quang Tri province the Department of Science and Technology has promised to buy mushrooms from farmers for marketing in Hanoi during the trial stage, until other marketing channels have been established. The Farmers' Association is organising training courses for poor farmers with support from the Vietnam–Finland Quang Tri Rural Development Programme.

Some niche products have always been produced by the poor, but only for home consumption. These products can, with some support, be introduced to new markets. Craft Link is an NGO which is helping ethnic minority groups to form enterprises for marketing their traditional handicrafts. MRDP⁸ has co-operated with Craft Link and the Department of Agriculture in Lao Cai province to support Sa Pa women in marketing their traditional textiles in Hanoi.

Bee-keeping has traditionally been well developed in many mountain regions. It has slumped drastically, however, with decreasing forests and the ban on opium cultivation. Bee-keeping in the home-gardens in the lowlands is increasing, but mainly with better-off households who are more prepared to take risks and who have better contacts for accessing technology.

A group of farmers in Lang Son managed to establish market contacts with buyers from China. They have established a marketing co-operative and now have a regular export of resin from the forest.

There is local demand for organic production of vegetables, spices and tea, from consumers who are very concerned about their high intake of chemicals. So far, the marketing of organic produce has been constrained by the lack of a certification system. The Extension Organisation supports the organic production of vegetables in a farm area outside Hanoi. The people involved are not poor, however. Vegetable production needs a fairly high level of investment in irrigation, etc. Organic production of coffee has not yet reached Vietnam.

4.5 Livestock

Pig-raising is extremely important in the household economy. Almost every rural household in the country has at least one pig; most people have two to four pigs. Large-scale pig production is still not common. There are some large-scale pig farms in the south, and the government encourages large-scale production with subsidised credit. Profitability is not very high, however, and pig-raising continues to be mainly a poor person's occupation. The significance of the household pig lies in its being a piggy bank. Small household resources that are available everyday, like household waste, leaves and vegetables, are turned into a major source of income in times of need. Pig-raising is especially important for rice farmers, to bridge the long gap between the autumn and spring harvests. The pigs are also an important source of manure for both the rice and other crops. Pigs are mainly sold on the local market. It is claimed that government encouragement of large-scale pig production is not competing with the small producers, as the large-scale production is aimed at urban rather than the local rural markets. In order to expand to urban markets, veterinary standards need to be improved and a certification system established. The government is paying a lot of attention to trying to reach out more broadly with veterinary services and quality control of the meat for slaughter.

Free cattle grazing in the hilly areas has been important for the poor, as it requires very little continuous investment. Cattle function as an important form of savings, which can be accessed in times of crisis or for major events like weddings. Land for free grazing is becoming limited, however, and there is more competition with other land use, mainly forest planting. Intensive cattle-raising is encouraged from a veterinary point of view, because it is easier to keep disease under control with stall-bound cattle. However, this limits the possibilities for the poor to keep cattle.

⁸ Vietnam–Sweden Mountainous Areas Rural Development Programme

4.6 Coping strategies and vulnerability

When a crisis is community-wide, there is action on the part of the government, local organisations and people all over the country to mobilise resources to handle the immediate coping strategies. For individual household crises, there is less support available. Safety nets are not yet sufficiently developed. Also after a community-wide crisis, some people experience more difficulty in recovering. Households which were already indebted before the crisis and which have health problems in the family are among the most vulnerable.

Household coping strategies often include:

- borrowing from family and friends; social capital networks are often strong;
- borrowing money privately at 2–3% interest per month;
- borrowing rice at 40–50% interest per season to be paid after the next harvest;
- collecting minor forest products, such as leaves for hat-making and firewood;
- seasonal migration to work as farm labourers;
- working locally as day labourers.

Even though people in the hilly areas are often poorer than those in the paddy-growing areas, the poor in the hilly areas tend to be less vulnerable to seasonal crises because of their more diversified sources of income, many of which become vital for coping strategies in relation to seasonal crises such as floods. The forest and communal areas provide important income during crises, which could be further developed. In some areas the forestry extension services support the enrichment of forests for household benefits and the development of minor forest products. Previously employment opportunities have also been more available in the hilly areas, but they are becoming scarce with the crises in major export products.

Recovering from a major disaster, such as the floods in central Vietnam in 1999 or in the Mekong delta in 2000, takes many years. Incomes are not stable. In 2000 the rice farmers in the central provinces incurred high costs for drainage because of the continued rains. In 2001 the harvest in the lower areas was lost because of flooding immediately before the harvest. The poor who are dependent on rice are becoming more and more vulnerable. They live in poorly built houses, which have cost them a lot to repair and strengthen. Many people suffered considerable losses because of repeated failures of investment in animal husbandry after the floods, when disease removed a lot of animals. Loans they have taken in connection with the floods become difficult to cope with. In the mountains the difficulties in recovering from the floods are partly linked to lack of health and labour capacity to restore the land. The main flood damage in the mountains was the enormous layers of stone and sand which were eroded by the water and settled on the fields close to the riverbed.

The challenge for extension is to incorporate an increased awareness of vulnerability. In the mountain areas people no longer feel safe in concentrating production on the flat land close to the rivers. There is increased pressure to find modes of production which make it possible to cultivate on the hill slopes again. In the lowlands people need a diversification of sources of income, to spread the risk and provide more varied means of recovery in case of crisis. A special type of advisory service is needed to support indebted households rebuilding their economies and livelihoods. If such advice on how to restructure loans and avoid high-interest private debts could be provided in co-operation with the World Bank for Agriculture and Rural Development, it would have a significant impact on poverty reduction.

