Country Social Analysis
Ethnicity and Development in Vietnam
Summary report
Country Social Analysis
Ethnicity and Development in Vietnam

Summary Report

THE WORLD BANK
Social Development Unit
Sustainable Development Department
East Asia and Pacific Region
Table of Contents

ACRONYMS AND ABBREVIATIONS / V

ACKNOWLEDGMENTS / VII

FOREWORD / IX

EXECUTIVE SUMMARY / 1

INTRODUCTION / 9
  Objectives of the CSA / 10
  Study Methodology / 10

ETHNIC MINORITIES IN VIETNAM / 13
  Recent History of State-Ethnic Minority Relations / 13
  Current Status of Ethnic Minorities in Vietnam / 16
  Poverty Trends in Minority Communities / 17
  Theoretical Explanations for Minority Poverty / 19

MAIN CSA FINDINGS / 21
  Crosscutting Findings / 21
  Sectoral Findings / 23
  Differences in Education / 23
    Main Problems in Accessing Education for Minorities / 25
    Conclusion / 26
  Differences in Migration and Mobility / 26
    Main Problems in Migration and Mobility for Minorities / 27
    Conclusion / 29
  Differences in Credit and Financial Services / 29
    Main Problems in Accessing Credit for Minorities / 30
    Conclusion / 33
  Differences in Access To Land, Agriculture, And Forestry / 33
    Main Problems in Accessing Land, Agriculture, and Forestry / 33
    Conclusion / 38
  Differences in Access To Markets, Trading, and Off-Farm Employment / 38
    Main Problems in Accessing Markets, Trading, and Off-Farm Income / 38
    Conclusion / 42
Acronyms and Abbreviations

5MHRP National Five Million Hectare Reforestation Program  
ADB Asian Development Bank  
CEM Committee on Ethnic Minorities  
CIEM Central Institute of Economic Management (Vietnam)  
CPRGS Comprehensive Poverty Reduction and Growth Strategy  
CPS Country Partnership Study  
CRES Center for National Poverty Reduction and Growth Strategy  
CSA Country Partnership Study  
CUN Central University for Nationalities  
DARD Department of Agriculture and Rural Development  
DOSTE Department of Science Technology and Environment  
DRV Democratic Republic of Vietnam  
FCSP Fixed Cultivation and Sedentarization program  
FLA Forest Land Allocation  
FLURO United Front for the Struggle of the Oppressed Races  
GDP Gross Domestic Product  
GIS Geographic Information System  
GoV Government of Vietnam  
GSO General Statistical Office  
GTZ German Agency for Technical Cooperation  
HEPR Hunger Eradication and Poverty Reduction  
HH Households  
ICARD Information Center for Agriculture and Rural Development, Ministry of Agriculture and Rural Development (MARD) Vietnam  
ICP Indochinese Communist Party  
IEMA Institute of Ethnic Minority Affairs  
IFPRI International Food Policy Research Institute  
IUCN International Union for the Conservation of Nature and Natural Resources  
JICA Japan International Cooperation Agency  
LTC Land Tenure Certificate  
MARD Ministry of Agriculture and Rural Development (Vietnam)  
MDGs Millennium Development Goals
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>MoET</td>
<td>Ministry of Education and Training</td>
</tr>
<tr>
<td>MOLISA</td>
<td>Ministry of Labour, Invalids and Social Affairs (Vietnam)</td>
</tr>
<tr>
<td>MPI</td>
<td>Ministry of Planning and Investment (Vietnam)</td>
</tr>
<tr>
<td>NCCR</td>
<td>National Centers of Competence in Research</td>
</tr>
<tr>
<td>NEZ</td>
<td>New Economic Zones</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-governmental organization</td>
</tr>
<tr>
<td>NLF</td>
<td>National Liberation Front</td>
</tr>
<tr>
<td>NTFP</td>
<td>Non-timber forest product</td>
</tr>
<tr>
<td>NVA</td>
<td>Northern Vietnamese Army</td>
</tr>
<tr>
<td>P134</td>
<td>Program 134 (Government of Vietnam development program)</td>
</tr>
<tr>
<td>P135</td>
<td>Program 135 (Government of Vietnam development program)</td>
</tr>
<tr>
<td>PCF</td>
<td>People’s Credit Fund</td>
</tr>
<tr>
<td>PMSI</td>
<td><em>Pays Montagnard du Sud Indochina</em></td>
</tr>
<tr>
<td>PRA</td>
<td>Participatory Rural Assessment</td>
</tr>
<tr>
<td>RVN</td>
<td>Republic of Vietnam</td>
</tr>
<tr>
<td>SD</td>
<td>Social Development</td>
</tr>
<tr>
<td>SEDP</td>
<td>Socioeconomic Development Program</td>
</tr>
<tr>
<td>SFE</td>
<td>State Forestry Enterprise</td>
</tr>
<tr>
<td>SIDA</td>
<td>Swedish International Development Cooperation Agency</td>
</tr>
<tr>
<td>SOE</td>
<td>State of Expense</td>
</tr>
<tr>
<td>SRV</td>
<td>Socialist Republic of Vietnam</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Program</td>
</tr>
<tr>
<td>UNESCO</td>
<td>United Nations Educational, Scientific and Cultural Organization</td>
</tr>
<tr>
<td>UNICEF</td>
<td>United Nations Children’s Fund</td>
</tr>
<tr>
<td>VBARD</td>
<td>Vietnam Bank for Agriculture and Rural Development</td>
</tr>
<tr>
<td>VBSP</td>
<td>Vietnam Bank for Social Policy</td>
</tr>
<tr>
<td>VHLSS</td>
<td>Vietnam Household Living Standards Survey</td>
</tr>
<tr>
<td>VND</td>
<td>Vietnamese Dong (currency)</td>
</tr>
<tr>
<td>WTO</td>
<td>World Trade Organization</td>
</tr>
</tbody>
</table>
Acknowledgments

This report was led by the World Bank’s Social Development Unit in the East Asia Region in collaboration with the Institute of Ethnic Minority Affairs (IEMA), part of the Committee on Ethnic Minorities (CEM) in Vietnam. The CSA Research team included World Bank staff, international academic consultants and officials from Vietnam. The team members were: Nina Bhatt (Task Team Leader) Pamela McElwee (Arizona State University), Robin Mearns, Lan Thi Thu Nguyen, Son Thanh Vo and Hoa Thi Phuong Kieu (World Bank). Officials from Vietnam’s Institute of Ethnic Minority Affairs (IEMA) also constituted core members of the team: Le Ngoc Thang (Director, IEMA), Phan Van Hung (Vice Director), Vuong Xuan Tinh, Lo Giang Pao, Hoang Thi Lam, Tran Van Doai, Do Thi Hien, Nong Hong Thai, Phan Van Cuong, Nguyen Thi Nhien, Hoang Van Tuyen, Dinh Thi Hoa and Nguyen Van Chieu (Chief of Department of Scientific Management). Other research team members included Vu Dieu Huong (Center for Natural Resources and Environmental Studies), Hong Anh Thi Vu (Syracuse University), Le Duy Hung (Center for Natural Resources and Environmental Studies) and Ta Long (Chief, Kinh People Division, Institute of Ethnology).

Special thanks are also due to both national and provincial support from the Committee for Ethnic Minorities, the Ministry of Labour, Invalids and Social Affairs, Ministry of Planning and Investment, Ministry of Agriculture and Rural Development, Ministry of Natural Resources and Environment, Ministry of Culture and Information, Ministry of Education and Training, Social Policy Bank, Women’s Union, and the Youth Union. Thanks are also due to Vien Ngoc Thang from Ha Giang province, Nguyen Van Can and Doan Ai Thu from Quang Tri province, Luu Van Duc, Le Phuc Long and Y Mak Nhe from Dak Lak province, who helped make the field arrangements possible. Financial support for this research was provided by the German Poverty and Social Analysis Fund (PSIA) and the Trust Fund for Environmentally and Socially Sustainable Development Fund (TFESSD).

Overall guidance was provided by Cyprian Fisiy, Hoonae Kim, Martin Rama, Robin Mearns and Douglas Graham from the World Bank. Lynn Bennett, Andrew Norton and Carolyn Turk, also from the World Bank, peer reviewed the document. Views and comments provided by numerous World Bank colleagues are gratefully acknowledged. Specific inputs were provided by Heather Hanson and Hung Pham (on quantitative analysis); Bob Livernash (editing support); Anju Sachdeva and Ian Parker on coordinating report production. Dang Phong (Vietnamese historian) provided valuable comments to the historical sections of the summary report.
Finally, the team would like to thank the many people from across Vietnam’s ethnic communities who provided their input on survey results, through discussions, interviews and workshops, especially in Cu Prong and Ea Sien communes of Krong Buk district and Krang Bong and Dak Phoi communes in Lak District (Dak Lak Province), Viet Lam township and Ngoc Linh communes within Vi Xuyen district and Lung Tam and Quyet Tien communes in Quang Ba District (Ha Giang Province), A Doi and A Tuc communes within Huong Hoa District, and A Bung and A Ngo communes of Dak Rong District (Quang Tri Province).
Foreword

The Asian Century is at hand, yet its emergence is tempered by persistent socio-economic disparities among ethnic communities across diverse landscapes. Sustainable growth cannot be achieved without investing in all people across countries, regions and national communities. Within emerging states, ethnic minorities often lag behind in access to education, healthcare, and social capital endowments. Economic inequality is often compounded by discrimination and barriers that prevent equitable development. Acknowledging the voice of disadvantaged populations will contribute to more inclusive change.

This report – a Country Social Analysis (CSA) focused on ethnicity and development in Vietnam – is a provocative analysis of marginality in contemporary Southeast Asia. It seeks to understand the macro social and political processes, and provides an analysis of how social, political, and cultural factors influence the opportunities and constraints to more equitable, inclusive development. This study provides research findings to support both the Bank’s and the government of Vietnam’s goals of social inclusion for ethnic minorities and poverty reduction. Previous studies, including the Bank’s Country Partnership Study for Vietnam (CPS) and the government’s Socioeconomic Development Plan (SEDP), focus on four organizing principles: (1) improving the business environment; (2) strengthening social inclusion; (3) strengthening natural resource and environmental management; and (4) improving governance. This study focuses particularly on the issue of strengthening social inclusion.

Ethnicity and Development in Vietnam improves our understanding of the underlying factors that help explain why ethnic minorities continue to lag behind the majority Kinh population in Vietnam. The study suggests a range of options to move toward a framework for social inclusion that allows ethnic minorities equal opportunities as citizens and to avail themselves of the benefits of development. The study provides a timely recognition of the need for social inclusion to foster real sustainability now and into the future. Increasing voice among the world’s minority communities will provide the foundations for a more participatory global development for the 21st century.

John Roome
Director, Sustainable Development Department
East Asia and Pacific Region

Cyprian Fisiy
Director, Social Development
Sustainable Development
Ethnic Minority Village, Quang Tri Province. In 1999, such communities comprised 12.6 percent (or about 10 million) of Vietnam's 82 million people.
Executive Summary

Vietnam has recently become a success story for poverty reduction and development. In 1993, nearly 60 percent of the population was living below the poverty line; by 2006, that figure had dropped to under 20 percent, based on Vietnam Household Living Standards Survey (VHLSS) data. However, despite the impressive overall gains, nearly 10 million people classified as ethnic minorities (around 14 percent of the population) have experienced lower rates of poverty reduction. In 2006, ethnic Vietnamese (known as Kinh) and Chinese households experienced a poverty rate of only 10 percent, while other ethnic groups averaged a 52 percent poverty rate. Rates of hunger and food poverty remain higher among minorities as well. These figures, based on national survey data, may not show the real depth and severity of poverty among some especially vulnerable minority groups. More localized qualitative studies indicate a considerable income gap between ethnic groups, with entrenched poverty among some populations.

Why, given Vietnam’s positive success in reducing poverty in so many areas, have the majority of non-Vietnamese ethnic households remained poor? This dilemma is especially perplexing when viewed in light of the large number of financial resources that have been directed to remote regions of the country through government transfers in recent years. Minorities have not been ignored in policy and practice in Vietnam, yet they remain disadvantaged over Kinh in economic and social spheres. What explains this discrepancy?

To answer these questions, the World Bank in June 2006 began a Country Social Analysis (CSA) focused on “Ethnicity and Development in Vietnam.” The CSA was designed to analyze the situation of ethnic minorities – particularly in such sectors as access to services, issues related to livelihood opportunities, and impacts of targeted policies and programs – to understand their continued economic and social marginality. The CSA aimed to provide information for the Bank and its partners to support increased social inclusion – with concomitant increased economic progress – for ethnic minorities. The CSA research team carried out fieldwork in several provinces of Vietnam, using survey and participatory methods that reached over 2,000 people in a number of minority communities, combined with comprehensive literature and policy reviews. The primary findings of the CSA are presented in the report, and available on-line and in the attached CD. This report is a brief outline of the main findings.

Main Findings: The cultural communities of Vietnam are diverse, officially comprising 54 ethnic groups and encompassing seven major language families found from western Asia to the Pacific. Many ethnic groups are long standing and pre-date Vietnamese settlement; others are more recent migrants. The largest minority group, the Tay, has nearly 1.5 million members, while the smallest, the O Du, has barely 300. The ethnic minority groups share some things in common; seventy-five percent of Vietnam’s minority populations live in two regions, the Northern Mountains and Central Highlands, and
most minorities remain rural residents. On the other hand, there is much internal diversity amongst minorities: they vary tremendously in terms of assimilation and levels of economic success. Some, like the Tay and the Muong, have levels of household income and education that rival those of most Kinh, while among some ethnic communities no member has received tertiary education.

Minority communities have seen significant changes in the past century, with considerable transformation and conflict as a result of the Indochinese wars and successive political regimes in Vietnam. While one hundred years ago there was much physical distance between the ethnic Vietnamese who primarily occupied lowland and coastal lands, and minority communities who primarily occupied the uplands, such distance has vanished in the tumult of the 20th century. War, migration, resettlement and government policies have transformed Vietnam from colonial possession to socialist state to a current-day open market regime, all of which have affected minority communities. Most communities are optimistic, having witnessed significant and positive changes over the past 20 years, and they continue to look forward to a more prosperous future. The market policies adopted over the past two decades have improved their access to food, increased agricultural productivity and expanded access to roads and markets. However, there have been costs as well. Minorities have not always benefited from individual privatization of land rights, for example, or from agricultural extension services focused on high-input and capital intensive cash crop development. Analysis of VHLSS data from 1993-2006 indicates that the Kinh majority has been the primary beneficiary of the Doi Moi reform process, while slower poverty reduction and persistent gaps in household welfare have been the lot of most minority groups.

The CSA report explores the causal factors for continued ethnic minority poverty. The CSA concludes that there are six specific “pillars” of disadvantage that go a long way towards explaining why minorities remain poorer. These six primary factors include: lower levels of education; less mobility; less access to financial services; less productive lands; lower market access; and stereotyping and other cultural barriers. The larger CSA report1 is organized into “vertical”, self-standing chapters dealing with each of these sectoral issues. Each sectoral chapter makes extensive use of the quantitative and qualitative data collected by our CSA survey, VHLSS household level data (where available), and references other policy studies in these sectoral fields.

In this short summary, we indicate several cross-cutting issues that are clear from the sectoral investigations. We note that across the pillars of disadvantage, there are three clear trends: differences in assets, differences in capacity, and differences in voice.

**Assets:** The VHLSS analysis shows that most of the gap differential in household living cannot be explained by poorer endowments or residence in remote mountainous areas. Kinh living in remote areas are doing relatively well, for example, compared to neighboring minorities. Assets alone cannot explain minority poverty, although there are important differences in assets between Kinh and minorities. Land is the most important household asset among minorities. Land rights and land use have changed for most minority groups from a system in which community-managed land was not commoditized to a system where land is more often owned by individuals and can be bought and

---

1 This is available in the World Bank’s East Asia Pacific Web site: www.worldbank.org/vn and eapsocial.
sold. Such changes have affected both community and private land management. Consequently, landlessness has increased in minority areas. Some of these changes have been a result of high rates of Kinh migration to minority regions in the past 50 years which have set into motion declining land availability among ethnic groups.

Another difference is that Kinh tend to have higher value lands—such as perennial croplands—and have been more successful in translating their assets into higher productivity in Vietnam’s new market economy. They are more diversified within the agricultural sector, relying more on industrial crops and less on low-value staple crops, and often supplementing farm income with trading or services. On the other hand, minorities continue to be more dependent on staple goods and traditional agriculture, and they report much lower rates of agricultural investment, with resulting lower productivity. Furthermore, while most minority regions are dominated by forests and forestry land, they are unable to access livelihoods benefits from forestry since forest land is under state control therefore no longer available for community use. This has been experienced as a source of disruption to minority economies.

Other assets in minority communities tend to be limited. Programs targeted at poverty eradication in minority areas, such as Program 135, have expanded credit and health services, schools, roads and markets and have improved access to new means by which minorities can profit from their assets. Yet too often minorities remain unable to take advantage of local investment in the same ways as Kinh. Capital is noticeably short for many households, as access to financial services is uneven in minority areas, and unequal between minorities and Kinh. The lack of access to affordable credit has serious implications for minorities’ ability to expand agricultural production and diversify livelihoods with the assets they do have.

**Capacity:** Minorities face many barriers in reaching their potential and in taking advantage of government programs aimed at minority development. Much of this has to do with barriers to capacity and self-support. The most critical barrier to achievement is education. Minorities have less access to quality education, with consequently lower educational outcomes. Dropout rates remain higher for minorities, they are more likely to enroll late for primary school, and preschool access is lacking in minority communities. Minorities also report higher financial burdens to send children to school. These outcomes result in higher rates of illiteracy and lack of language fluency in Vietnamese, which hinders minorities’ ability to interact. Many ethnic minorities, especially the poor and women, cannot read, write or even speak the Vietnamese language, which limits their access to, and sharing of, information. Minority women reported at high rates being hesitant to go to markets for fear they will not understand prices or will be disadvantaged. While national level data shows that minorities’ school-going rates are on the increase, and that poor Kinh also have higher dropout rates, minorities face greater barriers in education compared to the Kinh. Kinh who drop out of school can still function in the national language, while minorities who leave school may have no other possibility of learning spoken Vietnamese, and of being literate, and this will have serious constraints on their capacity for their lifetime.

