Nông Thôn Mới and Rural Development in the Mekong Delta: A Comparative Study of Bàu Môn and Hòa Phượng C Hamlets

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Abstract

Vietnam’s Nông Thôn Mới or New Rural Development program is a relatively new target program introduced in 2010. As of yet there has been little research done on its effects on the economies in rural areas. This paper attempts to analyze the economic situation in the Bàu Môn and Hòa Phượng C hamlets with a particular emphasis placed on income and factors that affect income in terms of Vietnam’s Nông Thôn Mới or New Rural Development program. In order to assess the economic situation in the hamlets, a survey was administered to 25 participants in each hamlet and leaders from each hamlet were interviewed. The results were then compared to secondary sources. Findings were inconclusive but among there were a high correlation between training attendance and irrigation on rice productivity found among farmers in both hamlets, a desire for more loans among a high proportion of villagers and a high participation in the New Rural Development program but low awareness about the program itself.

Key Words: Economics, Public Administration, Development Studies

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1. Introduction

The objective of this study is to create an accurate picture of the economic situation in the Bàu Môn and Hòa Phùng C hamlets as well as a picture of their situation in regards to the New Rural Development program. Analysis will be focused mostly around income earning activities that could benefit from aid by the local government. One problem is that there have been very few studies done on the effects of the NRD, let alone the effects in this commune. This study aims to provide certain measures that the local government could introduce or promote that would most efficiently provide them with the benefit of increased income. This could come be a result of anything from increases in rice productivity to support from the community to implement projects that will increase production or available jobs.

1.1 Introduction to the Mekong Delta and Hoa An

In the past 20 years Vietnam has managed to reduce its poverty rate from a staggering 60% in the 1990’s to just 20.7% in 2010 by the World Bank’s poverty rate standards. The 2010 VHLSS, the Vietnamese Government household survey, claims that poverty levels are currently at 14.2% while in the Mekong Delta this number is 12.6%. This is thanks, at least partially, to aggressive reforms in the country such as the “Doi Moi” reforms that brought the country into the global economic system and liberalized the economy. However Vietnam still faces many challenges in attempting to alleviate poverty in their country. Though “past empirical work suggests that Vietnam’s extraordinary economic transformation has been one of growth without an appreciable rise in inequality”, the current trend is toward more inequality and especially more perceptions of inequality. 70% of the Vietnamese population lives in rural areas and only 30% in urban areas where poverty rates are relatively low. There is an increasing disparity between the rural communities, especially in the highland regions among ethnic minorities, and the large cities. It is important to note that the effort put forward by the Vietnamese government to improve productivity up until now has not been small. Investment in infrastructure in rural areas has been happening for decades through various
government projects. Agricultural infrastructure is quite high in many regions. In fact, the United States Department of Agriculture Foreign Agricultural Service (USDA-FAS) claims that, “97 percent of all land sown to rice in Vietnam is irrigated”.

However, further investment in the country’s rural regions is required.

The Mekong Delta is the country’s most important rice producing region and can easily be considered a “veritable paradise” for producing rice. It is responsible for producing about half of all rice in Vietnam, and production has only been going up thanks to expansion of the region where rice is grown, at least partially due to increased flood protection by the government.

It is important to note though that 10% of farmers in the region still deal with crop loss caused by flooding, especially the more vulnerable poor population. A 2010 World Bank report puts the Mekong Delta’s poverty rate at about 18.7% and its extreme poverty rate at 4.8% while official numbers put this poverty rate at only 12.6%.

Map 1: Vietnamese Provinces

Hoa An is a small province in Phung Hiep district in Hậu Giang province located about an hour south of Cần Thơ City. Hoa An is a small commune with a population of 16,455 people, 10,378 of these being of working age. About 87% of its overall income comes from agricultural activities. The commune’s poverty rate in 2010 was 15.7% and 26.6% in the ‘vulnerable’ category while Hậu Giang had an official rate of poverty rate of 17.3%. Each of these organization use different means of
measuring poverty which makes it difficult to create a clear picture of Hoa An compared to other regions, however these figures do at least give us a general idea of Hoa An’s relatively poor economic situation. The People’s Committee accounted for Hoa An’s relative poverty with lower production rate due to acidic soil, its distance from cities, low access to markets, and a lack of jobs leading to a dependence on the agricultural sector. The World Banks’ previously mentioned figures suggest that these rates are probably higher.

