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Identifying and tackling poverty: ActionAid's experiences in Vietnam

Carrie Turk

• Introduction

ActionAid Vietnam (AAV) has been working in Mai Son District of Son La Province since 1989. In 1990 AAV conducted RRA and socio-economic surveys in which the key problems identified by the community were falling agricultural production in the uplands and resultant food deficits. AAV's response was to develop an agricultural programme in which an extension service would promote soil conservation techniques. Agricultural activities began in 1992, and by the end of 1994 there were 1069 adopters across the 2633 households.

Despite the results of the surveys, AAV felt that we had insufficient information on the causes, extent and dynamics of poverty at the village and household level. At this time, the local administration was adamant that all farmers were equally poor and that, on these grounds, there was no need to target assistance at any particular group. This did not fit with what we were seeing in the village. We knew that the agricultural activities alone would not be sufficient to address the problems confronting the poor households, but before designing any more programme components, AAV felt it necessary to conduct further research into the issues surrounding poverty. The research, which is ongoing, has two main aims:

1. to help AAV understand the dynamics of poverty and therefore assist in the design of appropriate poverty-alleviation activities; and,
2. to assist AAV to identify and target the poorest groups and monitor their participation in the project.

This paper describes AAV's work to date on the identification of poverty and the programme interventions we have designed as a response.

• Identifying the poorest households

Villagers ranked their fellow villagers according to socio-economic status (as defined by the ranker) using techniques which are now widely used by many agencies working in Vietnam. AAV had attempted this exercise as part of the RRA in 1990, but had found villagers extremely reticent on the subject of relative wealth and poverty, shy because of the continual presence of local officials. Two years later, when AAV was free to operate without an official escort, villagers were quite happy to perform this exercise. The results showed a high degree of consensus between the different respondents as to who were the richest and poorest groups in the villages, indicating that wealth differences were quite clear to villagers.

This exercise led to the production of village ranking lists, in which all households are listed along with their socio-economic positions. These lists allowed AAV to locate the poorer households who were subsequently interviewed about their poverty. Perhaps more important than the production of village lists, the wealth-ranking exercise demonstrated to the local administration that there are great differences in well-being among village inhabitants. As a training tool for both our own staff and our local counterparts, this exercise has been extremely valuable.

Household categorisation and socio-economic mobility

Producing a ranked list of households indicating relative well-being is a fairly simple task. However, defining socio-economic categories to indicate absolute wealth or poverty is more complicated. There are a number of reasons for this, the most important, perhaps, being the lack of clear indicators which may be used to categorise households and the high degree of mobility between socio-economic classes which characterises village life.

Lack of indicators

The food deficit, which most households use to describe their poverty, is itself an awkward indicator to define. Some households will say they have a food deficit if they are forced to eat cassava or maize ("*animal food*") instead of rice for part of the year. In other households the food deficit represents a real hungry period. Even wealthier households claim to have food deficits because they eat less (although still adequately) during some months than during others.

One might look at the coping strategies that households use to address the food production deficit since rich and poor households may cope in different ways¹. This is still a formidable task, however. As an example, one might assume that households with outstanding, unserviceable loans at high interest rates might be classified as poor. However, this would exclude some of the very poorest households to whom moneylenders and the formal sector will not lend because they are high risk. It might also include some of the wealthier households who have had access to larger loans for investment. They may currently be in debt, but with the promise of increased income in the future. Their indebtedness may be a sign that their household enjoys relative stability and is in a position to embark on longer term, higher-risk investments. One could also examine the dependence on wage labour as an indicator of poverty, the assumption being that the poorest households are more dependent than wealthier households. This assumption is not yet easy to

substantiate. It is possible, for example, that the returns to day labour are higher than the returns to labour in agricultural production. Work that AAV has conducted in Quang Ninh Province suggests that the returns to labour in paddy production were comparable, perhaps even lower, than returns from other activities, such as collecting shellfish or day-labouring in quarries.

Socio-economic mobility

The changes in rural Mai Son are bringing increased vulnerabilities alongside increased opportunities for improved well-being. Under these conditions, it is not surprising that relatively wealthy families might find themselves on a rapid downward spiral or that poorer households find that they are able to improve their circumstances. Unforeseen expenditure commonly means that households have to take loans at high interest. This then drains their resources. Illness, for example, may lead to an expensive loan, which may deplete household resources to the point that they cannot purchase adequate agricultural inputs at the right time. This causes reduced agricultural output, which leads in turn to an increased food deficit. The failure of an investment which has been made with loan funds can be similarly destabilising. Where, perhaps for lack of other choices, the preferred investments are fishponds and livestock and where mortality rates can be as high as 50%, this is a common occurrence. Households find it extremely difficult to climb out of this spiral, which can be largely self-reinforcing. But AAV also has tales of households moving quite rapidly in the opposite direction through good investment and, probably, good luck. The upward spiral also appears to be self-reinforcing, but fragile at the same time.

In the face of such mobility, the wealth-ranking lists present a rather static snapshot of householders' status. AAV has tried to develop categories which capture the dynamism which characterises village relations at a given moment. These categories have been helpful in enabling AAV to understand poverty, but have not been easy to apply. This is largely because field workers have had difficulty identifying the differences between the middle two groups. The four categories, which attempt to include what the villagers have told us about wealth and poverty, are described in Box 1. Employment

¹ Details of more in-depth studies on villagers' coping strategies are available from ActionAid, UK.

and debt (plus the direction in which the household is moving) are the two most

important factors in determining which category reflects the conditions of a household.