Another barrier to expanded capacity is a lack of mobility and less experience of a wider world. Minorities have considerably less mobility than Kinh, which affects their capacity to observe and adopt
new ideas and technologies. Kinh reported traveling often outside their local village, with most Kinh having made a visit to another province or beyond. Yet only 18 percent of ethnic minorities surveyed had ever ventured outside of their home province. This higher mobility may give Kinh social advantages such as wider exposure to information and new ideas and more extensive social networks.

Capacity to act can also be constrained by cultural factors. Many minorities reported that there are cultural differences between minorities and Kinh that play out in market interactions, schooling, and other activities. For example, minorities report being unwilling to divide families up for economic gain, such as leaving one’s family behind to engage in migrant labor. Minorities also reported cultural barriers to economic transactions, such as norms against charging interest on loans from kin and neighbors. For the minority communities studied, the ability to make money was looked upon as a socially unfavorable trait. Gender plays a role here as well; there are often cultural or economic barriers to women’s capacity and decision-making ability in minority communities, as cultural norms may place ethnic minority women in a subordinate position.

A final issue in capacity is that rather than understanding how cultural norms affect policy outcomes, minorities are often assumed to lack capacity and are therefore perceived as the source of their own problems. Since development interventions are often premised on the view that minorities should be more like majority groups, when such efforts fail minorities are typically seen as causing their own failures whereas perhaps the policies intended to help them may have been inappropriate in the first place. One example, agricultural extension models developed for rice fields in the lowlands may be of little relevance for swidden cultivation on upland land. In such cases, minorities are often viewed as recalcitrant to change whereas the issue may reside in policies which are not appropriate to the cultural norms of the communities in which they operate. Such actions can collectively lead to poorer outcomes for development.

**Voice:** In focus group discussions across the country, minority groups often expressed that they were “not confident” and “hesitant” to go to the market, to ask for higher prices for their goods, or to request government services they are entitled to. This hesitancy was linked back to factors mentioned earlier: a lack of education for many minorities leaves them feeling limited in language ability, and less mobility leaves them with less experience and willingness to interact with the larger world. Another barrier to increasing minorities’ voice and self-determination are widespread cultural stereotypes of the deficiencies of minorities as seen by others. This stereotyping can have negative consequences, particularly on minorities’ self-esteem and self-confidence to use their own voice and power. Changing popular perceptions about minorities will require that attention be paid to the representation of minorities—in anthropological works, in the mass media, in school curricula, in public discourse—and the ways in which stereotypes may be shaping the development agenda for minorities.

Related to voice is the role of government agencies established to serve and represent the interest of minorities. For example, presenting clear and consistent messages on minority affairs, and building the capacity of agencies such as the Committee on Ethnic Minorities, would be an important next step. Viewing minority communities as a constituency that needs to be served will help expand the institutional voice of minorities at the national level.
**Recommendations:** In addition to analyzing the barriers facing minorities, the CSA report has extracted a few major recommendations, cutting across all the sectoral chapters. These are not so much direct policy prescriptions since policy alone cannot fully address what are social or cultural barriers to inclusion. However, we can point out some basic principles of understanding which could help build a more inclusive society in Vietnam. They can be summarized in the form of six policy priorities: *improving information on minorities, leveling the playing field, understanding cultural difference, strengthening cultural inclusion, supporting ethnic voices, and opening dialogue on new approaches.*

**Improving information on minorities:** More and better information is needed on minorities, from how they are classified by ethnic group to where they are located in the country to their levels of economic development. Minority groups vary tremendously in terms of assimilation and levels of economic success; data collection and dissemination should reflect this. It is common to see in analysis of census data and the VHLSS a coding of groups into Kinh and non-Kinh (all ethnic minorities). This leaves only a coarse grained analysis of “ethnic minorities” generally, which includes groups who are doing relatively well (Tay, Muong, and Thai) and who have larger population numbers. Their success can hide the economic difficulties that smaller ethnic groups are in if data is not disaggregated by ethnic group and collected more systematically for more ethnicities. Poor classification and overly general data can lead to inaccurate targeting of resources, while more detailed local data can help identify the most vulnerable. Donors in particular can potentially make a real impact in this area through support for better classification, analysis, and public availability of data on minorities.

**Leveling the playing field:** Minorities need special policies, such as affirmative action programs, to help level the playing field. This is particularly true in the education sector, where efforts at bilingual education could be expanded and more ethnic minority teachers need to be trained and used effectively. While there is some prioritization of minorities in education and university admissions, these efforts could be expanded and begin at earlier stages in student’s careers. Affirmative action also exists for civil servants, although data suggests that some ethnic minority groups who are relatively better-off (particularly the Tay) are over-represented compared to others. This hides the fact that many minorities have disproportionately low representation in government. Affirmative action and preferential policies can and should be expanded into new areas for specific minority groups that are underrepresented and underserved. Examples of such areas include credit policies for ethnic minorities. Specific variable rates could be developed exclusively for ethnic minorities to try to reduce potential disparities in loan availability and loan sizes.

**Understanding cultural differences:** There are significant cultural norms in minority communities that often go against trends in the emerging market-oriented economy of Vietnam. These cultural norms vary by village and by ethnic groups, making one-size-fits all development interventions difficult. But it is clear that cultural factors have major outcomes on minority success or failures. For example, among some minority groups, inheritance is passed through the female line, and land...
rights policies that do not explicitly acknowledge women as owners of land may come into conflict with these norms. In other cases, policies that focus on individual household welfare support (e.g., poor cards that treat the owner to entitlements of health care and reduced school fees) may be perceived as inappropriate in minority communities where collective decision making and mutual aid is the cultural norm.

One area where culturally appropriate policies could be better applied would be in the context of the types of agriculture practiced by minorities. Often, policies are based on an underlying assumption that minorities are nomadic and require settlement, when most communities are typically long-settled agriculturalists who rotate and fallow agricultural fields in ways that are often ecologically adaptive to difficult mountainous environments. Efforts to understand cultural norms and differences and to incorporate these better into policy formulation is a key step towards ensuring development outcomes.

**Cultural inclusion means recognizing and supporting the cultural differences that exist and making special efforts to be inclusive of all minorities, especially among those who are most marginalized.**

**Strengthening cultural inclusion:** Cultural inclusion means recognizing and supporting the cultural differences that exist and making special efforts to be inclusive of all minorities, especially among those who are most marginalized. For example, efforts in bilingual education can be improved and scaled up to ensure better access for even smaller ethnic groups. Information access can be improved in minority areas through the mass media in local languages, with specific requirements for multi-lingual government staff in key agencies. This study indicated the extent to which ethnic minorities are concerned about the loss of their cultural traditions. Youth were often more interested in modern global culture, like Korean soap operas, than in their own communities’ cultural traditions. Here, the study would suggest establishing mechanisms which strengthen diversity. Often, the emphasis in many countries with a minority population has been towards static cultural preservation. A more dynamic approach can be facilitated through supporting institutions, including the mass media, to promote proactive ways to encourage cultural sensitivity and awareness, from specific training for cadres and others on dealing with minorities in culturally appropriate ways, to more positive representations of minorities in TV and newspapers.

**Supporting ethnic voices:** New approaches to minority policy should take more account of what minorities themselves want; this can be aided by increasing the ability of minorities to have ‘voice’ and use it effectively. While there are increasing opportunities for minorities to voice their opinions on development, particularly through new laws on grassroots democracy and participation, most of these activities remain at the village levels. Lessons from elsewhere in Asia can be applied in seeing how indigenous based organizations can help inform perception and policy about minorities. While there is ample interest in the preservation of culture or traditions of minorities from non-minority communities, having policies and perceptions shaped endogenously by minorities is key to increasing their voice.

Minorities need new spaces and forums to express their own wishes for the future, and to have influence on policy themselves. Institutions in minority areas should be supported and fostering minority-run NGOs and other informal institutions would also address a gap in this area. This area could be a key focus for future support and ties in with recent Bank and donor focus on community-driven development.
Opening dialogue on new approaches: Government and donor discussions should continue on the policy pathways for minority development to take into the future. In some cases, the continuation and expansion of current policy would be needed: for example, 80 percent of minorities in 2006 reported having received a health insurance card, indicating good rates of coverage, but more could be done, such as in expansion of school-fee reduction policies or explicit targeting of minorities in the concessionary credit system.

A new dialogue that needs to be raised would concern the targeting of financial resources for minorities. Currently, most policy from the national level, such as programs for rural infrastructure and poverty funding, goes to poor communes and households in remote areas; while this will capture some minorities, it may not capture all, and these blanket geographical policies do not distinguish between ethnic groups that are more vulnerable and those that are doing relatively well. A discussion about the specific targeting needs of minorities would be needed in this context. Potentially more vulnerable populations should be identified; minorities that are small in overall population size or small relative to neighboring groups might need special assistance, as might groups that are the least assimilated to Kinh majority culture (such as the Hmong). There are currently very few ethnic-specific policies at a national level. Questions to ask here could include: is a general policy covering all minorities always warranted? Which policies might be made ethnically specific? It is also worth discussing in terms of development assistance whether or not certain groups have made sufficient progress that they no longer need special targeting or privileges, particularly for quota programs in education and the civil service. A final aspect of the dialogue on targeting that is needed is the level at which resources are directed. Minority communities themselves raised concern about welfare policies targeted at individual households (as much social safety net programs run under the Ministry of Social Affairs, Invalids and Labor) which were often less useful than those that supported whole communities (such as most P135 investments). Minority communities in which there is little social differentiation and close social ties indicated they prefer poverty targeting to the whole community if possible, as individual household targeting is often seen to increase inequality, not level it.

We have outlined a number of factors that influence the opportunities and constraints to more equitable and effective development for minorities, and the overall message of the CSA is that culturally inclusive development is critical towards improving development outcomes for ethnic minorities. Eradicating poverty among minority communities in Vietnam cannot be understood solely as an economic issue that seeks increased household incomes, but rather as a project with broad social and cultural dimensions requiring a holistic understanding of the many barriers minority communities face. Although the government has prioritized minority development, and should be congratulated on their attention to minority issues, there remain inequalities across the board: in access to government programs and services, in access to institutions and governance, and in overall development outcomes. Using a culturally inclusive development approach is the means to address the development gap between the Kinh and minority populations. This is one important step towards achieving Vietnam’s long-standing goals of eradicating extreme poverty, protecting vulnerable populations, and promoting unity and cooperation between minorities and Kinh.
Pa Co grandmother in Dakrong District, Quang Tri, looking out from a traditional Pa Co long house on stilts.
Introduction

Vietnam is a success story for poverty reduction and development. The country has made great strides in reducing the overall poverty rate, from nearly 60 percent of the population in 1993 to 16 percent in 2006 (based on Vietnam Household Living Standards Survey (VHLSS) data). However, despite the impressive overall gains, ethnic minorities have experienced lower rates of poverty reduction than the general population. In 2006, ethnic minorities accounted for only 14.5 percent of the total population, but they made up 44.7 percent of the poor and 59 percent of the hungry. In that year, ethnic Vietnamese and Chinese households experienced a poverty rate of only 10 percent, while all other minority groups averaged a 52 percent poverty rate (VHLSS 2006). These figures, based on national survey data, may not show the real depth and severity of poverty among some especially vulnerable minority groups. More localized qualitative studies indicate an income gap between ethnic groups, with entrenched and serious poverty among some populations.

While in the past higher overall rates of poverty have been found in specific regions of the country with high ethnic minority populations—namely in mountainous areas in Vietnam’s north and center—geography alone does not explain why ethnic minorities are poorer than others in Vietnam. In fact, non-minorities that live in impoverished regions are no poorer than they are elsewhere and have experienced high rates of poverty reduction when compared to their ethnic minority neighbors (Swinkels and Turk 2006). Baulch, Pham, and Reilly (2008b), in a regression analysis of VHLSS data from 1993 to 2004, report that less than one-half of the ethnic minority poverty gap can be attributed to poorer endowments and living in remote areas. The rest of the gap was unexplained in the survey data, and confirms the finding in the existing literature that most of the ethnic differential in household living standards in rural Vietnam is attributable to other reasons, such as culture, language, treatment and discrimination, among other factors. Clearly, poverty and economic progress have a specific ethnic component that needs to be explained.

The limited success of development assistance to ethnic minorities has been a source of great concern for the government of Vietnam (GoV) and donors. Numerous state policies intended to reduce poverty among ethnic minorities have been implemented in recent years, most notably the large and well-funded Program 135 (P-135) and Hunger Eradication and Poverty Reduction (HEPR) programs.

Without more rapid improvement in poverty policies directed toward minority populations, government officials and donors are concerned they will continue to lag behind compared to the majority on all major social indicators, and will continue to compose a disproportionate share of Vietnam’s poor. Given that minorities have not been ignored in policy and practice in Vietnam, why do they remain disadvantaged over Kinh in economic and social spheres? What explains this discrepancy?
To answer these questions, in June 2006 the World Bank began a Country Social Analysis (CSA) focused on “Ethnicity and Development in Vietnam.” The CSA was designed to analyze the situation of ethnic minorities – particularly in such sectors as access to services, issues related to livelihood opportunities, and impacts of targeted policies and programs – to understand their continued economic and social marginality. The study is intended to provide information for the Bank and its partners to support increased social inclusion – with concomitant increased economic progress – for ethnic minorities in Vietnam. The CSA findings are presented in a 200 plus page main report. This shortened version presents summary findings and recommendations.

OBJECTIVES OF THE CSAS

This report – the first CSA undertaken for Vietnam – focuses on ethnic minorities, particularly on the social or cultural dimensions of their development.

A Country Social Analysis (CSA) is designed to understand the macro social and political processes of a country and how social, political, and cultural factors influence the opportunities and constraints to more equitable, inclusive development. The premise of a CSA is that poverty cannot be understood solely as an economic problem, but rather as one with broad social and cultural dimensions. These social factors need to be understood in relationship to development opportunities, constraints, and risks. This report – the first CSA undertaken for Vietnam – focuses on ethnic minorities, particularly on the social or cultural dimensions of their development. The specific study objective was to understand why ethnic minorities continue to lag behind the majority Kinh population in Vietnam, and why poverty reduction efforts have not had as much success among minorities as among Kinh. While policy recommendations have developed from the CSA work, it was not designed as a policy analysis exercise, and readers with a specific interest in policies toward ethnic minorities are urged to consult several other recent reports on this topic (McElwee 2004; MOLISA/UNDP 2004; MPI 2005; Pennarz et al 2006; Nguyen Thi Thu Phuong and Baulch 2007).

STUDY METHODOLOGY

This study involved a diverse team of both Vietnamese and international researchers. The primary partners were the World Bank’s East Asia Social Development (SD) team and the Institute of Ethnic Minority Affairs, a government research agency under the Committee for Ethnic Minorities (a ministerial-level agency charged with minority policies). Representatives from other government research institutions in Vietnam and universities also participated, including anthropology faculty from the United States. This core team was supplemented with additional members at each field site representing various sectors and agencies of government, in particular the Committee for Ethnic Minorities at various levels.

The CSA research team built a comprehensive research plan that involved a mix of literature reviews, policy analyses, and fieldwork in ethnic minority communities. The team selected three representative provinces for field studies in the main regions where ethnic minority poverty has been highest: the Northern Mountains (Ha Giang Province), the Central Highlands (Dak Lak Province), and the North Central Coast (Quang Tri Province). Within the three provinces, intensive fieldwork – meetings with households and local authorities, focus group interviews, and survey questionnaires –
was conducted in a total of 24 villages. The CSA methodology involved a mix of research methods, including policy-level research with provincial, district, and commune leaders; qualitative local research through village meetings and PRA, focus group discussions, and household interviews; quantitative household surveys in the study districts; a gender survey; and literature reviews.

An important component of the CSA methodology has been the inclusion and participation of ethnic minorities themselves in the research. Three members of the core Hanoi-based research team who visited each province were ethnic minorities (two Tay members and one Lo Lo member). In each province, we included in the expanded local research teams a number of local ethnic minority people (including Ede, Mnong, Thai, Hmong, Dao, Van Kieu, and Pa Co people) who assisted in the development of interview questions, the running of focus groups, interviewing of households, translation to and from minority languages, and in evaluations of policies and programs to date.

Part I of this summary report is a literature review that discusses background information on ethnic minorities, including their classification, history, current living conditions, and poverty outcomes. Part II presents the results of our field-based research and provides in-depth analysis of six fundamental factors that explain how differences between ethnic groups contribute to remarkably different livelihood strategies and economic outcomes. Part III summarizes the policy implications of our research findings, suggesting areas for further consideration.

An important component of the CSA methodology has been the inclusion and participation of ethnic minorities themselves in the research.
A commune market in Muong Hum, Lao Cai province, where Dao, Hmong, and Ha Nhi come to trade once a week.
Ethnic Minorities in Vietnam

The cultural communities of Vietnam are diverse, officially comprising 54 ethnic groups and encompassing seven major language families found from western Asia to the Pacific. Many ethnic groups are long standing and pre-date Vietnamese settlement; others are more recent migrants. The largest minority group, the Tay, has nearly 1.5 million members, while the smallest, the O Du, has barely 300. Many minority groups share languages and histories with groups in other countries (the Tay, for example, are known as the Zhuang in China, where they are the country’s largest minority group), while some are found only within Vietnam’s borders.