A common reason why poor people are excluded from services like credit and extension is that they often use the resources 'for the wrong purposes', for example for housing, medical costs, or repaying old debts, and not for the production purpose intended. Policies aiming at reaching the poor need to take this into account. Purely production-oriented services are often not feasible for the poor. More integrated forms of services need to be developed.

A health crisis is a very common reason for people to become poor, and also for their difficulty in getting out of poverty. When a family member falls seriously ill, the family often has to sell off productive resources, such as a buffalo, to cover medical costs. These costs involve not only payment to the hospital, but also transport, lodging, cost of living in town. Sometimes bribes are involved in order to access hospital services at all. The poor are entitled to reductions in hospital fees, but costs are still high. In addition, there is the cost of loss of labour capacity.

Social capital

Community organisations are very important in dealing with all kinds of crises. The sense of community is strong in many places and the community often has mechanisms for supporting households which are in difficulties. The traditional village organisation is often the most important socially, even though it has no material resources. The commune People's Committee often has funds reserved for social support purposes. The mass organisations mobilise funds, and organise mutual support groups and groups for exchanging labour.

In the mountain communes, which are not so monetarised, the informal lending of food and resources between relatives and neighbours is common as a way of handling crises. Poor people in the lowland communes are more dependent on taking high-interest private loans to cope with crises. Community mutual support is significant in the lowlands also, but is far from sufficient.

The poor in the lowland and midland communities are often in a minority in their communes. This can put them in a more difficult situation than in the mountain communes, where the majority are poor and conditions are relatively similar. The poor minority often have less social capital in the community. This is also noticeable in terms of access to extension. They are less likely to be invited to training courses and extension activities. The possibilities of the poor in accessing services can be increased by investments in human capital, such as basic education and awareness of rights and possibilities. This is expected to impact also on the social integration of the poor in community organisations and in relations between the community and district and provincial services.

5. Conclusion

The international debate has focused mainly on the aspects of extension as a vehicle for technical change and the market orientation of production. When revisiting extension from the poverty perspective we find that a broader approach is required. A focus on technologies alone cannot make a difference for the poor, who often need support in raising their general level of knowledge in order to access the information and services available and strengthen their bargaining power vis-à-vis service and input providers. More attention is needed to the possibilities of the poor in handling risk, which includes both increased knowledge to avoid diseases, etc. as well as insurance systems to make people less vulnerable to production failures and loss of income.

An extension system, which provides specific technologies, can be organised on a commercial basis. A system with the purpose of raising the level of knowledge and bargaining power of the poor is closer to basic education and cannot be regarded as a commercial service. The organisation that is closest at hand for this purpose may not be the Extension Organisation but rather the various community organisations.

We are thus talking about two different types of extension. Calls for the commercialisation of extension services, cost-recovery, increased private sector involvement, etc. may all be relevant with regard to extension, in the sense of technology. These extension services are in many cases not yet within the immediate scope of the poor. Attention to poverty alleviation, on the other hand, would concentrate on public services designed to build up the capacity of the poor to safeguard their interests in relation to market and service institutions.

Poverty-oriented extension services cannot be seen in isolation. Production-oriented services need to be put in the context of the development of other institutions essential for poor people's livelihoods. Several such considerations are relevant, as follows.

- Measures to reduce risk and vulnerability. The lack of appropriate safety nets and insurance systems is a significant constraint with regard to the possibilities of poor people developing their production and livelihood systems.
- Policies regarding access to land in the mountains are a crucial issue affecting food security. Attention needs to be given to food security in the remote mountain areas, before production for the market can be taken seriously. At present food security is constrained by the lack of recognition of traditional farming systems and obstacles to access to land for food production.
- The lack of access to services is connected both with physical remoteness and with social marginalisation. Attention is concentrated on reducing physical remoteness, with investment in infrastructure, which is valuable. Less attention has been given to how to deal with social marginalisation, which is more common for the poor in market-integrated areas.
- A large proportion of the rural poor are own-account farmers and need rural employment opportunities as a supplementary income (either labour or business) rather than full-time labour. There is need for capacity-building within the extension services to enable them to advise also on off-farm production, business development and micro-entreprise of various kinds. It is important that the poor are supported in their capacity as producers in this context, and not only as labour.
- The poor are often dependent on the community organisations to access extension services. The public extension services could concentrate on building up the capacity of local organisations, which would have a broader and more poverty-oriented effect than concentrating on model farmers.

Appendix: Government extension programmes 1993–2000

1. Changing the structure of production and production seasons
2. Rice
3. Maize
4. Beans
5. Sugarcane
6. Cotton
7. Dau tam
8. Coffee
9. Tea
10. Rubber
11. Fruit trees and vegetables
12. Fertiliser
13. Cattle
14. Dairy cattle
15. Lean meat pigs
16. Chicken
17. Goats
18. Plant protection
19. Training in extension skills and capacity
20. Training of extension workers
21. Storage and processing of agricultural and forestry products and the development of crafts and vocational skills
22. Agro-forestry on hilly land following shifting cultivation
23. Sustainable agriculture on degraded land and denuded hills
24. Improvement of the quality of natural forest and planted forest
25. Enrichment of forest with indigenous species and high-value species
26. Planting of popular trees for lowland and coastal areas
27. Improvement and processing of non-timber forest products
28. Forestry extension skills

Persons interviewed

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