BOX 1

WELL-BEING CATEGORIES AND INDICATORS*A. Leading Rich*

They are rich and will remain rich. They have good and well furnished houses, and large livestock. They are probably educating their children who are well-nourished and healthy. They have good contacts with commune and district officials, may have access to bank loans and may well hold or have held official positions, such as Village Manager. They may employ day labourers and lend rice or cash (probably with interest) to non-relatives. They are likely to take or seek substantial loans, invest them profitably and have no difficulty in repaying. They stand to benefit from Land Allocation Certificates (LACs), which will protect their upland cash-crop investments, but they may resist taking these up if they feel they may reduce their chances of getting more land. Their position is stable and they are unlikely to fall into the lower categories.

B. Striving Rich

These households are potentially but not yet prosperous. They are a broad category usually to be found in the upper half of the wealth rankings but some may have been ranked lower because they may live in relatively modest houses and own little furniture. They may or may not be educating their children, some of whom may be in poor health. They may be in debt through investing in new houses or in production (new fishponds, fruit trees, livestock) and would like to invest even more. They have reasonable contacts and are able to get some finance, but not enough to satisfy their ambitions. They may employ labour seasonally but may also seek to work as day labourers themselves on occasions. They do not have the resources to lend substantially to others and may face short term agricultural deficits themselves and have to borrow seasonally. They may seek LACs. They may soon move up to join the Leading Rich (whom they exceed in number) or they may fall.

C. Aspiring Poor

It is often not easy at first sight to differentiate between this category and the Striving Rich. The aspiring poor are generally found below the top third of the wealth rankings. They live in run-down houses and their children may be in poor health. They are in debt both for consumption and investment purposes. They do not lend to others. But they are ambitious and usually young households who are looking forward to prospering. They have to supplement farm income with day labouring or self-employed labouring. They are not employers. Some may lose out on the LAC system if their families are still growing and if they- have not taken much upland into use yet. They may go up or down. Their neighbours expect them to prosper.

D. Vulnerable Poor

They are invariably found at the bottom of the wealth rankings. They live in run-down houses, and have poorly nourished and often unschooled children. They are in chronic debt and are unable to finance their farming adequately. They supplement their farm income by day labouring (when they can get it) or self employed labouring and in some cases begging. The adults may well be in very poor health and may be elderly or the household may be female headed. They may lack ambition and be perceived by others – and sometimes themselves – as poor managers or lazy. LACs will not help them directly as they have trouble farming the land they hold but may affect their work habits by providing more day labouring jobs. They are a potential future landless labouring class who are extremely unlikely to move up without help.

• Programme responses to the problems of poverty

AAV has designed a number of programme interventions which we believe to be appropriate to the needs of the poor². The overall aim of the programme is to improve the socio-economic position of poor households, enabling them to take control over key aspects of their daily life. Some activities are designed to address the core problems and some are designed to reinforce coping strategies.

The aim reflects AAV's belief that poor households need assistance first with stabilising their economies before they can be expected to invest in new, often high-risk opportunities. Once households have addressed the fundamental problem of how to cover their annual food needs without becoming increasingly indebted, then it may be possible and attractive for them to diversify their livelihood systems. However, AAV does not expect poor households in the precarious position of insufficient food supplies and dependency on expensive loans to invest in risky enterprises which might jeopardise their livelihoods further³. AAV programme interventions are designed with a view to promoting greater stability and to helping households first with their consumption needs. Once the downward spiral of poverty has been halted, AAV hopes that the poorer households will be better placed to participate in and take advantage of the growing market economy in Mai Son. AAV anticipates that it may take a number of years before the poorer households feel secure enough to embark on new activities which will actually increase their household incomes.

² Further details of this work are available from ActionAid.

³ Some householders have been asked the question "how would you measure if your well-being had improved in five year's time?" in order to gauge community aspirations. Those in lower categories felt if they had sufficient food and a tile roof they would be better off. Those interviewed from the top category felt that a fishpond and an orchard - both risky undertakings - would improve their well-being. This has emphasised the need to help poor households find greater stability so that they might then be in a stronger position to take advantage of the new opportunities arising.

Targeting activities at the poorest

ActionAid has an organisational mandate to help the poorest of the poor. In some programmes in other countries certain activities are targeted exclusively on the poor. Our attempts in Mai Son to target the poorest to the exclusion of other groups have been fraught with difficulties, in particular:

- *Community resistance.* In the communities with whom we are working there has been considerable resistance to the exclusion of households from programme activities. This stems in part from the difficulties involved in categorising the poor, given the high socio-economic mobility. Within communities there is consensus about who are the very poorest households, but above this level there is a grey area with some households moving up and some moving down. This has made AAV's cut-off point (the bottom 50% of the wealth-ranking) quite arbitrary and has led to confusion as to why some households are included in activities whilst others are excluded. Some more resentful households have caused problems for the Programme.
- *Resistance by local project partners.* Our partners have found it extremely awkward standing up to more influential villagers who wished to be included in activities, but should have been excluded on the basis of the wealth-ranking lists. Once some wealthier households were included in the activities, it became very difficult to exclude other wealthier households.

As a result, AAV is no longer excluding wealthier households from the programme. Instead, all extension efforts are directed towards ensuring the participation of the poorest households. The wealth-ranking lists are used for this purpose. Programme activities, such as the savings and credit programme, are designed in such a way as to limit the possibility of wealthier participants capturing the benefits.

- **Carrie Turk**, ActionAid Vietnam, 36-38 Lac Chinh, Ba Dinh, Hanoi, Vietnam.

NOTE

This paper draws widely on other work by AAV, available from ActionAid, UK.