Based on the last country-wide census in 1999, Vietnam’s population was around 82 million people. Ethnic minorities accounted for an estimated 12.6 percent—more than 10 million people. The other 87 percent were ethnic Vietnamese, the majority population (known as Kinh). The government officially recognizes 53 ethnic minority groups in Vietnam, plus the Kinh. This “54 groups” classification system has been used since 1979, when a major ethnological classification project was carried out by the government (Keyes 2002). The Population and Housing Census, taken in Vietnam every 10 years, provides the most up-to-date and accurate figures regarding ethnic minority composition and population size (Table 1).

Seventy-five percent of Vietnam’s minority populations live in two regions, the Northern Mountains, which border China, and the Central Highlands, which border Laos and Cambodia. Most of these minorities remain rural residents. Other regions also have minority populations. For example, the Khmer, Chinese, and Cham are found in the Mekong Delta. Chinese are found in many urban areas, especially in Ho Chi Minh City. This geographical distribution of ethnic groups can be seen visually in Figure 1, based on 1999 census data.

RECENT HISTORY OF STATE-ETHNIC MINORITY RELATIONS

Minority communities have experienced significant changes in the past century, with considerable transformation and conflict as a result of the Indochinese wars and successive political regimes in Vietnam. While one hundred years ago, physical distances largely separated the ethnic Vietnamese who primarily occupied lowland and coastal lands from minority communities who primarily occupied the uplands, such distances have vanished. War, migration, resettlement and government policies have greatly affected minority communities throughout the 20th century.

During the Second Indochina War, roughly a third of the highland people of South Vietnam suffered from illness and starvation (Hickey 1993). Dislocation and long distance migration out of
conflict areas also affected minority peoples. After the reunification of the North and South in 1976, the Socialist Republic of Vietnam (SRV) placed the highest priority on moving quickly to implement socialism in the former South. Agricultural cooperatives (hợp tác xã) were set up in many highland areas, as well as state farms (nông trườn) producing tea, coffee, rubber and other crops. Additionally, more than 420 State Forest Enterprises (para-statal logging companies, also known as lâm trườn) were set up throughout Vietnam post-1975. Kinh were encouraged to move to highland areas. The number of Kinh in formerly minority-dominated areas increased after 1975 in large part due to these agricultural cooperatives and other policies to encourage resettlement of Kinh in mountainous and less populated areas (Hardy 2003). Kinh are now dominant in many previously minority areas, and especially in the Central Highlands.

The socialist production system of cooperatives and state farms proved largely ineffective and unproductive. Consequently, the Sixth Communist Party Congress in 1986 took the first steps toward a market orientation, a process known as Doi Mới. The major foundation of the market economy, especially in rural areas, was the restructuring of cooperatives and economic policies. This new direction has had major effects, including increased production in family-managed agricultural plots, the distribution of formerly state-owned and cooperative-owned land to households, and the privatization

### TABLE 1. Classification of Ethnic Minorities (Groups with populations of over 100,000 people)

<table>
<thead>
<tr>
<th>Vietnamese name</th>
<th>English name</th>
<th>Language family</th>
<th>Primary location</th>
<th>Total population, 1999</th>
<th>% of the population, 1999</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kinh, Viet</td>
<td>Vietnamese</td>
<td>Viet-Muong</td>
<td>Countrywide</td>
<td>65,795,718</td>
<td>86.2</td>
</tr>
<tr>
<td>Tay</td>
<td>Tay, Tho</td>
<td>Tai-Kadai</td>
<td>Northern Highlands</td>
<td>1,477,514</td>
<td>1.9</td>
</tr>
<tr>
<td>Thai</td>
<td>Black Thai; White Thai</td>
<td>Tai-Kadai</td>
<td>Northern Highlands</td>
<td>1,328,725</td>
<td>1.7</td>
</tr>
<tr>
<td>Muong</td>
<td>Muong</td>
<td>Viet-Muong</td>
<td>Northern Highlands</td>
<td>1,180,000</td>
<td>1.5</td>
</tr>
<tr>
<td>Kho Me</td>
<td>Khmer</td>
<td>Mon-Khmer</td>
<td>Southern Mekong Delta</td>
<td>1,055,174</td>
<td>1.4</td>
</tr>
<tr>
<td>Hoa</td>
<td>Chinese</td>
<td>Sinitic</td>
<td>Urban centers, mainly in Ho Chi Minh City</td>
<td>862,371</td>
<td>1.1</td>
</tr>
<tr>
<td>Nung</td>
<td>Nung</td>
<td>Tai-Kadai</td>
<td>Northern Highlands</td>
<td>856,412</td>
<td>1.1</td>
</tr>
<tr>
<td>Hmong</td>
<td>Hmong (Meo)</td>
<td>Miao-Yao</td>
<td>Northern Highlands</td>
<td>787,804</td>
<td>1.0</td>
</tr>
<tr>
<td>Dao</td>
<td>Yao, Mien</td>
<td>Miao-Yao</td>
<td>Northern Highlands</td>
<td>620,538</td>
<td>0.8</td>
</tr>
<tr>
<td>Gia Rai</td>
<td>Jarai</td>
<td>Austronesian</td>
<td>Central Highlands</td>
<td>317,557</td>
<td>0.4</td>
</tr>
<tr>
<td>E De</td>
<td>Rhide</td>
<td>Austronesian</td>
<td>Central Highlands</td>
<td>270,348</td>
<td>0.4</td>
</tr>
<tr>
<td>Ba Na</td>
<td>Bahnar</td>
<td>Mon-Khmer</td>
<td>Central Highlands</td>
<td>174,456</td>
<td>0.2</td>
</tr>
<tr>
<td>San Chay</td>
<td>San Chai</td>
<td>Tai-Kadai</td>
<td>Northern Highlands</td>
<td>147,315</td>
<td>0.2</td>
</tr>
<tr>
<td>Cham</td>
<td>Cham</td>
<td>Austronesian</td>
<td>Central and Southern Vietnam</td>
<td>132,873</td>
<td>0.2</td>
</tr>
<tr>
<td>Co Ho</td>
<td>Koho, Chil, Lat</td>
<td>Mon-Khmer</td>
<td>Central Highlands</td>
<td>128,723</td>
<td>0.2</td>
</tr>
<tr>
<td>Xo Dang</td>
<td>Sedang</td>
<td>Mon-Khmer</td>
<td>Central Highlands</td>
<td>127,148</td>
<td>0.2</td>
</tr>
<tr>
<td>San Diu</td>
<td>San Diu</td>
<td>Sinitic</td>
<td>Northern Highlands</td>
<td>126,237</td>
<td>0.2</td>
</tr>
<tr>
<td>Hre</td>
<td>Hre</td>
<td>Mon-Khmer</td>
<td>Central Highlands</td>
<td>113,111</td>
<td>0.1</td>
</tr>
</tbody>
</table>

Source: Population and Housing Census, 1999
Figure 1. Map of the Distribution of Ethnic Minorities in Vietnam

Vietnam
Ethnic Minorities as Percentage of Population by Province, 1999

Provinces:

1. Lao Chau
2. Dien Bien
3. Lao Cai
4. Ho Giang
5. Cao Bang
6. Son La
7. Yen Bai
8. Tuyen Quang
9. Bac Can
10. Lang Son
11. Phu Tho
12. Vinh Phuc
13. Thai Nguyen
14. Bac Giang
15. Quang Ninh
16. Binh Thuan
17. Binh Duong
18. Ho Chi Minh City
19. Hung Yen
20. Hai Duong
21. Ha Phong
22. Hai Duong
23. Hai Nam
24. Thai Binh
25. Ninh Binh
26. Nam Dinh
27. Thai Binh
28. Ninh Binh
29. Ha Tinh
30. Quang Binh
31. Quang Tri
32. Thua Thien Hue
33. Da Nang
34. Quang Nam
35. Quang Ngai
36. Kon Tum
37. Gia Lai
38. Binh Din
39. Phu Yen
40. Dak Nong
41. Lam Dong
42. Gia Lai
43. Binh Phuoc
44. Lam Dong
45. Ninh Thuan
46. Tay Ninh
47. Binh Duong
48. Dong Nai
49. Binh Phuoc
50. TP. Ho Chi Minh
51. Ba Ria-Vung Tau
52. Long An
53. Tien Giang
54. Dong Thap
55. Ben Tre
56. An Giang
57. Vien Long
58. Tra Vinh
59. Kien Giang
60. Can Tho
61. Hau Giang
62. Soc Trang
63. Bac Lieu
64. Ca Mau

of long-term leaseholds to lands, all of which have had significant outcomes for ethnic minorities. Most communities are optimistic, having seen significant changes for the better in the past 20 years, and they continue to look forward to a more prosperous future. The market policies adopted over the past two decades have improved access to food, increased agricultural productivity and expanded access to roads and markets.

However, there have been costs as well. Minorities have not always benefited from individual privatization of land rights, for example, or from agricultural extension services focused on high-input and capital intensive cash crop development. Internal migration in Vietnam has increased as household registration requirements were lifted, and a major target of much in-migration has been the Central Highlands and other areas once dominated by minorities. The lure of increased opportunity in the exploding coffee industry, which was able to tap into high world prices through a liberalized economy in the 1990s, beckoned many settlers, and the area under coffee cultivation expanded rapidly. The number of new settlers now exceeds the area’s entire indigenous minority population. Such massive changes in land tenure and population density are likely to have been contributing factors to widely publicized episodes of unrest in the Central Highlands in 2001 and 2004.

CURRENT STATUS OF ETHNIC MINORITIES IN VIETNAM

The 10-million-plus ethnic minorities currently living in rural Vietnam are found primarily in upland areas, along with some pockets in the Mekong Delta of lowland-dwelling Khmer and Cham. In 1999, 11 provinces out of a total of 61 contained populations in which non-Kinh were in the overall majority, but 28 provinces had at least one district in which non-Kinh were in the majority (Goodkind 2002), meaning these provinces will have to pay some attention to minority policy concerns. Given that nearly half of Vietnam’s provinces, spread throughout the country, have minority populations, minority-directed policies have to take into account this geographic diversity. Further, many minorities do not live in geographically exclusive spaces separated from Kinh or other minorities. More than half the districts in the Northern Mountains have 10 ethnic groups or more represented, all living side by side or even together within single villages (Michaud et al. 2002). Each individual ethnic group may have members spread over hundreds and even thousands of different communes throughout the country. This extreme ethnic diversity in Vietnam is long-standing in some areas (the Northern Mountains), while very recent in others (the Central Highlands).

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

We highlight in particular four needed areas of research and analytic work that might help improve our understanding of Vietnam’s ethnic diversity and enable better policy targeting to take place.
First, basic information on minorities and their distribution is not available in an easily accessible database. Second, better mapping techniques are needed to accurately represent the true dimensions of ethnic diversity in Vietnam. Third, there is a need to rethink the current classification standard that often compares Kinh and ethnic minorities without disaggregating the ethnic minority data; for example, the Tay minority group has had relatively high levels of social and economic success. When they are averaged out with other minority groups, it can lead to false impressions of general trends among minorities. Fourth, although the 54 groups classification for ethnic minorities is the accepted standard in all development work, it needs to be looked at in a critical light. Future classification projects need to be aware that local ethnic minority people want a larger say and voice in the process of recognition and naming, rather than it being decided by outsiders on the basis of unclear or inconsistent criteria.

POVERTY TRENDS IN MINORITY COMMUNITIES

Vietnam’s impressive recent economic achievements have been tempered by concerns about widening inequality across various population segments. An income gap exists between urban and rural areas, lowlands and highlands, and between the Kinh majority and ethnic minorities. Such wealth disparities between regions and ethnic groups have persisted despite the government’s commitment to reduce them, as reflected in the number of programs and initiatives launched in recent years. Several trends in economic development are evident.

First, there is a clear difference in poverty rates between urban and rural areas; 2006 VHLSS data shows that only 4 percent of urban residents are poor, while 20 percent of rural residents remain impoverished. Poverty is now primarily concentrated in rural areas. This is significant for ethnic minorities, as ethnic minorities show low rates of urbanization; less than 11 percent of minorities live in urban areas, versus 29 percent of Kinh. While urban poverty reduction rates have been slowing and even stagnating in recent years, the overall picture for urban residents is generally better economically than in rural areas.

Second, there are regional disparities in poverty reduction. The number of poor households in the Northwest, North Central Coast, and Central Highlands regions are from 1.5 to 2 times higher compared with the general poverty rate of the whole country. Mapping these poverty rates against ethnicity reveals that high poverty rates and ethnic minorities co-occur and that ethnic minority groups are most concentrated in the geographical regions that are doing the worst economically.

Third, ethnic minorities have significantly higher rates of poverty than ethnic Kinh. Overall, Kinh, even those who live in poorer regions, are doing much better than ethnic minorities (Figure 2). Analysis of VHLSS data indicates that the Kinh majority has been the primary beneficiaries of the Doi Moi reform process while slower poverty reduction and persistent gaps in household welfare have characterized most minority groups (Baulch, Pham, and Reilly 2008a). The living standards of
Kinh-headed households have risen relative to the average over the period 1993 to 2004. However, sizeable and persistent gaps in household welfare were found to remain for the Northern Uplands and Central Highlands Minorities in particular.

Based on this data, there appears to be a significant ethnic dimension to poverty that cannot be explained by geography alone (Table 2). As Bank researchers have noted, the “examination of the poverty data from within these poor regions suggests that ethnic minorities are not poor simply because they live in poor places; that is, parts of the country that are disadvantaged in terms of agricultural or other assets. Ethnic minorities in the northern uplands region of the country have seen limited improvement in their living standards over the last decade—much in line, in fact, with the overall trend in poverty for all ethnic minorities. The Kinh people living in the same region, however, have experienced rapid improvements in welfare” (Swinkels and Turk 2004, p. 7).


<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>All of Vietnam</td>
<td>58</td>
<td>37</td>
<td>29</td>
<td>24</td>
<td>16</td>
</tr>
<tr>
<td>Urban</td>
<td>25</td>
<td>9</td>
<td>7</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Rural</td>
<td>66</td>
<td>46</td>
<td>36</td>
<td>25</td>
<td>20</td>
</tr>
<tr>
<td>Kinh and Chinese</td>
<td>54</td>
<td>31</td>
<td>23</td>
<td>14</td>
<td>10</td>
</tr>
<tr>
<td>Ethnic minorities</td>
<td>86</td>
<td>75</td>
<td>69</td>
<td>61</td>
<td>52</td>
</tr>
</tbody>
</table>

*Source: Le Thuc Duc et al. 2006 and own calculations (for 2006), based on VHLSS data.*
Although in the aggregate ethnic minorities are doing economically worse than Kinh, we also need to look at specific ethnic minority groups to get the true picture of poverty. Statistics for one of our study provinces, Ha Giang, show that poverty does not affect all ethnic groups equally. In Ha Giang, the poverty rate is particularly high among the Hmong (42 percent), as compared with 19 percent among the Tay. Disaggregated data from the Vietnam Household Living Standards survey reveals significantly higher poverty rates among the Central Highlands minorities (Ede, Gia Rai, and Ba Na) and some specific Northern minorities (Hmong and Dao) than among other groups, like the Tay or Muong (Baulch, Pham, and Reilly 2008b).

THEORETICAL EXPLANATIONS FOR MINORITY POVERTY

The data presented above show that poverty is affecting ethnic minority households in different and more significant ways than Kinh households. There are multiple ways in which ethnic minority poverty has been explained by different stakeholders in Vietnam:

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

- Ethnic minorities may have fewer social assets — education, health, access to social services — than Kinh. A study based on VHLSS data notes that living in a household with an illiterate head almost doubles an individual’s chances of living in chronic food poverty (Baulch et al. 2002, p. 3). Data from the VHLSS show that minorities have worse health and report more illness than Kinh, and have significantly lower levels of education (23 percent of the household heads of ethnic minority households had no education compared to 6 percent of the Kinh heads of households) (VHLSS 2006 data).

- Ethnic minorities often are found in geographically remote areas, limiting their mobility and access to services and markets. Lack of physical mobility, caused by lack of access to roads and transportation, has been identified as a key factor in poverty. VHLSS data show that “households living in communities with a paved road, where most households have electricity, where a lower secondary school exists, where an upper secondary school exists, or with a market are more likely to escape poverty than households who live in communes where these facilities do not exist” (Glewwe et al. 2002, p. 784). The expansion of road systems, electricity and schooling as a result of P135 and HEPR investment in recent years has dramatically increased the number of ethnic households with access to these services, yet areas remain where roads, electricity, and schooling do not yet reach all villages and communes.

- Ethnic minorities may not be benefiting from government poverty reduction programs as successfully as Kinh. This could be due to cultural factors such as lack of knowledge of the policies by minorities, their inability to read or hear about materials related to poverty programs due to language barriers, and a lack of poverty reduction cadres fluent in minority languages. There may also be cases of discrimination and power relations where minorities
feel unable to access programs that are in place (Tran Thi Thu Trang 2004). While targeting for recent poverty programs, such as health care cards, has been relatively successful, as reported by respondents to the CSA, cultural barriers remain an issue; for example, minority women often reported hesitancy to use government health services, though they possessed health care coverage cards, because of embarrassment, lack of fluency in Vietnamese, and gender barriers within their own communities.

Ethnic minorities may possess other socio-cultural factors that are keeping them out of mainstream economic development. These may include such factors as language barriers; community leveling mechanisms that create social pressure against excess economic accumulation and cultural perceptions of social obligations and “shared poverty;” religious obligations that require economic expenditures; gender expectations grounded in different cultural models; and community ownership of land and assets.

If we summarize these previous explanations for minority poverty in the literature, we have two distinct possibilities, both related to this CSA’s focus on assets, capacity, and voice. People may be poor if they lack endowments and assets, such as land, physical capital, and human capital (especially education). Similarly, people may also be poor because they have lower returns on the assets they do have. When minorities are not able to make their physical assets of land, labor and capital work for them, and when they suffer from lower levels of social capital, such as education and health, poverty is likely to result. In the next section of the CSA, we report our findings as to what factors matter to most in explaining why minorities are lagging behind Kinh.
Main CSA Findings

The CSA conclusions are that there are three clear trends that account for differential economic outcomes in minority communities versus Kinh: differences in assets, differences in capacity, and differences in voice. Within each broad trend, there are numerous causal factors for continued ethnic minority poverty. The CSA concludes that there are six specific sectoral “pillars” of disadvantage that go a long way towards explaining why minorities remain poorer. These six primary factors include: lower levels of education; less mobility; less access to financial services; less productive lands; lower market access; and stereotyping and other cultural barriers. The second part of this CSA report discusses each of these six sectoral issues, and the lengthy CSA annex report is organized into “vertical”, self-standing chapters dealing with each of these issues. Each sectoral chapter makes extensive use of the quantitative and qualitative data collected by our CSA survey, VHLSS household level data (where available), and references other policy studies in these sectoral fields. Here we focus on the three cross-cutting trends.

Crosscutting Findings

Differences in Assets: VHLSS analysis shows that most of the ‘gap’ differential in household living cannot simply be explained by poorer endowments or residence in remote mountainous areas. Kinh living in remote areas are doing relatively well, for example, while neighboring minorities are doing poorly. Yet while assets alone cannot explain minority poverty, there are important differentials between Kinh and minorities described in our CSA. For most minorities, land is a major household asset. Recently land rights and use have changed for most minority groups from a system in which community-managed land was not commoditized to one where land is now owned by individuals and can be bought and sold. This has had implications for both community and private land management, and land differentiation and landlessness have been increasing in minority areas. Some of these changes have arisen from high rates of Kinh migration to minority regions in the past 50 years which have set into motion declining land availability among ethnic groups.

Another difference is that Kinh tend to have higher value lands, such as perennial croplands, and have been more successful in translating their assets into higher productivity in Vietnam’s new market economy. They are more diversified within the agricultural sector, where they rely more on industrial crops and less on low-value staple crops, and often supplement farm income with trading or services. On the other hand, minorities continue to be more dependent on staple goods and traditional agriculture, and they report much lower rates of agricultural investment, with resulting
lower productivity. Furthermore, most minority regions are dominated by forests and forestry land, yet many minority households receive no livelihood benefits from forestry, as they no longer have free access to forest land, much of which has been claimed by the state. This has been a major disruption to minority economies.

Other assets in minority communities tend to be limited. Programs targeted at poverty eradication in minority areas, such as Program 135, have resulted in a dramatic expansion of credit services, health services, schools, roads and markets and have improved access to new means by which minorities can profit from their assets. Yet minorities too often remain unable to take advantage of the local investment in the same ways as Kinh. Capital is noticeably short for many households, as access to financial services is uneven in minority areas, and unequal between minorities and Kinh. Kinh get more loans and larger bank loans than minorities on average, while ethnic minorities report a higher need for credit. The lack of access to affordable credit has serious implications for minorities’ ability to expand agricultural production and diversify livelihoods with the assets they do have.

Differences in Capacity: Minorities face many barriers in reaching their potential and taking advantage of government programs aimed at minority development. Much of this has to do with barriers to capacity and self-support. The major factor in this area is education. Minorities have less access to quality education, with correspondingly lower educational outcomes. Dropout rates remain higher for minorities, they are more likely to enroll late for primary school, and preschool access is lacking in minority communities. Minorities also report higher financial burdens to send children to school. These outcomes result in higher rates of illiteracy and lack of language fluency in Vietnamese, which hinders minorities’ ability to interact. Many ethnic minorities, especially the poor and women, cannot read, write or speak Vietnamese, which limits their access and sharing of information. This can have serious economic and social consequences; for example, large numbers of minority women reported being hesitant to go to markets for fear they will not understand prices or will be taken advantage of.

Another barrier to expanded capacity is a lack of mobility and less experience of a wider world. Minorities have considerably less mobility than Kinh, which affects their capacity to observe and adapt new ideas and technologies. Kinh reported traveling often outside their local village, with most Kinh having made a visit to another province or beyond. Yet only 18 percent of ethnic minorities had ever ventured outside of their home province. This higher mobility may give Kinh social advantages such as wider exposure to information and new ideas and more extensive social networks.

Capacity to act can also be constrained by cultural factors. Many minorities reported that there are cultural differences between minorities and Kinh that play out in market interactions, schooling, and other activities. For example, minorities report being less willing than Kinh to divide families up for economic gain, such as leaving one’s family behind to engage in migrant labor. Minorities also reported cultural barriers to economic transactions, such as norms against charging interest on loans from kin and neighbors. These norms were often contrasted with Kinh, whose ability to make money is looked upon as a socially favorable trait. Gender plays a role here as well; there are often cultural or economic barriers to women’s capacity and decision-making ability in minority communities, as cultural norms may place ethnic minority women in a subordinate position.
A final problem in capacity is that rather than understanding how cultural norms affect policy outcomes, too often minorities are blamed for “lacking capacity” and being the source of their own problems. Many government interventions are premised on the view that minorities should be more like Kinh, and when such policies fail, the “ignorance” of the minorities is often the identified culprit, rather than an examination of the inappropriateness of policies. For instance, agricultural extension models developed for rice fields in the lowlands may be unhelpful for farmers practicing swidden cultivation on upland land, yet when these agricultural policies fail, it is minorities’ own recalcitrance to change that is blamed, not the policies themselves. Prejudice, misunderstanding of cultural norms, and inappropriate interpretation of actions and behaviors of minorities can collectively lead to capacity challenges and poorer outcomes for development.

**Differences in Voice:** When minority groups across the country were asked in focus group, “why are Kinh doing better?”, they often stated that minorities were “not confident” and “hesitant” to go to the market, to ask for higher prices for their goods, or to request government services they are entitled to. This hesitancy was linked back to factors mentioned earlier: a lack of education for many minorities leaves them feeling limited in language ability, and less mobility leaves them with less experience and willingness to interact with the larger world.

Another barrier to increasing minorities’ voice and self-determination are widespread cultural stereotypes of the deficiencies of minorities among many Kinh. This stereotyping has serious negative consequences, particularly on minorities’ self-esteem and self-confidence to use their own voice and power. A lack of political power at higher levels also characterizes minority communities.

**Sectoral Findings**

In this section, we note the key factors where we see major differences between Kinh and minorities in different economic and social sectors. We then discuss how that “difference” becomes “disadvantage” for minorities, leading to poorer outcomes economically and higher vulnerability. Our analysis identifies the main differences leading to disadvantage for minorities are in the sectors of education; mobility and migration; access to financial services; access to productive lands; access to markets; and treatment of minorities by others (Figure 3).

All these factors strongly influence livelihood outcomes, preventing ethnic minorities from achieving greater economic progress. We believe these factors work together in a vicious cycle and prevent ethnic minorities from achieving greater economic progress. However, our research also points out there is no single magic bullet solution. Poverty reduction efforts in minority areas cannot expect to make much progress unless more comprehensive approaches are taken that attempt to tackle all the factors of difference outlined here.

**DIFFERENCES IN EDUCATION**

Vietnam’s strides in educational achievement over the past 50 years are remarkable. In 1945, more than 95 percent of the adult population was illiterate. By the year 2000, that had been reversed,
and nearly 91 percent of adults were literate, according to VHLSS data (Vo Tri Thanh and Trinh Quang Long 2004). Overall, access, equity, and participation in education have improved markedly over the past decade, with increasing enrollment among females and ethnic minorities in particular. Yet behind these achievements there are causes for concern. Education is not reaching all segments of society. Ethnic minority enrollment in primary and secondary education continues to be far below their representation in the population. In 2006, the net enrollment at primary education level of ethnic minorities was 89 percent, while that of Kinh and Chinese was nearly 98 percent. Only 42 percent of ethnic minority children aged 6–18 attended upper secondary school, compared with 57 percent of Kinh and Chinese children (VHLSS 2006). Further, these figures reflect enrollment rates, not the quality of education students are receiving; we heard stories in the CSA about minority children being passed from grade to grade to inflate high enrollment rates, even though the pupils were still struggling with basic literacy and poor spoken Vietnamese.

Our CSA survey confirmed that the gap in educational attainment between Kinh and minorities is noticeable. About 31 percent of minorities we surveyed had never attained any education, compared to just 6 percent of the Kinh population, mirroring the national VHLSS data. Very few minorities had reached the level of secondary education; only 3 percent of minorities surveyed had reached high school, compared to 26 percent of Kinh. While national level data show that minorities’ school-going rates are on the increase, and that poor Kinh also have relatively higher dropout rates that are of concern, barriers in education will have far greater impacts in the long run on minorities than on Kinh. Kinh who drop out of school can still function in the national language, while minorities who leave school may have no other possibility of learning spoken Vietnamese, let alone being literate, and this will have serious constraints on their capacity for their lifetime.
Main Problems in Accessing Education for Minorities

Dropout rates remain higher for minorities. In our survey, we found substantial differences between Kinh and minorities, with the latter having a dropout rate that is almost double that of Kinh. Around 30 percent of minority households reported at least one child had dropped out of school before the completion of a grade, as compared to 16 percent of Kinh. Minority students are dropping out of school for many, mutually reinforcing reasons: poverty, long distance to school, lack of self-esteem, language barriers, poor nutritional status, and high opportunity costs when children’s labor is needed at home. There is widespread belief in Vietnam among policy makers that when minorities drop out of school it is because they do not value education or because there are cultural factors (such as early marriage or a patriarchal cultural that devalues female education). To the contrary, our study found the top four reasons for dropping out among those surveyed were: excessive school fees; high opportunity costs (child’s labor needed at home); poor instruction leaving children uninterested in school; and schools being too far away. These are all factors that imply better education policies and financial support are needed, not a change in attitude or culture among minorities.

Minorities are more likely to enroll late for primary school. The survey revealed that 24 percent of ethnic minority students started school late, whereas only 5 percent of Kinh started school late. The most common reason for letting their children start school late was that “the child was not ready for school.” The qualitative study revealed that the perception of children not being ready for school is caused by the lack of Vietnamese language skills and a lack of preschool preparation. Late age enrollment has some potentially serious consequences. If children start late, and are held back for a few years, they may find themselves as teenagers sitting in a primary school classroom, and be more likely to drop out due to embarrassment or boredom.

Preschool access is lacking in minority communities. Not enough attention is paid to preschool education in ethnic minority areas. The survey results indicate that preschool education is particularly relevant for minority students; it would help alleviate the language barrier and the problem of late enrollment. But few minority children can access such preschool learning.

There is a lack of bilingual education for minorities. Many minority children start their first day of primary school unprepared for instruction in Vietnamese. Most minorities speak their own ethnic language at home (90 percent according to our survey), and many young children may have little to no exposure to Vietnamese before they arrive at primary school. Unfortunately, most teachers in minority areas are Kinh, and few of them have the ability to communicate in local languages, let alone offer systematic bilingual instruction (Box 1). On top of other learning impediments faced by ethnic minority students, this language barrier is one of the most serious issues hampering their prospects for development.

Minorities report higher burdens for school fees. School fees seem to hinder minority access, especially for secondary education, which can become quite expensive. The study revealed that the most common reason for dropping out of school by children was because the household lacked money, particularly for informal charges and fees for supplies, which are not usually covered under government educational subsidies.
There are few ethnic minority teachers. There is a serious lack of minority teachers in minority areas. Ethnic minority teachers account for only 8 percent of all teachers nationwide, and they are underrepresented where they are needed most. For instance, there are roughly 30 percent minorities in Dak Lak province, but less than 10 percent of teachers there are minorities. Not only are there limited numbers of minority teachers, but they are not being used to teach bilingual primary education. Even when minority teachers have been hired, we were told they were perceived by their principals to be “less qualified” and worse teachers, so they were given subordinate jobs or administrative work.

**Conclusion**

Despite educational progress for minorities in recent years, our data reveals that minorities continue to lag behind ethnic Vietnamese, and the government’s educational policies have not been able to close the gap. The increase in number of schools and reduction of school fees, both policies strongly supported in recent years by the government and donors, have succeeded in raising enrollment rates, but the quality and sustainability of education appears to still be at risk in minority communities, and the lack of bilingual education and minority educators is a major cause for concern. The educational barrier for minorities may result in many long-term problems, and presents one of the most serious challenges to higher economic development. Low rates of literacy and fluency in Vietnamese may prevent minorities from taking advantage of business and income opportunities, and consign them to the lower-return sectors of subsistence agriculture. According to analysis of VHLSS data, ethnic minority households in rural areas that do not speak Vietnamese have per capita expenditures that are only three-fifths those of their Vietnamese-speaking counterparts (Baulch et al. 2002, p. 12). As long as minority education disparities remain, the differences in poverty outcomes between Kinh and minorities will likely persist.

**DIFFERENCES IN MIGRATION AND MOBILITY**

At the beginning of the 20th century, the French colonies then known as Indochina were largely divided between lowland coastal and delta-dwelling ethnic Vietnamese, while the upland mountains were occupied by a variety of non-Vietnamese speaking ethnic groups. By the close of the 20th
century, ethnic minorities in the highlands were often outnumbered by ethnic Vietnamese. The main reason for this dramatic change has been migration; at different periods, colonialism, war, and socialist planning all encouraged mass migrations. It is estimated that in the latter half of the 20th century, up to six million people resettled or migrated (UNDP 1998). Migration has now completely changed the ethnic composition of highland areas.

**Main Problems in Migration and Mobility for Minorities**

Migration programs have favored Kinh investment. Government migration programs have largely favored Kinh, starting in the 1960s with programs to move lowland Kinh into the highlands with financial sponsorship. Most of these programs had economic motivations, such as the development of what were seen as underdeveloped areas, and the more even distribution of populations between densely populated deltas and coasts and more lightly populated mountains. While much migration in more recent years has been spontaneous and not directed by the government, the migration programs that have been in place have largely favored Kinh movement into minority areas rather than vice versa. Some investment programs for the highlands, particularly in the Central Highlands, initially focused on bringing Kinh migrants to set up services and work opportunities with the state, rather than hiring or promoting the local ethnic minorities.

In our survey data, we can clearly see the differences between Kinh and minority migrants in terms of the support they received after migrating. Kinh are more likely to have received government support in their migration. Sixty-seven percent of ethnic minorities that migrated had to clear their own land after migration, while 62 percent of Kinh had money to buy their land. Kinh were also more likely to receive government land allocations after migrating (22 percent, compared to 5 percent for ethnic minorities).

Migration patterns have had adverse consequences for local minorities. There have been a number of conflicts over land and resources that have accompanied large-scale migration. Conflicts over land have been rife in Dak Lak and throughout the Central Highlands, and unrest in 2001 and 2004 in this area has been linked to land losses to migrants. In the past, minorities often managed land according to customary laws and villages collectively controlled land in their territory under community management. Enticed by the availability of ready cash combined with minorities’ unfamiliarity with the concept of private property and land tenure certificates, many minorities sold their lands. In other cases, in-coming migrants used lands which may have been fallowing land or protected forests of minority villages. There have been changes in the traditional use of swidden fields by minorities as a result of the migration and increasing restrictions in use or losses of land. Because of population growth, Kinh migration and land use restrictions, many swidden fields have been lost and many households can no longer clear new lands because of pre-existing claims by migrants or the state. Thus among the consequences of planned and spontaneous migration has been the land shortages experienced by the minority communities today. The implication of the designa-
tion of minority regions as special economic development zones (such as “border economic zones”) vis a vis competition for land and resources needs further analysis.

**Kinh migrants have benefited from their mobility and social networks.** Why do Kinh in upland regions tend to have higher levels of economic development than minorities, even within the same area? While one partial explanation may reside in the support the Kinh received during migration to enable them to meet very basic needs quickly, and then to invest and diversify into new fields, higher government support for Kinh migrants does not explain everything. In cases where Kinh were spontaneous or “free” migrants, even then they did better than most local minority groups.

One key to the Kinh success was the use of migrant networks (Box 2). Local indigenous people often said that Kinh used their social networks to access information, finances, and power, which led to high economic outcomes. This is borne out by our survey data. Migrants in our sample were more likely to have been classified as average, well-off, or rich in the last government assessment. All categories of migrants were more likely to have motorbikes, televisions, sewing machines, refrigerators, fans, and water pumps, indicating that migration appears to increase asset ownership.

---

**Box 2**
**The Importance of Migrant Social Networks**

According to minority groups in many areas, Kinh have a “wider social network” connection than any other ethnic minority group, leading the Kinh to be more proactive in interacting with local authorities and local and regional traders, as well as having contacts with Kinh in other regions to learn from once they migrated. The networks migrants used could be either relationships with people in the arrival sites, such as relatives or people from the same province; or it could be the extended network of those that were left behind in the sending area (Gurak and Caces 1992). Migrants can draw on these relatives in their home village to send them money and other types of assistance when it is needed. This was crucial in times of crises, particularly the coffee crisis in 1999–2000. A 2004 migration survey found that only around a third of migrants in the central highlands are permanent residents; the rest retain ties to their old homes by hanging on to their old residency permits rather than transferring them to their new homes. Research among coffee migrants in particular revealed that many migrants deliberately chose to not change their registration so that they can remain connected to the sending area, and draw on relatives there for support (Winkels 2007).


---

**Minorities have less mobility which affects their ability to see and learn new ideas and technologies.** Minorities visit areas outside their home village less often than Kinh and travel shorter distances. Minorities as a whole are much less likely than Kinh to travel to their local district town, let alone to the provincial capital, to other regions, and to Vietnam’s large cities (54 percent, compared to 94 percent for Kinh). The CSA team believes there is a strong relation between mobility of communities and their ability to cope. The act of moving from one place to another can bring greater exposure to new ideas and technologies. Even just more localized mobility (going to the district town more often, for example) can lead to better networks and more connections, particularly in agriculture and trading, as mobility increases exposure to other ideas.
There is uneven application of migration laws. Researchers in Vietnam have identified migration as a driver of growth and an “important route out of poverty with significant positive impacts on people’s livelihoods and wellbeing” and they conclude that attempts to control mobility will be counterproductive (Dang Nguyen Anh 2003). However, minorities have been encouraged in recent years not to migrate for better opportunities. For example, some funding under the national sedentarization program has gone to moving minorities back to their home provinces if they migrate elsewhere (particularly from the Northern Mountains to the Central Highlands). Minorities also reported not being able to take advantage of new labor export policies by the government to work overseas, as language barriers and a lack of confidence kept them out of these programs.

Remittances to households are lower for minority areas. Remittances are another key part of migrants’ repertoires for flexible livelihoods. Overall, ethnic minority regions (Central Highlands and Northern Mountains) have the lowest rates of remittances and the lowest ratios of remittances to overall income, according to VHLSS data. The size of remittances to these areas is also significantly smaller than in other areas; remittances to the Northwest are less than a fifth the size of those in the Southeast. These relatively low remittances may be one factor explaining higher levels of poverty in these regions (Le Thuc Duc et al. 2006).

Conclusion
While challenges with migration programs have readily been acknowledged by the government, policies encouraging Kinh migration in particular remain in existence largely to relieve population pressures in delta and coastal areas but also in hopes that benefits from large-scale development through migration will invariably benefit minorities. Shortages of land (and the ensuing conflicts rising from such shortages) and the limited mobility of minorities themselves are factors which need to be better accounted for in developing national policies on migration.

DIFFERENCES IN CREDIT AND FINANCIAL SERVICES

Access to credit and other financial services has long been acknowledged as an important part of poverty reduction efforts. Without access to affordable credit, households may be unable to expand agricultural production, diversify livelihoods, and invest in new activities like trade or services. Access to credit and other financial services in rural Vietnam has increased in recent years as part of larger efforts at poverty reduction. However, our research shows that ethnic minorities—at higher rates than Kinh—report a lack of credit as their biggest production constraint. Based on both qualitative and quantitative data, minorities appear to have access to smaller loans and fewer loan sources than Kinh. Minorities are also more vulnerable to private money lending and buying on credit with much higher interest rates than were reported by Kinh.
**Main Problems in Accessing Credit for Minorities**

**More ethnic minorities report a need for credit.** Ethnic minorities in all regions reported a pressing need for credit. CSA survey respondents were asked to rate the following factors in terms of how much of a constraint they posed for agricultural development: lack of capital, lack of wet rice land, lack of swidden land, poor soil quality, lack of labor, remoteness, lack of irrigation, lack of veterinary services, lack of experience in production, and lack of extension services. Credit was the main constraint chosen by households, and is far more important for ethnic minority groups. For example, 81 percent of ethnic minorities see capital as a major constraint to agriculture, compared to 52 percent of Kinh.

**Ethnic minorities are not a specific policy target of credit.** Incentive credit policies have been issued by the government in recent years to expand the sources and availability of credit from the formal and semi-formal sectors. The main policy on concessionary credit is Government Decree No.78/2002/ND-CP (October 4, 2002) on credit for the poor and other “policy-privileged” people in society. This group includes poor households, disadvantaged students, people seeking credit to get jobs, people who are going to work abroad, economic organizations, and certain business and production households in remote areas. While these general policies have created more favorable conditions for impoverished ethnic minority communities, simply being an ethnic minority does not guarantee preferred credit access and interest rates. One exception is a limited policy for credit targeted to specific minority groups initiated in 2007 (Decision 32/2007/QD-TTg)—a policy that has yet to reach many people.

**Minorities appear to have less access to credit.** Overall, access to credit in rural areas has been increasing in recent years; yet despite the progress, minorities appear to have less access to credit than Kinh. According to the CSA survey, 20 percent of Kinh had never taken out a loan, compared to 32 percent of ethnic minorities. These figures do show a positive trend: most minorities have been able to take advantage of concessionary credit, thanks to expanded pro-poor lending policies in recent years, and this access to credit was rated highly by most as helping them expand their household economies. However, the rate of households who have never accessed credit remains higher among minorities than Kinh, indicating there continue to be large numbers of people who need to be targeted.

**Minorities get smaller loans.** Survey results show that the most common place for minorities to obtain credit was the Bank for Social Policy (VBSP). For Kinh, the most popular source was the Bank for Agriculture and Rural Development (VBARD) (Figure 4). This difference in sources of loans helps explain a major difference between Kinh and minorities. On the whole, minorities obtain smaller loans than Kinh; for example, 62 percent of Kinh have loans of 5,000,000VND ($301) or more, compared to 34 percent of ethnic minorities. More minorities borrow from the VBSP, which has a smaller maximum loan size (around 5 million VND or less) than the VBARD, which regularly lends 10 million VND or more. Because loans for minorities tend to be from the VBSP, many minority households reported that credit made little difference to them because the loans were too small.

**Minorities are more vulnerable to predatory lending in the informal sector.** Those households that cannot access formal credit remain dependent on the informal sector. While private money lending was reported in low numbers in our survey, those who do use this sector face very high
interest rates (10 percent or more per month) and short loan periods. These short-term high-interest loans, called “hot loans” (vay nong), might be taken out for as little as a few days or a few weeks in cases of emergencies. Predatory lending and unscrupulous trading can affect both Kinh and minorities, but minorities reported these tactics more than Kinh, feeling that their lack of language skills and lower experience with the marketplace made them especially vulnerable.

Private money lending to minorities was found to be most common among Khmer in the Mekong Delta and minorities in the Central Highlands. In the latter area, the lack of access to larger loans has driven poorer farmers to take their coffee production loans from the informal system. This included private traders and agricultural supply stores, which can provide much larger loans than VBSP and VBARD and can process the loans much faster and with much less paperwork (only one day versus several months for the formal system.) These loans are risky, however, as they involve high rates of interest and short-term loan periods, which cannot usually be extended without potentially forfeiting the collateral put up for the loan, which was usually a land tenure certificate. When coffee prices dropped in the year 2000, many Ede farmers with these short-term private loans told us they could not pay. In some cases, the lenders took the Ede land, which had been put up as collateral, or Ede had to sell other lands to pay the debts, leading to increasing landlessness among Ede.

The Kinh, who also had to face the same drop in coffee prices, appear to have weathered the price drop somewhat better than the Ede. Kinh reported being more likely to have had their loans from the formal bank sector. During the coffee crisis, provincial and central policies were adopted to let banks extend loan terms, and the interest on these extended loans was subsidized by the government. Additionally, many Kinh said they called on relatives, particularly in sending areas of the Red River Delta or elsewhere that were not in the same crisis situation as Dak Lak was, to send them money to help them weather the low prices.

**Minorities are more likely to pay interest when buying on credit.** Besides emergency loans, buying on credit is another popular option in rural areas when farmers need money to buy seeds and...
Private traders operate unimpeded in minority areas. One line of reasoning is that these traders provide a service of inputs to remote areas and take risks on lending to minorities. But this lending can trap many households into cycles of debt, as minorities were, according to CSA findings, unable to repay last year’s production debts before needing new ones. This is an area where pro-active policies and attention from authorities seem warranted since such debt lending can undermine poverty reduction efforts in the area. A positive example of how this can be tackled can be seen in Yen Bai province in the Northern Mountains, where the Farmers Union stepped in to prevent informal loan dependency by offering a policy on deferred payment contracts for purchasing fertilizer. Each year, the Farmers’ Union supplies fertilizer to its members with a payment period of 6 months from the contract date. The farmers do not have to pay interest through this period, and when they repay the cost of the fertilizer at the end of the season it is at fixed, agreed-upon rates that the union had negotiated with fertilizer companies. This kind of informal credit has many advantages, including simple procedures, no interest rates, and direct delivery to villages, along with the institutional support of the union to keep prices low. The largest benefit of this kind of credit is that it reduces the burden on the farmers to have cash at the beginning of the season to purchase materials for production (Hoang Cong Dung et al. 2006).
**Conclusion**

Access to credit in appropriate amounts and at appropriate times can help minority households lift themselves out of poverty, given good investments and wise use of credit. A 2006 study found that minority households believed credit and savings schemes had positive impacts on their household income; 78 percent of the surveyed households that had borrowed money from VBSP and VBARD said their incomes had gone up (Hoang Cong Dung et al. 2006). Given this context, supplying credit to minority areas is imperative since the lack of access to affordable credit has serious implications for minorities’ ability to expand agricultural production, diversify livelihoods, and invest in new activities like trade or services. Certainly there is cause for hope; the large expansion in the availability of credit in the past five years is clearly making it to minority households, as a majority of households surveyed by the CSA had been able to take out a loan. However, this positive trend should not hide the fact that minorities still borrow less frequently than ethnic Vietnamese, get smaller loans overall, and are more vulnerable to cycles of debt in the informal sector.

---

**DIFFERENCES IN ACCESS TO LAND, AGRICULTURE, AND FORESTRY**

The right of households to access and use land, either for agriculture or forestry, is one of the most important factors in household economic status in rural Vietnam. Unfortunately, minorities tend to have lower economic returns from land while their overall land assets are usually higher than other groups. The explanatory factors for this phenomenon include variations in the quality and quantity of land allocated to minority households; the productivity and use of lands for economic activities; the role of community and group management of lands; and the role of government management of land (particularly State Forest Enterprises and State Farms) in minority areas. We conclude that there are a number of barriers to poverty reduction that result from unequal access to land assets and use.

**Main Problems in Accessing Land, Agriculture, and Forestry**

The privatization of land has transformed traditional land use rights in minority communities. The transition to private allocation of land that began in 1993, accompanied by a market in buying and selling land, has profoundly affected minorities’ traditional land use practices. With the implementation of the new land laws after 1993, *de facto* traditional land uses were no longer able to exist because all land was to be allotted to households, families and individuals and state organizations for use (Vuong Xuan Tinh 2001). Because the land law said it applied only to these categories, “communities” and “villages” were not considered legitimate owners of land at the time of the first waves of allocation in the early 1990s. This started to erode the rights many traditional communities had enjoyed. Furthermore, the process of land allotment to households ossified land use relations into a relationship between one owner and the state (who granted the land use certificate), not between the individual land user and his local community, as had been the case in the past. Thus the process of land allocation in the highlands presented challenges in the form of conflicts between individuals, individuals and groups, or between groups.
It is important to recognize that the Land Law was changed in 2003 (as was the Law on Forest Development in 2004) to include communities as legal owners of land. To date, this has appeared to not have changed the situation for the better primarily because much land was already alienated from communities and given to individuals before 2003. This process is unlikely to be reversed. Further, despite the legal changes in 2003-4, the CSA team saw little evidence at the three field site provinces in 2006 that any significant allocation of land to communities had yet occurred. Land allocation was still primarily given to individuals, and provinces visited appeared to have no plans in place to include communities despite their recognition under national law.

Minorities have different land use models. In the aggregate, we can see significant differences between Kinh and minorities in land use, particularly in terms of major sources of livelihood. One of the major transformations of the highlands in recent years has been the focus on increasing coverage of industrial and cash crops: coffee, rubber, and cashew chief among them. What we see from CSA survey results, however, is that minorities do not own as much land on which to cultivate these crops as would be ideal. The study results indicated that the majority of minority respondents do not cultivate industrial crops (87%), and those who do concentrate on smaller plots than Kinh respondents (only 1% of minorities have more than 1 ha of industrial land, while 16% of Kinh do).

Kinh are also more diversified beyond agriculture in their household economies, often supplementing agriculture with trading or services. For example, 27 percent of Kinh surveyed earn some income from trade, compared to 2 percent for ethnic minorities. Somewhat surprisingly, minorities surveyed are more dependent on wet rice than Kinh, (76 percent of ethnic minorities earn income from rice (both irrigated and swidden), compared to 37 percent for Kinh), but without additional supplementary income, this rice growing alone has not pulled them out of poverty.

Minorities continue to be dependent on swidden agriculture. Swidden (sometimes known as shifting cultivation) has long been a primary production system in the uplands of Vietnam, despite efforts over the past 30 years to replace it with fixed sedentary cultivation (IEMA and McElwee 2005). Regardless of one’s viewpoint on the merits of swidden versus sedentary agriculture, upland swidden fields remain essential to most ethnic minorities’ production systems. Seventy-one percent of households used upland un-irrigated lands in 2006. Some of these lands were planted in rotation using the swidden production system, while some lands have been more or less converted to permanent upland cultivation. Even 48 percent of Kinh in the uplands reported using these upland non-irrigated fields, although they do not usually fallow them in the same cycles as minorities do. Overall, over half (52 percent) of all minority households cultivated more than a third of a hectare of upland fields, compared to 16 percent of Kinh. This is despite the fact that in many areas, households do not have land tenure (Red Books) for swidden land.

Minorities report much lower rates of agricultural investment, with resulting lower productivity. In addition to differential outcomes between Kinh and minorities with regard to how much and what kinds of land they used for agriculture, differences were evident with regard to agricultural productivity between groups. Kinh reported using more chemical fertilizer for industrial trees and garden crops than minorities and more pesticides for garden crops. They pumped more water for industrial trees than members of minority groups. Some ethnic groups (Pa Co, Van Kieu)
reported almost no households ever using pesticides or fertilizers on their crops. Many minorities said they had no money to buy agricultural inputs and that credit to invest in inputs was simply not accessible to them. Another factor is the poor quality and coverage of extension services which adversely impacts the specific needs of minority farmers. Extension training tends to focus on lowland Kinh models of agriculture with less investment or research into extension for upland fields, such as better fallow crop covers or preservation of traditional agricultural genetic diversity.

**Minority regions are dominated by forests, yet few minority households obtain livelihoods from forestry.** Since 1993, the government has had policies in place to transfer land use rights for forestry lands to individual households and away from the state. Yet the outcomes of forest allocation and reforestation have been mixed and show strong regional disparities. The Northern Mountains have generally experienced faster land allocation, while very little allocation has occurred in the Central Highlands. Of the total forest cover of the four provinces in the Central Highlands, less than 2 percent has been allocated to individual households to use, compared to 46 percent in the Northwest (Table 3). The main reason for this is the continued dependence on state forest enterprises (SFEs), para-statal logging companies, in the Central Highlands. In the North, SFEs have largely been disbanded and their land area allocated to households. In Ha Giang, there are only 9 agro forestry enterprises, accounting for less than 2 percent of the total area of the province, while in Dak Lak, there are 25 SFEs, accounting for 44 percent of the natural forested area of the province. This skewed regional distribution of forest land is confirmed by the CSA survey. Less than one percent of the Dak Lak household respondents had forest land allocated, while 67 percent of the households in Ha Giang received forest land.

**Table 3. Forest Land Allocation by Region, 2005**

<table>
<thead>
<tr>
<th>Region</th>
<th>Total Forest Estate (Ha)</th>
<th>Ha of natural forest allocated to HHs</th>
<th>Ha of protection forest allocated to HHs</th>
<th>% of forest estate allocated to HHs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Red River Delta</td>
<td>151,427</td>
<td>8,033</td>
<td>24,930</td>
<td>22</td>
</tr>
<tr>
<td>Northern East</td>
<td>2,648,437</td>
<td>802,632</td>
<td>463,388</td>
<td>48</td>
</tr>
<tr>
<td>Northern West</td>
<td>1,273,718</td>
<td>506,764</td>
<td>84,472</td>
<td>46</td>
</tr>
<tr>
<td>North Central</td>
<td>1,965,417</td>
<td>262,609</td>
<td>208,984</td>
<td>24</td>
</tr>
<tr>
<td>Central Coast</td>
<td>1,022,386</td>
<td>51,464</td>
<td>109,583</td>
<td>16</td>
</tr>
<tr>
<td>Central Highlands</td>
<td>2,756,370</td>
<td>38,628</td>
<td>8,130</td>
<td>2</td>
</tr>
<tr>
<td>South East</td>
<td>915,477</td>
<td>1,307</td>
<td>39,901</td>
<td>5</td>
</tr>
<tr>
<td>Mekong River Delta</td>
<td>370,707</td>
<td>46,977</td>
<td>57,357</td>
<td>28</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>11,070,976</strong></td>
<td><strong>1,718,414</strong></td>
<td><strong>996,745</strong></td>
<td><strong>25</strong></td>
</tr>
</tbody>
</table>

*Source: Figures from TECOS in Swinkels and Turk 2006.*

**Forestry makes only a very small contribution to minorities’ household livelihoods.** Despite the massive efforts that have been undertaken in recent years to implement forest land allocation and community forests, overall forest land allocation does not yet appear to have a significant impact on household income (Dinh Duc Thuan 2005). In our CSA survey, only 9.4 percent of those who had forest land allocated reported that it contributed to the households’ overall income and livelihood. Overall, Kinh, not minorities, said they had the most income impact from forest allocation. Lands that are allocated are usually of such poor quality that they are not economically important,
and the very low rates of payment for forest protection mean this sector makes an almost negligible contribution to household livelihoods for most minorities.

**Land differentiation and landlessness is on the increase in minority areas.** Differentiation in quantity and quality of land holdings can have profound impacts on the rich-poor divide in and between communities. During interviews with poor people, they inevitably noted the correlation between small or no landholdings and poverty. Previously, minority communities would redistribute landholdings equally each year so everyone had adequate land. However, this option is no longer available under the new land laws, assigning land to individuals with little chance for community redistribution. This has given some households the chance to prosper and accumulate land, while others have not been so fortunate. Dak Lak province in particular suffers from a serious cultivable land shortage. A recent survey showed that half of minority households in Dak Lak owned less than one hectare of land. In addition, land disputes, land occupation, and land sales, especially in the context of coffee production, have resulted in land shortages (Box 4). For example, migrants to Dak Lak bought land from minorities who were willing to sell land and in some cases were duped into doing so due to their lack of understanding of the significance of land tenure certificates (LTCs).

**Box 4**

**Land Sales are Rising in some Minority Areas**

Wealthy speculators from Ho Chi Minh City and elsewhere started a land market in the Central Highlands coffee region in the 1990s by purchasing large tracts of coffee lands. Plots close to the road and water sources commanded the highest prices. In the face of rising land prices, and given the heavy debt loads carried by many minority households, it was not surprising that many ethnic minorities were involved in selling their lands. Previous land sales were reported by 5 percent of CSA survey respondents. Of this number, most were Ede. In recent years 28 percent of Ede had sold some land. Twelve percent of all households in Dak Lak had sold land, while the figure was only 2 percent of households in Ha Giang and 0 percent of households in Quang Tri. To combat this problem, some localities in the Central Highlands, such as Dak Lak, instituted decrees after 2000 limiting or forbidding the purchase of land from ethnic minorities in certain areas.


**Indebtedness is a major reason for loss of land.** As noted in our previous discussion of credit, the fall of coffee prices in 1998–2000 led to indebtedness for many households who had mortgaged land or used it as collateral: one survey revealed that 45 percent of coffee growing households in Dak Lak lacked adequate food, 66 percent had bank debts, and 45 percent of households had to turn to wage labor (ICARD and Oxfam 2002). Rich households were able to deal with the drop in prices by holding and storing coffee in the expectation that prices would rise again. Others reduced their investments, particularly in water and fertilizer. A study of coffee farmers by U.S. economists found that large Kinh farmers were able to turn to other sources of income but the same was not true for smaller farms and minority farmers (Rios and Shively 2005). Many minorities had to sell their lands as payment of debts, rather than trying new higher-priced crops, or simply holding on and waiting for better prices, as many Kinh households did. Similar patterns of losses of land to bad debts appear to be common among Khmer in the Mekong Delta; unpaid mortgages have been a major cause
of landlessness in the Mekong Delta, where 25 percent of Khmer households are now functionally landless (Le Ngoc Thang et al. 2007).

**Policies to deal with land losses are inadequate in minority areas.** In response to concerns that minority landholdings, particularly in the Central Highlands, had become threatened since land allocation began in the 1990s, the party and government passed a series of policy resolutions, including Decision 132 on creating land funds in the Central Highlands, and Program 134 (P134), which extended Decision 132 to minority areas nationwide. These programs were designed to reallocate land to those minority households that lacked land. Addressing the land allocation problem has been an important step taken by the government, since this has the potential to contribute to better production and poverty reduction. With the appropriate policies in place, the government is must now address issues of implementation of P134 (Box 6). It is unlikely that P134 will be able to solve the land shortages facing many ethnic communities since many communes had little land to give out. Instead, national P134 money is used to build houses for minorities in need and most people interviewed consider it as such.

**Box 5**
**Other Factors in the Loss of Ethnic Minority Lands**
Fifteen percent of all households in the CSA survey reported having lost land at some point in the past without compensation: 12 percent of households in Dak Lak, 19 percent in Ha Giang, and 13 percent in Quang Tri. The main reasons for losing land were confiscation (57 percent of those who had lost land), landslides/erosion (26 percent), and other reasons/unknown (17 percent). These land losses were unequally divided between Kinh and minorities; with about six percent of Kinh had lost any land, while 16 percent of minority households had.

*Source: CSA Survey, World Bank*

**Box 6**
**P134 and Landholdings in Ethnic Minority Areas**
According to CSA interviews with policy makers, less than 10 percent of households identified as being short of land have received land from P134, and the program is nowhere near the target distribution of over 100,000 ha of land. The fundamental goal of land redistribution is not being achieved in that people are not being given land back that was once theirs or their villages. When land is given back, it is often someplace else, sometimes in the same commune, but often further afield in the district. This requires people in many cases to make a decision to move their household out of their original village into a new settlement. Given that the best land has already been sold, anything left to give out under P134 is usually of poorer quality (unwanted areas of barren and poor land), which is unlikely to bring people out of poverty. Relying on wage labor in a village one is familiar with, compared to poor land someplace else where one has no family or relatives, is often a better economic choice for households and prevents P134 from having a significant impact.

*Source: CSA Survey, World Bank*
Conclusion

Land tenure plays a critical role in poverty reduction among ethnic minorities. Over the past century, changes in land policies have profoundly affected the lives of minorities. From a cultural point of view, ethnic minorities’ relationship to land has shifted from a system in which community-managed land was not allowed to be sold or exchanged, to one where land is now a commodity in which individuals make decisions about land use. These land policies have promoted investment and agricultural intensification in minority areas. While some minorities have thrived in this environment, other minorities have not. Minorities who are market oriented, and who have been able to take advantage of new production policies, have transformed their production from subsistence to more globally oriented commodities. Others have been less successful, and land policies have resulted in differentiation in land tenure, which has had a major impact on the rich and poor divide within and between communities and between ethnic groups. Differentiation in land tenure has enabled large landholders to become richer, while preventing poverty reduction among the landless or those with little land. Part of the explanation for this is that minorities have different overall production models compared to other groups in highland areas. While minorities plant varied crops instead of relying on high-value monocrops, such diversity has not helped minorities maximize their income. Others may own smaller landholdings overall, but the land they do own tends to be higher value lands for industrial crops. Swidden lands remain important for minorities, but low value as they receive little attention from extension services. Finally, forest income is low for nearly all minority households, even though rates of forest cover are highest in minority regions.

Differences in Access to Markets, Trading, and Off-Farm Employment

Barriers to market practices and the commercialization of minority livelihoods are factors preventing higher rates of poverty reduction. Our research finds that minorities tend to use markets less than Kinh, and tend to receive less money for the products they sell there. Minorities are also much less likely to be traders or involved in shop keeping than Kinh, and they report fewer sources of off-farm employment. Since the role of markets and off-farm employment is extremely important in increasing economic development among minorities, their engagement in these areas needs to be increased. Furthermore, diversification within the farm economy, by selling commercial crops rather than relying on subsistence crops, also can help households move out of poverty (Minot et al. 2003). However, while Vietnam’s rural sector is clearly moving toward more commercial production, such a trend needs to be tempered by a realistic view that much of the market sector remains undervalued in minority areas, which lack value-chain linkages among producers, traders, and consumers, as well as sources of support for high-value commodity products.

Main Problems in Accessing Markets, Trading, and Off-Farm Income

Minorities are increasingly market-oriented, but they use different market channels compared to non-minorities. The CSA research found that minorities are becoming well-integrated into the market system and have been for some time. Nearly half of all households surveyed sold something at a physical marketplace last year, and the vast majority raised some sort of income from
selling goods they had produced. Sales of locally produced products are an important source of cash; this cash income helps local people buy food and cover other expenditures. However, we need to distinguish between the use of physical marketplaces and being involved in the market (selling one’s produce to a trader). While the latter is increasingly common in minority areas, they appear to be less likely to do their trading at central marketplaces than Kinh (Table 4 and Box 7), instead dealing directly with traders in villages or at the farm gate. In fact, 74 percent of households reported that traders come to their village to buy things.

The degree of commercialization among minorities is varied, and mostly influenced by regional trends. There are areas with a low degree of commercialization, where farmers grow crops that can be eaten primarily for subsistence purposes, and who then sell any surplus on the market (such as in Quang Tri in the North Central Region). In areas with a medium degree of commercialization, farmers often have multiple plots in which they produce food for consumption with locally preferred varieties and low inputs, and plots in which they use hybrid or high yielding seeds with inputs for sale (as is the case with hybrid corn and high-yield cassava in Ha Giang and much of the Northern Mountains). In areas with a high degree of commercialization, the market is the main focus of farmers, who produce only the goods that consumers are demanding and that are not subsistence goods (as in Dak Lak with coffee and other crops like cashew and pepper). For these commercialized farmers, decisions are made in order to increase profit rather than to ensure food security, which is the main concern of the noncommercial subsistence farmer. Yet there appears to be little attention in the agricultural support and extension system to these diverse types of agriculture, both commercial and subsistence. For example, in Dak Lak, where minority farmers said they wanted extension training to raise productivity of their main crop, coffee, they were instead given training on how to grow wet...
Minority men, however, tend to access markets more compared to their female counterparts: 24 percent of minority husbands went to the markets alone compared to 6 percent of Kinh men. Kinh women are often more skilled as traders and financial managers due to their familiarity with markets, their language, and other cultural advantages. In comparison, minority women reported they are often “confused at the market” and “do not understand” what traders say. This means more men have to conduct market activities for minority households, as men are often more fluent in Vietnamese. These barriers also discourage ethnic minority women from learning new techniques to improve productivity, as they may not travel as much to markets as Kinh women and get to see first hand about new varieties and breeds that are being bought and sold.

Minorities sell more low-valued crops on the market than Kinh. In addition to differences between Kinh and minorities in the number of times they frequent markets, we also noted ethnic differences in what minorities sold at markets (Table 5). The survey shows Kinh are more likely to sell higher value industrial crops on the market (in particular, coffee, sugar, cashew, tea, and fruit). Minorities primarily sold lower value corn and cassava crops.

Minorities report barriers to access in the marketplace. While minorities are increasingly becoming integrated into the market, which they depend on for buying and selling goods, they did report a number of problems with market transactions. Twenty-nine percent of households reported having to buy high and sell low (bi ep gia) as a special problem, especially for those living in the most remote areas. This geographical remoteness produces conditions characterized by an absence of good roads and markets, as well as restricted information exchange and intra-group interactions. The problem of buying high and selling low was closely followed by complaints of price fluctuations throughout the year (21 percent). Global market integration, which is subject to greater price fluctuations, may also adversely impact ethnic minorities compared to other groups. Ethnic minorities in Dak Lak specializing in cashew, coffee, and high-yield cassava reported feeling market and price movements most strongly. The absence of information on prices (reported by 12 percent of house-
Minorities lack valued added processing and value-chain linkages for their produce. Many minorities reported that one reason their products are often sold below market prices is that traders come to villages to buy unprocessed goods, which they then re-sell at higher prices to businesses and processing facilities. Many minority communities in the CSA reported selling unprocessed goods (corn on cobs, green coffee cherries, raw wet cassava) because of a lack of access to storage and processing facilities. Since mechanically processed goods (husked rice, dried and sorted coffee beans) require equipment, ethnic minorities must rely on mobile Kinh processors or else sell the goods unprocessed. This guarantees lower prices for these goods than if the minorities were able to process themselves. Kinh farmers, on the other hand, reported that they will often wait and hold on to their produce if they get a low price from a mobile trader, until they can get to a government store or trading post (đại lý) that they know offers a better price.

Petty trading, even at the village level, is dominated by non-minorities. Minorities are much less likely than Kinh to run a shop or engage in trading beyond selling their own produce: only 3 percent of ethnic minority households reported income from trading, compared to 27 percent of Kinh. Very few minority groups reported any trading activities at all; only Tay, Hmong and Mnong, out of all households surveyed, reported any business activities. In PRA meetings, we asked who the main trading agent was in each village. Even in overwhelmingly minority villages, the village trader/shop owner is almost always Kinh. To open a shop for trade runs into cultural barriers among nearly all the minority groups interviewed. These cultural barriers to trade are tied to the idea of community reciprocity: if you are a minority and you open a store, you will be besieged with requests from kin and neighbors for loans, borrowing on credit, and giving things away free, among other requests. Minority people repeatedly stated that these social obligations, which cannot be refused, result in bad business, as it is also socially unacceptable to demand repayments of gifts and loans. Some minorities in fact said they often preferred to leave trading to Kinh migrants, because of these social demands and social relationships (Box 8).

Both Kinh and minorities interviewed in PRA agreed that Kinh were better in the marketplace, which explained their dominance of the economic and trading systems. One clear reason is that Kinh are also more mobile, and many Kinh traders in minority areas are originally from significant distances away. Many had started off selling itinerantly, and some had bought land and settled permanently in minority regions. They often relied on contacts in their home villages and regions to do business in their new upland homes, and many could raise the capital and collateral necessary to open a shop from their extended network of kin and friends. Many Kinh and minorities alike also attributed Kinh success in trading to their “mental abilities,” which were claimed to be different than minorities. Many Kinh also described minorities as being less skilled in mathematics than Kinh and “not having a head for business” as reasons why there were no minority-owned shops.
Minority representation in non-farm sectors is low. Twenty-two percent of Kinh in the survey reported that a member of the household had served as a government official, compared to only 9 percent of ethnic minorities. In Ha Giang, the CSA team saw some parity, with minorities also serving in government positions, though this was disproportionately Tay (32 percent of Tay report government positions). Kinh are more likely to have household members who were teachers; Kinh are also much more likely to be employed as traders (8 percent of Kinh versus 0 percent of minorities).

Conclusion
Market access is more than building infrastructure and simple exposure to markets. Contrary to conventional wisdom, ethnic minorities show great awareness of and engagement with market forces.
However, they use physical marketplaces less than Kinh, which means that the building of physical marketplaces may benefit them less. Investment currently spent on building markets might also be channeled to credit or agricultural processing facilities to raise prices paid at the farm-gate in minority areas. More attention could also be paid to market vulnerabilities among minorities, both to price fluctuations and to unscrupulous middlemen and traders. Many ethnic minority farmers also have limited awareness of market demands, and lack market updates on price. Overall, while much attention has been paid to improving the infrastructure for trading and markets in highland areas, there has been almost no policy attention paid to cultural and social issues, such as the fact that trading and business in minority areas is not dominated by them. Support to alternative models of trade that reflect community and cultural norms (such as loans to start community-owned supply stores) could be an option to give minorities a foothold in the market.

**DIFFERENCES IN PERCEPTIONS OF MINORITIES**

We now turn to the final issues of disadvantage for ethnic minorities, what we are calling “misconceptions” and “stereotyping.” Unlike the previous sectors, in which we can demonstrate measurable differences between minorities and non-minorities in terms of education received or land tenure granted, this is a more subtle problem. It is difficult to quantitatively measure how many people might hold stereotypes about minorities, and how those stereotypes might serve to disempower or deprive minorities of their ability to full participation in society. What we are able to present here are different forms of evidence that show a general trend, which is a majority-centered worldview that sees the ethnic minorities as somewhat less developed. This idea has actually been reinforced by recent developments and donor emphasis on poverty alleviation among remote and minority areas. Minorities have long been considered as different from Kinh (often seen as “backward”) and the attention paid to poverty reduction has reinforced this longstanding perception that minorities are economically behind and need to be assisted to “catch up” to the Kinh people. Yet this idea of catching up implies a sense of evolution of cultures, with some at very low states of evolution (those most poverty-stricken and “backwards”) compared to majority groups.

**Main Problems with Stereotyping of Minorities**

Government interventions are premised on the view that minorities should be more like Kinh. For the past 30 years, the underlying belief has been that “backwardness” can be changed with development interventions or policies such as the introduction of wet rice cultivation or the resettlement of swidden cultivators. The lack of economic progress of minorities is attributed to their cultures and habits, and their practices and traditions have been targeted for elimination or revision. The logic behind these campaigns is that Kinh have economically developed and many have moved out of poverty over the past years, so if minorities are more like Kinh, they too should be able to reach higher states of development. However, a question needs to be raised regarding the effects of identifying minorities as backwards and viewing their cultures as more superstitious. Does stereotyping minorities in such a manner result in measurable forms of discrimination that may have welfare impacts? Among minorities, the research team saw evidence of considerable internalization of negative views of themselves. An issue to consider is the extent to which policies are developed on the basis of realities of livelihoods.
among minorities compared to being informed by unrealistic viewpoints of what minority communities are like. During the CSA, we heard many forms of stereotypes expressed by officials and others across several provinces and departments. It was not uncommon to hear that:

- “Ethnic minorities don’t know how to make a living”—CEM cadre
- “Ethnic minorities don’t consume - they are only self-sufficient”—Ministry of Social Affairs, Invalids and Labor cadre
- “Minorities don’t know how to use credit effectively”—Social Policy Bank cadre
- “Minorities have low intellectual levels, which has an impact on their economies. They don’t know how to use technology or raise livestock”—District cadre
- “Minorities don’t have the will to get ahead”—District People’s Committee member

Changing such perceptions about minorities will require that attention be paid to the representation of minorities—in anthropological works, in the mass media, in school curricula, in government reports—and the ways in which stereotypes or ethnocentrism may be shaping the development agenda for minorities.

**Civil rights laws should be clearly applied:** Vietnam has a strong legal basis to prevent overt discrimination, and all minorities are considered to be equal citizens under the law. Further, there are no cultural codes deeply embedded in society regarding peoples’ “status” and “place,” as might be the case in societies in which caste is an issue, and there is no deliberate exclusion of minorities from society, such as one might find with persecuted religious minorities in other countries. Rather, Vietnam has positive forms of affirmative action in many laws, from education (where minority college applicants are admitted with lower entrance exams than Kinh students) and politics (where are certain percentage of National Assembly seats are reserved for minority nominees in proportion to their percentage of the population.) The best-known member of an ethnic minority group currently in politics is the Communist Party head (and former National Assembly chairman) Nong Duc Manh, who is Tay. Yet because there are no obvious signs of discrimination, people in Vietnam may think that discrimination does not exist. But the stereotyping and misconceptions observed during CSA research have origins and outcomes similar to discrimination, in that—for a variety of reasons—they contribute to negative effects on minorities. Further, when this unequal treatment is experienced by minorities, lack of awareness of civil rights laws means there are few opportunities to challenge discriminatory behavior.

**The classification of minorities may contribute to a system of hierarchy.** The official classification system identifies 54 groups that the Constitution says are all equal. In reality, there are nuanced notions which classify minorities according to their cultural, economic, and social practices. In other words, minorities (primarily the Tay, Nung, Thai, and Muong) who most resemble Kinh in culture and custom, such as wet rice planting, living in lowlands, and having patriarchal social organization and village organization may be seen as “almost like Kinh”. Since many people in these ethnic groups are relatively well-educated and speak Kinh better, they maybe better placed in accruing the benefits of development. As a counter example, groups that engage in shifting cultivation (almost all of the groups of the Central Highlands and many in the northwest of Vietnam are considered these types of “nomads”), or groups with a matriarchal social organization (some Central Highlands groups) are viewed as less developed. At the very end of this spectrum are groups with
very small populations who are considered to carry primitive lifestyles (Vuong Hoang Tuyen 1973). This last group includes minorities such as the Chut, Brau, and O Du.

**Stereotyping can have negative consequences, particularly on minorities’ self-esteem and self-confidence.** The Vietnamese governmental stance on minority development is extremely progressive. But popular perceptions regarding minority communities can have impacts on their self-esteem (Box 10) resulting in their decreased participation (due to lack of self-confidence), but also less inclination for others to listen to them because they are perceived to be “less educated” or have “lower intellectual levels.”

**Box 10**

**Stereotyping and its Impact on Minority Self-image**

The CSA research team asked survey respondents to choose one word of a paired set to describe their own ethnic group. Respondents were given choices like “backwards” or “progressive”; “autarchic” or “market-oriented”; “low levels of education” versus “high levels of education”; and “unresourceful at making a living” or “good at making a living.” The belief that minorities are less capable than Kinh is widespread not only among government cadres but among the minorities themselves. For example, 47 percent of minorities said their own ethnic group was backwards, as compared to 16 percent of Kinh; 12 percent of ethnic minorities reported their own ethnic group was lazy compared to 0 percent of Kinh surveyed; and 74 percent of ethnic minorities said they had low levels of education, compared to 52 percent of Kinh.

There were also differences within ethnic minority groups: the Tay, for example, do not often say they are “backward,” but rather that they have low education and are bad at making a living, while nearly 80 percent of Van Kieu thought themselves “backwards.” Sixty percent of Kinh thought Tay were uneducated, while only 10 percent of non-Tay minorities said the Tay were uneducated. The rest found them highly educated. Thirty-seven percent of Kinh thought Ede were superstitious, while no non-Ede minorities thought this about them.

Source: CSA Field Notes, World Bank.

**Stereotyping can lead to less confidence and support for ethnic minorities to have their own voice and power.** The common notion that minorities have “less capacity” and “less intellectual ability” than non-minorities may in part stem from the historical reliance on Kinh cadres, teachers, and healthcare workers to work in minority areas. This reinforces the belief that minorities are unable to take on such positions of authority and leadership. For example, in Ha Giang province, Kinh make up only 12 percent of the population, but 54 percent of all cadres. Of the remaining 46 percent of cadres who are ethnic minorities, however, 76 percent are Tay, meaning many of Ha Giang’s ethnic population (Ha Giang has more than 20 ethnic groups) have little to no representation in the civil service or among local leadership. Without support for minorities to be cadres in number commensurate with their population, it is difficult for minorities to give voice to their own specific aspirations and needs.

**Stereotyping may also lead to flawed policy prescriptions.** Misconceptions about how minorities live, which are not backed up with actual data from work with minority communities, can be
harmful for policy development. For example, the misunderstanding that minorities are autarkic has led to an emphasis on markets and infrastructure, when our work shows that investment might be better targeted to agricultural processing and value-adding, not just more physical marketplaces. As another example, the belief that minorities have less intellectual capacity can result in investment in Kinh development to “show minorities how to develop”—as was the case with migration programs in Quang Tri—rather than directly investing in minority communities themselves.

Stereotyping about minorities’ perceived abilities can adversely affect their access to services as seen with the credit system in Dak Lak. There, Ede reported that many bank staff members would state either explicitly or implicitly that minorities did not have sufficient creditworthiness to obtain large loans, and would direct Ede to the Social Policy Bank. The belief of bankers that minorities couldn’t handle larger loans, or the belief among Ede that they would not receive such loans even if they asked, accounts for the fact that many Ede have never taken a large loan out.

Attention to cultural factors in minority development is needed: We have suggested that policies intended for minorities should take their cultural differences into account. This issue could be addressed by strengthening the structures responsible for policy making within the government for minorities. The Committee on Ethnic Minorities (CEM) is a ministerial level office, but its budget and staffing numbers do not compare in strength to ministries such as the Ministry of Planning and Investment and the Ministry of Agriculture and Rural Development. CEM’s policymaking should be based on strong local research, or use ethnographic and anthropological data to a greater extent than it currently does. CEM could be encouraged to promote new proactive ways to encourage cultural sensitivity and awareness, from specific training on dealing with minorities in culturally appropriate ways, to pro-active affirmative action policies, legal anti-discrimination statutes enshrined in a Law on Minorities, government offices and ombudsmen focused on civil rights, or other initiatives.

Conclusion
Social inequality (bat bien dang) and income differentiation (phan hoa giau negoci) are increasingly recognized problems in Vietnam. This chapter points out that “ethnic differentiation” (phan hoa dan toc) is also a problem that Vietnam will need to tackle. However, unlike income differentiation, which can be measured by such tools as Gini indexes, the problem of measuring ethnic differentiation or unequal treatment is much harder. Certainly the indications presented here are that minorities perceive themselves as being on the receiving end of harmful stereotypes, and these stereotypes have in many cases then been internalized, so that many minorities themselves think they are backwards and unable to get ahead. The end result is a situation where minorities feel disempowered and voiceless in their society. The misunderstanding of cultural norms and inappropriate interpretation of actions and behaviors of minorities can collectively lead to poorer outcomes for development. A different approach needs to be tried; otherwise, minorities risk becoming even more marginalized.

Eliminating negative attitudes is difficult, and extremely sensitive, given that such attitudes can be widespread among the communities intended to serve minorities. Increased sensitivity and awareness of this issue is needed at all levels, from local cadres to teachers to urban dwellers to newspaper reporters. Learning to value ethnic diversity is important, and should be emphasized to a much greater extent. Appreciation of cultural diversity, and taking an approach more grounded in cultural
relativism, would enable more incorporation of cultural concerns into development practice. The type of change required on the part of all members of society is perhaps one of the greatest challenges facing development work with minorities.

**ADDITIONAL ISSUES FACING MINORITY POPULATIONS**

We have noted the central factors that CSA research identified as producing differential impacts on poverty outcomes. In this conclusion, we also wish to note that there are also specific populations of vulnerability among ethnic minorities that poverty programs and projects need to pay special attention to, namely (a) women and (b) children and youth. We briefly examine these vulnerable populations here.

**Women**

Ethnic minority women have different access to assets, capabilities and voice than do men, and there are often cultural or economic barriers to women’s capacity and decision-making ability in minority communities. Despite the benefits enjoyed by both men and women from recent economic growth, infrastructure development, and increased agricultural production, there is evidence that existing gender inequalities persist (Bui Minh Dao 2003, p. 115). Cultural norms continue to place ethnic minority women in a subordinate position in many communities, and minority women continue to be disadvantaged in all respects, including access to production resources and extension services as well as to healthcare and education. Many minority women have had no opportunity to go to school, and are illiterate in Vietnamese. This prevents them from participating more actively in new economic opportunities brought about by the market economy.
Ethnic minority women, especially those who live in remote villages, have few opportunities to participate in meetings for any purpose, which prevent them from accessing social services and significantly limit their interaction with the outside world. According to the male head of a Mnong village in Lak District, “Men can get around more freely, while women sit in one place. In the event of a divorce, the woman has to look after the children all by herself.” Many women said that it was primarily men who sought off-farm wage labor, because they were more likely to speak Vietnamese and to not be shy about leaving the community and interacting with other ethnic groups. This lack of mobility and exposure to the outside world that affects many minority women can be contrasted with Kinh women, who are often breadwinners and traders and have many contacts and business opportunities outside the household.

Culturally, patriarchal minority traditions and practices also have impacts on women’s status. For example, men occupy the important positions in Van Kieu and Pa Co society, and are the landowners, head of the lineage, and head of the village. Men also carry out the responsibilities as shamans and make decisions on important matters such as weddings and religious ceremonies. Properties and household assets are handed over from one man to another, while women are not given any share of property. (For example, if the household has no son, the property will be handed over to a nephew.)

There are some exceptions to these types of patriarchal customs. For example, due to their distinctive matrilineal system (inheritance is passed through daughters), women in Ede and Mnong communities have had important decision-making power and enjoyed a relatively high status. However, matrilineal descent has been threatened in recent years as a result of legal policies and informal practices of authorities to not recognize women’s land use rights in land tenure certificates or women’s leadership roles in matriarchal ethnic communities. Men, who are more likely to speak Vietnamese, are often targeted to be village leaders, while in the past women might have played this leadership role. Women in some communities have tried to push back against norms that relegate them to secondary status (see Box 11), but many challenges remain.

**Box 11**

**A Positive Example of Women’s Empowerment**

There are some promising examples of women taking charge of their destinies and giving voice to their needs in minority communities. One such case is a Hmong Hemp Cooperative in Quan Ba District of Ha Giang. The cooperative was initially established in 2000 with a 13 million VND grant from the Department of Agriculture and Rural Development to a group of 20 Hmong women members and a core group of technical personnel responsible for different parts of the production process such as embroidery, drawing, and sewing. The co-op recruits workers who are victims of domestic violence, some of whom had been sent to China. Within a few years, its membership has increased from 20 in 1999 to 110 in 2004. Today, workers’ salaries range from 300,000 VND to 600,000 VND per month depending on production and quality. Women can save this income and decide what to do with it. Aside from economic gain, there are many advantages to be members of the cooperative. Women have more freedom to express themselves. The co-op is a place where women can seek help in case of domestic violence. Members of the co-op have had more exposure to the outside world. They earn more money, which enables them to have more voice within the household and in the community. They also take part in local social events. They receive training on budgeting for the household, thus increasing their importance and their decision-making role within the family.

*Source: CSA Field Notes, World Bank.*
Youth

Ethnic minority youth face many barriers in realizing their potential. Most ethnic youth are optimistic about the future; 74 percent of youth surveyed by the CSA think they will be more prosperous than their parents’ generation. But youth face roadblocks to this prosperity: of 108 youth respondents to our survey, only 20 percent had received any sort of technical or vocational skills. Only half of those had found a job related to their training. There are very few policies or support programs targeted at minority youth; in most villages visited, the only activities for youth were sports and recreation and an occasional job training course offered by the local Youth Union. There are virtually no policies targeting the specific needs of ethnic youth.

This is part of a larger problem for ethnic youth: they do not know much of the world outside their community. Seventy-eight percent of youth respondents said they preferred to stay in their village to look for work in the future, while only 22 percent said they were open to migration. This is not to say that minorities were closed off from the outside world. In fact, TV was the most popular mode of communication for youth to learn new things, followed by newspapers and radio. Many minority youth enjoy the same South Korean soap operas and Vietnamese pop music that Kinh youth do. But compared with Kinh and especially urban youth, minorities face many disadvantages. Only 16 percent of minority youth respondents knew anything about computers. Only 6 percent had ever used a mobile phone (only Tay and Bo Y youth), and no one in the survey owned one. As a result, many minority youth risk falling behind urban and Kinh youth in access to technology and a wider world.

Just as poor households are a specific target under poverty reduction programs, it seems reasonable to add that youth might be a feasible target population as well.
Traditional house construction, Quang Tri Province. Technological and social change to highland regions is transforming the structures of indigenous life.
Final Policy Recommendations

This CSA has attempted to provide a framework to understand both the macro-level social and political influences on ethnic minority policy, and the micro-level outcomes of development in minority communities. We have outlined a number of factors that influence the opportunities and constraints to more equitable, inclusive development, including unequal access to education, differential migration impacts, uneven access to credit, disparities in models of land use, asymmetrical relations to markets, and disparate outcomes related to stereotyping and ethnocentric premises in development. We have noted throughout this report that eradicating poverty in minority communities in Vietnam cannot be understood solely as simply an economic equation to raise household incomes, but rather as a project with broad social and cultural dimensions requiring a holistic understanding of the many barriers that minority communities face.

Our overall message attention to culturally inclusive development is needed in order to improve development outcomes for ethnic minorities. This is not to say that there has been failure to serve minorities; in fact, most communities believe life has gotten better in recent years compared to the severe poverty that characterized much of the wartime era in Vietnam. And the government has made minority development a high priority, and should be congratulated on their attention to minority issues. But, inequalities remain vis a vis access to government programs and services, to institutions and governance, and in overall development outcomes remain. Unless problems with culturally inclusive development are addressed, minorities may continue to significantly lag behind Kinh on all development indicators, and form a permanently disadvantaged class. Such an outcome would be detrimental to Vietnam’s long-standing goals of targeting support to vulnerable areas and promoting unity and cooperation between minorities and Kinh.

In addition to analyzing the barriers facing minorities, the CSA report has extracted a few major recommendations, cutting across all the sectoral chapters. These are not direct prescriptions, as we argue that in many cases, policy alone cannot change what are social or cultural barriers to inclusion. However, we can point out some basic principles of understanding which could help build a more inclusive society in Vietnam. They can be summarized under the form of six priorities: improving information on minorities, leveling the playing field, understanding cultural difference, strengthening cultural inclusion, supporting ethnic voices, and opening dialogue on new approaches.

Improving information on minorities: More and better information is needed on minorities, from how they are classified by ethnic group to where they are located in the country to their levels of economic development. Minority groups vary tremendously in terms of assimilation and levels of economic success; data collection and dissemination should reflect this. It is common to see in analysis of census data and the VHLSS a coding of groups into Kinh and non-Kinh (all ethnic minorities). This leaves only a coarse grained analysis of “ethnic minorities” generally, which in-
Includes groups who are doing relatively well (Tay, Muong, and Thái) and who have larger population numbers. Their success can hide the serious economic difficulties that smaller ethnic groups are in if data is not disaggregated by ethnic group and collected more systematically for more ethnicities. Poor classification and overly general data can lead to inaccurate targeting of resources, while more detailed local data can help identify the most vulnerable. Donors in particular can potentially make a real impact in this area through support for better classification, analysis, and public availability of data on minorities.

**Leveling the playing field:** Minorities need special policies, such as affirmative action programs, to make up for past and current deficiencies that have left them on an uneven playing field. This is particularly true in the education sector, where real efforts at bilingual education could be expanded and more ethnic minority teachers need to be trained and used effectively. While there is some prioritization of minorities in education and university admissions, these efforts should be expanded and started earlier so that students’ can benefit earlier in their careers. Affirmative action also exists for civil servants, although data suggests that overrepresentation of some relatively better-off ethnic groups (particularly the Tay) hides the fact that many minorities have disproportionately low representation in government. Affirmative action and preferential policies can and should be expanded into new areas and made more aggressive for specific minority groups that are underrepresented and underserved. For example, there are currently no specific credit policies for ethnic minorities, only policies for poor people generally. Specific variable rates could be developed exclusively for ethnic minorities to try to reduce the disparities in loan availability and loan sizes that they experience. Finally, minorities need better legal recourse (including on legal education) for increased awareness of and as a means to better protect their rights. This could be addressed by legal anti-discrimination statutes enshrined in a Law on Minorities with sanctions for those who discriminate, and the formation of government offices, ombudsmen or grievance boards focused on civil rights.

**Understanding cultural differences:** There are significant cultural norms in minority communities that often go against trends in the new market oriented economy of Vietnam. These cultural norms vary by village and by ethnic groups, making one-size-fits all development interventions difficult. But it is clear that cultural factors have major outcomes on minority success or failures. For example, among some minority groups, inheritance is passed through the female line, and land rights policies that do not explicitly acknowledge women as owners of land may come into conflict with these norms. In other cases, policies that focus on individual household welfare support (e.g. poor cards that treat the owner to entitlements of health care and reduced school fees) may be perceived as inappropriate in minority communities where collective decision making and mutual aid is the cultural norm.

One of the major sources of culturally inappropriate policies in recent years have been misunderstandings about the types of agriculture practiced by minorities. Too often, policies have assumed that minorities are nomadic and need to be settled and taught about how to grow irrigated rice, when in fact most communities are long settled agriculturalists who rotate and fallow agricultural fields in culturally and ecologically appropriate ways, using crops that are selected for environmental suitability and consumption preferences. Yet rather than see this as an adaptation to often difficult mountainous environments, policies have been formulated to discourage traditional upland agri-
culture and replace it with irrigated wet rice or cash crops. There are many other examples where cultural assumptions are used to guide policy, rather than actual on-the-ground evidence about minority communities. A concerted effort needs to be made, lead by government institutions like CEM and academic centers, to understand cultural norms and differences through anthropological research, and incorporate these better into policy.

**Strengthening cultural inclusion:** Cultural inclusion means recognizing and supporting the cultural differences that exist and making special efforts to be inclusive of all minorities, especially those who are most marginalized. For example, efforts in bilingual education need to be improved and scaled up, not just made available for the largest ethnic groups. Information access should be strengthened in minority areas through the mass media in local languages, with specific requirements for multi-lingual government staff in key agencies. For example, a major concern for some communities is assimilation and loss of their cultural traditions because these are not seen to be valued outside the community. Youth were often more interested in modern global culture, like Korean soap operas, than in their own communities’ cultural traditions. The point is not the preservation of minority cultures but instead it is about supporting an inclusive society that is strengthened by the diversity within. CEM and other institutions, such as the mass media, could be encouraged to promote new proactive ways to encourage cultural sensitivity and awareness, from specific training for other ministries on dealing with minorities in culturally appropriate ways, to more positive representation of minorities in TV and newspapers.

**Supporting ethnic voices:** New approaches to minority policy should take more account of what minorities themselves want; this can be aided by increasing the ability of minorities to have voice and use it effectively. While there are some increasing opportunities for minorities to voice their opinions on development, particularly through new laws on grassroots democracy and participation, there is less activity above the level of local communities and villages. This is an anomaly when compared with the numerous indigenous organizations in neighboring countries, where these groups are gaining ground to help shape perception and policy about minorities. Too often, we see the opposite trend at work in Vietnam, where interest in preservation of culture or traditions of minorities comes from the outside, from the government or from Kinh academics or policymakers, rather than endogenously from minorities.

Minorities need new spaces and fora to express their own wishes for the future, and to have influence on policy themselves. Institutions in minority areas need to be fostered and supported to address the dearth of formal local institutions in many minority areas. Such institutions should include cooperatives and community shops and group lending circles, among other ideas, to spread risk and take advantage of strong community and kin ties in many minority areas. Support for minority-run NGOs and other informal institutions through laws that allow minorities to form associations and community-based organizations with a minimum of paperwork would help this situation consider-
ably. This area could be a key focus for future support and ties in with recent Bank and donor focus on community-driven development.

**Opening dialogue on new approaches:** Government and donor discussions need to continue on the policy pathways for minority development to take into the future. In some cases, the simple continuation and expansion of current policy is needed: for example, 80 percent of minorities in 2006 reported having received a health insurance card, indicating good rates of coverage, but more could be done, such as in expansion of school-fee reduction policies or explicit targeting of minorities in the concessionary credit system.

In other cases, it is not clear that the current policies in and of themselves will be enough to overcome minority poverty, and these policies could be revisited. For example, policies on migration appear to have caused conflicts between ethnic groups, so much so that migration should be reassessed by authorities. In another example, the greatest barriers to minorities’ expanding the trade and marking of their agricultural goods appears not to be a lack of physical assets (land and markets) but rather social barriers to increased economic power. Thus new approaches and ideas are needed, like helping minorities in value-adding, cooperatives, and community-based marketing.

A major new dialogue that needs to be raised is in targeting of financial resources for minorities. Currently, most policy from the national level, such as programs for rural infrastructure and poverty funding, goes to poor communes and households in remote areas; while this will capture some minorities, it does not capture all, and these blanket geographical policies do not distinguish between ethnic groups that are more vulnerable and those that are doing relatively well. A discussion about the specific targeting needs of minorities is long overdue. Potentially more vulnerable populations should be identified; minorities that are small in overall population size or small relative to neighboring groups might need special assistance, as might groups that are the least assimilated to Kinh majority culture (such as the Hmong). However, currently there are almost no ethnic-specific policies at a national level. A discussion should be opened that asks: is a general policy covering all minorities always warranted? Which policies might be made ethnically specific? It is also worth discussing in terms of development assistance whether or not certain groups have made sufficient progress that they no longer need special targeting or privileges, particularly for quota programs in education and the civil service.

A final aspect of the dialogue on targeting that is needed is the level at which resources are directed. Minority communities themselves raised concern about welfare policies targeted at individual households (such as social safety net programs run under the Ministry of Social Affairs, Invalids and Labor) which were often as less useful as those that supported whole communities (such as most P135 investments). Minority communities in which there is little social differentiation and close social ties indicated they prefer poverty targeting to the whole community if possible, as individual household targeting is often seen to increase inequality, not level it.

In addition to the general recommendations above, we have also identified several sector-specific policy recommendations that can be derived from the findings of the CSA.
EDUCATION POLICY

- **Expand preschool services in minority areas.** The CSA survey reveals that one of the reasons for lower educational attainment and higher dropout rates for minority students compared to Kinh students is that minorities do not get adequate preschool education. The inaccessibility of a preschool education, which prepares non-Kinh children for basic communication in Vietnamese, at best delays and at worst compromises the children’s ability to acquire basic competencies through the national language in the first years of primary education.

- **More ethnic minority teachers need to be trained and used effectively.** The minority enrollment increase in secondary education already under way will encourage a future increase in minority teachers, but incentives to teach in remote areas also need to be present through greater fringe benefits and priority positions for minority teachers. There should be some recognition that teachers from ethnic minorities have special skills in language and knowledge of local culture, and they need learning materials and other support to help them in bilingual and culturally inclusive teaching.

- **Bilingual education pilot projects need to be scaled up, particularly in the areas in which certain minorities are falling behind in education rates.** A new focus on bilingual education and an overall enabling framework for bilingual education needs to be developed, as most education policy remains highly centralized. However, it will be important that such a framework provides for greater local flexibility in determining curriculum content (currently, only 15 percent of the school curriculum can be added locally; the rest follows a standardized national model). Support for publication of minority language teaching materials and training in bilingual methods will also help.

- **School fee reduction policies need to be expanded to include other out-of-pocket expenses.** Many minorities currently get school-free exemptions. However, families still have to come up with money for school supplies, and for out-of-pocket “contributions” to school construction, school security, overnight boarding, meals, etc, for children. Education support policies need to consider that requiring families to provide even a small amount of money per month can keep children out of school.

MIGRATION AND MOBILITY POLICY

- **Where migration has caused conflicts between incomers and indigenous people, migration needs to be reassessed.** Formal migration programs have too often caused additional poverty among minorities. This is particularly the case in the Central Highlands. There seems to be no national dialogue that has truly reassessed the need for continued support for formal migration programs.

- **Equal funding for minority communities should be given when Kinh migration is promoted.** The CSA recommends additional direct investments into minority
communities in the form of additional credit and investment, extension or technical skills for improving agriculture, or new markets and trading and business opportunities.

- **Migration laws need to be applied equally.** In recent years, minorities have been discouraged to migrate to seek better opportunities and have been encouraged to remain in rural areas. Such restrictions have not been applied to Kinh. Restrictions on minority migration, and a lack of attention to promoting or helping minorities in labor export programs, will continue to result in less availability of diverse income from remittances.

**FINANCIAL SERVICES POLICY**

- **Specific credit policies are needed to target minorities as a special group.** Currently very few credit policies specifically target ethnic minorities. Specific variable rates could be developed exclusively for ethnic minorities to try to reduce the disparities in loan availability and loan sizes. Average loan sizes could also be raised for ethnic minorities, particularly in areas like Dak Lak, which has high investment costs in cash-crop agriculture.

- **Minorities need more diverse options in access to credit.** Only better-off ethnic households can usually obtain loans from the Bank for Agriculture and Rural Development. For poor ethnic people in study areas, small loans from the Bank for Social Policy are the main source of credit. While this scheme is important, the limited loan sizes and small number of loans available per village mean many minorities are underserved in access to credit.

- **Households need flexible access to multiple sources of credit.** Credit schemes in minority areas are usually limited to one loan per household at any one time. Diversified credit should be given to poor ethnic people through the semi-formal sector, including political and social associations, especially since bank credit officers in remote areas are often overworked. One model would be the successful Farmer’s Union fertilizer credit plans noted earlier, which provide low-interest loans of fertilizer at the beginning of the season.

- **Rules on private money lending and mortgaging should be implemented to protect vulnerable communities.** Landlessness and indebtedness are increasing trends among the Khmer and minorities in the Central Highlands, as moneylenders have increasingly taken over mortgages and others have become trapped in cycles of indebtedness from high interest rates. While it is difficult to regulate private trading in remote areas, the practice of charging nearly 100 percent interest when buying on credit, as was seen in some villages, needs to be addressed by local authorities.

**LAND AND AGRICULTURAL POLICY**

- **More flexible land laws are needed in places where land laws have not been beneficial for minorities.** Several policies could improve the process of land allocation.
One option is to allow provincial and district administrations to set up more flexible regulations in providing land use certificates including reduced fees for certificates for minorities. Furthermore, periodic reallocation of land for minorities could be implemented in provinces where it is needed (such as by allowing communities to reallocate according to their own needs, as was the case in the past.) This more frequent redistribution could balance out inequalities in specific regions and among communities vulnerable to land loss, but would require major revisions to current national land law. Such policies could be localized at provincial and district levels where land losses have been particularly severe and where programs like P132 and P134 have been ineffective in remedying minority land losses. This flexibility needs to be supplemented with more aggressive allocation of land to communities themselves, as is already allowed in the 2004 Forest Law.

**Better social models are needed for agricultural production in minority areas.**

The current extension and support system for agriculture is based on top-down, lowland models of monocrops of fruit or rice, with less attention given to the particular socio-economic factors, including if the crop can be sold or if it is suitable for local social or labor conditions. Overemphasis on monocrops, high inputs of fertilizer and pesticides, and hybrid seeds are not a sustainable model for production in cash-poor areas too remote from markets or in communities with little ability to negotiate for higher prices or in order to process goods to add value. Besides more bottom-up extension services, assistance in agriculture could also be targeted to help minorities reduce their dependence on outside traders. Such assistance should prioritize...
setting up community credit funds and capacity building in financial management to set up local organizations such as community marketing cooperatives.

- **The extension service needs to focus on more culturally inclusive policies for minorities.** Currently, the extension service is largely modeled on narrow and top-down assumptions about what ethnic minorities plant and what they need. A more market-oriented approach—in which the farmer gets to choose the seeds he/she wants, the training he/she wants, who provides the training, etc.—would induce competition and increase options for farmers.

**MARKETS, TRADING AND EMPLOYMENT POLICY**

- **Market policies need to focus on adding value and value chains, not just building physical marketplaces.** Ethnic minorities suffer from changing prices by season, and face difficulties in post-harvest preservation. Without adequate preservation measures, many households are forced to sell products in the harvest seasons when prices are lowest, and to sell raw, unprocessed goods rather than value-added ones. This is a greater challenge than an issue arising from an absence of marketplaces. Policy reform suggestions in this area might also include more attention to agricultural and processing co-ops in minority villages to take advantage of community sentiment and commitment to build in stronger bargaining power in the market for minority producers.

- **Information access should be strengthened in minority areas.** Full and regular provision of information about market price should be made through different channels: agricultural promotion staff, the mass media, service centers, etc, and be in languages minorities can understand. Additionally, market information should be timed to provide farmers with information about key planting decisions early in the agricultural cycle in order to maximize crop yields.

- **Policy and investment support for minority trading is needed.** Non-minorities currently dominate petty trading in minority areas as the market economy has developed. Minorities need assistance in developing trading and business relationships that take into account cultural factors, such as minorities’ unwillingness to demand repayments or to deny requests for loans. Community-oriented shops—where trading is done for the benefit of the community rather than individuals—could present an important pilot to try in minority areas. Such shops could be set up with the assistance of mass organizations including the Farmers’ Union, and could focus on providing needed inputs for production and buying outputs at reasonable prices, to enable minorities to break out of the cycle of buying on credit and paying in kind after harvest that now dominates in some minority areas.
Policies for Capacity and Voice

- **Donors can start a dialogue on helping address popular (mis)conceptions regarding minority communities.** A new dialogue on minorities between the government, donors and some representatives from minority communities could address new ways to encourage cultural sensitivity and awareness. This could include specific training on minority customs and cultures, and attempts to provide a more inclusive environment by avoiding demeaning terminology like “backwardness.”

- **Government offices for ethnic minority affairs should be strengthened.** CEM’s mission vis-à-vis minorities should be clarified so that CEM can more effectively advocate for minorities. For example, CEM could look to other countries’ affirmative action and equal opportunity laws as a model. Should CEM become an office that treats minorities as a special constituency to be served with policies rooted in cultural inclusion and diversity, they would serve as role models to other ministries. In that capacity, CEM might offer specific training for other ministries on dealing with minorities and take a lead role in developing a Law on Minorities, which should be strongly rooted in affirmative action and equal opportunity principles.

- **Support for minority-run NGOs and other informal institutions is needed.** A major weakness in starting a new dialogue on minorities is that there are essentially no indigenous minority-run NGOs or community-based organizations in Vietnam that have a voice to advocate for minorities. Government support for minority organizations and associations could facilitate a transformation from perceptions of informal discrimination towards a more positive discourse of the role of ethnic minorities in Vietnam’s social and economic life.

---

Should CEM become an office that treats minorities as a special constituency to be served with policies rooted in cultural inclusion and diversity, they would serve as role models to other ministries.

Farmers in Quang Tri Province discuss a survey of living standards and agricultural issues.
ANNEX 1: PARTICIPANTS TO COUNTRY SOCIAL ASSESSMENT WORKSHOP ON ETHNIC MINORITIES – JUNE 22, 2006

Carrie Turk, World Bank
Dan Biller, World Bank
Dang Kim Son, Ministry of Agriculture and Rural Development (MARD)
Dinh Thi Hoa, Institute of Ethnic Minority Affairs (IEMA)
Do Thanh Lam, United Nations Development Program (UNDP)
Do Thi Thu Hien, IEMA
Gita Sabharwal, Department for International Development, United Kingdom
Graham Adutt, CARITAS Switzerland
Ha Huu Nga, Institute for Northern Sustainable Development
Ha Thu Huong, RDSC
Hoa Phuong Kieu, World Bank
Hoang Cong Dung, IEMA
Hoang Thi Lam, IEMA
Hoang Van Tuyen, IEMA
Lan Thi Thu Nguyen, World Bank
Le Ngoc Thang, IEMA
Le Quoc Hung, Centre for Sustainable Development Policy Studies
Le Van Duong, WVI
Luong Thi Truong, Center for the advancement of women
Luu Anh Hung, Vietnam Museum of Ethnology
Mark Megalla, Center for Support of Social Development Programs (CSDP)
Michael Hall, Center for Public Health and Community Development (CEPHAD)
Ngo Thu Ha, Center for Education Promotion and Empowerment for Women (CEPEW)
Nguyen Minh Hai, Ministry of Agriculture and Rural Development (MARD)
Nguyen Thanh Giang, Swiss Embassy
Nguyen Thanh Nga, Ministry of Planning and Investment (MPI)
Nguyen The Chien, Centre for Gender, Family and Environment in Development (CGFED)
Nguyen The Dung, World Bank
Nguyen Thi Nhien, Institute of Ethnic Minority Affairs
Nguyen Thi Van, UNESCO Center for Non-formal Education of Viet Nam (UCNEV)
Nguyen Tri Dung, Oxfam Great Britain
Nina Bhatt, World Bank
Nong Hong Thai, IEMA
Pam McLeewee, Arizona State University, World Bank Consultant
Pham Lan, SCFUK
Pham Thi Bich Ngoc, CSDP
Pham Thu Ba, Plan Vietnam
Pham Thuy Hang, Care International
Phan Van Cuong, IEMA
Rob Swinkle, World Bank
Robin Mearns, World Bank
Ta Long, Institute of Anthropology
Tran Cong Khanh, Centre for Research and Development of Ethnomedicinal Plants (CREDEP)
Tran Van Doai, Institute of Ethnic Minority Affairs
Uong Ngoc Dau, Voice of Vietnam
Vo Thanh Son, World Bank
Vu Dieu Huong, World Bank Consultant
Vu Thi Quynh Hoa, Action Aid Vietnam
Vuong Duy Quang, Vietnam Academy for Social Sciences
Vuong Xuan Tinh, Institute of Anthropology
ANNEX 2: INVITEES TO THE VIETNAM ETHNIC MINORITY DEVELOPMENT WORKSHOP – APRIL 5, 2007

Chairman, Council for Ethnic Minorities of Assembly
Dang Kim Son, MARD

Do Thanh Lam, United Nations Development Program (UNDP)

Dr. Bui Minh Dao, Institute of Social Sciences of Region in Central and Central Highlands

Dr. Hoang Van Phan, CEMA

Dr. Le Thi Kim Dung, MPI

Dr. Le Thi Van Hue, Center for Natural Resources and Environmental Studies (CRES)

Dr. Nguyen Ngoc Thanh, Institute of Anthropology

Dr. Nguyen Van Chinh, Vietnam National University

Dr. Nguyen Van Huy, Vietnam Museum of Ethnology

Dr. Tran Van Thuat, Committee for Ethnic Minority Affairs (CEMA)

Dr. Vu Manh Loi, Institute of Sociology

Duong Bich Hanh, Independent Researcher

Jez Stoner, Save the Children, United Kingdom

Luong Thi Truong, Center for Sustainable Development in Mountainous Areas

Mr. Do Duc Doi, Ministry of Resources and Environment (MONRE)

Mr. Do Van Hoa, Ministry of Agriculture and Rural Development (MARD)

Mr. Do Viet Hoa, MoF

Mr. Edwin Shanks, Consultant for Poverty Reduction

Mr. Graham Adutt, CARITAS Switzerland

Mr. Le Kim Khoi, CEMA

Mr. Mong Ky Slay, Ministry of Education and Training (MOET)

Mr. Ngo Quang Hung, Ministry of Culture and Information

Mr. Ngo The Hien, MARD

Mr. Nguyen Thanh Tung, International Fund for Agricultural Development (IFAD)

Mr. Pekka Seppala, Embassy of Finland

Mr. Rolf Samuelsson, Swedish International Development Cooperation Agency (SIDA)

Mr. Simon Cramp, Australian Agency for International Development

Mr. Steve Price Thomas, Oxfam, United Kingdom

Mr. Tran Nam Binh, Swedish International Development Cooperation Agency (SIDA)

Mr. Trieu Hong Son, CEMA

Mr. Trinh Cong Khanh, CEMA

Mr. Uong Ngoc Dau, Voice of Vietnam

Ms. Bui Thi Thanh Truc, CEMA

Ms. Gita Sabharwal, Department of International Development (DFID) United Kingdom

Ms. Le Thi Thong, MPI

Ms. N. Skinner, United Nations Children’s Fund (UNICEF)

Ms. Nguyen Lan Anh, Ministry of Finance (MoF)

Ms. Nguyen Hong Yen, MoF

Ms. Pham Kim Ngoc, Center for Gender, Family and Environment in Development (GFED)

Ms. Vu Thuy Huong, Embassy of Ireland

Nguyen Thi Nga, Ministry of Labor, Invalids and Social Affairs (MOLISA)

Nguyen Thi Thanh Nga, Ministry of Planning and Investment (MPI)

Ninh Le Hiep, Consultative Institute for Socio-Economic Development of Rural Mountainous Areas

Pham Hai, MPI

Prof. Lam Ba Nam, Hanoi University of Social Sciences and Humanities

Prof. Pham Quang Hoan, Institute of Anthropology
References


MPI 2005. *Review: Community based rural infrastructure project (CBRIP) and Northern Mountains poverty reduction project (NMPPR)*. Hanoi: Ministry of Planning and Investment.