Though individual statistics are not available for each of the hamlets surveyed a quick evaluation of their differing situations will be helpful for perspective on this study. Hòa Phüng C hamlet is located directly on the main road leading from Cân Thơ, giving it a large advantage over Bàu Môn hamlet, which is located relatively close to Hòa Phüng C off the main road. The road into Bàu Môn is only motorcycle accessible, though it is paved in most places. This means, among other things, that its access to market, transportation costs are more limited than Hòa Phüng C’s. Both hamlets have a primary canal leading through, though Hòa Phüng C’s was recently enlarged and so is more conducive to boat travel. Both villages are almost completely dependent on rice growing as a main source of income and both face the same problems with soil acidity that is found throughout the Hòa An commune.

1.2 Introduction to Nông Thôn Mới or New Rural Development

Nông Thôn Mới, or the New Target Program on Rural Development was enacted in 2009 on the Prime Minister’s decision and approved by congress in 2010. It is an attempt by the central government to reduce the increasing urban-rural divide which has become a critical aspect of socio-economic development in Vietnam. Decreasing this income disparity is important for sustainable growth and social stability. In this program a set of 19 criteria are given to each commune, if these hamlets can achieve all of the criteria they will be named a New Rural Commune (See list of Criteria in Appendix). Communes will then be given funding to achieve these 19 criteria via projects in each of their hamlets. The goal is to have 20% of all communes in Vietnam achieve the New Rural Commune status by 2015 and half to achieve it by 2020. This goal however is likely not to be reached
as, in 2013, after 3 years of implementation, only 1.6% of all communes had achieved all 19 criteria.\textsuperscript{11}

The Program takes a wide approach to rural development, attempting to account for not just economic growth, though that is its main focus, but also attempts to improve aspects of cultural, environmental, educational and local governance issues. At the national level it is a relatively loosely structured program, leaving quite a bit of autonomy up to communes as to how they should pursue the criteria.

Also, being an umbrella program that covers all of rural development there are many other organizations, mostly government, that work to complete some of the criteria. This includes anything from advice and training help from the Food and Agricultural Organization (FAO) of the United Nations to the Woman’s Union helping local leadership in order to mitigate domestic violence, provide loans and help to clean up the commune. The program also attempts to get locals involved in the projects. In order to create a feeling of public investment, much of the projects that will be funded are decided by the community at commune or hamlet wide meetings. In fact, when asked why the New Rural Development (NRD) program was different than development before, the leader of Bàu Môn said that the community involvement was the main difference. This feeling of strong community involvement is aided by the Central Government’s intense propaganda campaign to get information out about the program. The words Nông Thôn Mới or New Rural Development appear constantly on the road from Cần Thơ to Hòa An on billboards and smalls banners. However, this propaganda tends to focus mostly on infrastructure development and not other important issues like the environment, cultural activities and productivity increases. As a result many villagers and leaders tend to focus mostly on infrastructure such as irrigation and road building.\textsuperscript{12}

Of course, as tends to happen, there is a gap between how the national officials intended the program to work and how it is carried out on the ground. One of those differences, says Tang Minh Loc, head of the Office of the National Steering Committee for the program, is that, “Local officials have not thoroughly understood the program… we have focused on building infrastructure and improving production capacity, but have not paid attention to… building public works, protecting the landscape and environment, and promoting local traditions and cultural identities.” In fact, only 7% and 13.7% of all communes have completed the cultural facilities and environmental criteria
respectively. This is good for the focus of my study but does mean that the points that were supposed to make the NRD program more rounded and forward-thinking have not been developed as much as they should have. Furthermore, a 2013 FAO study claims that staff capacity development has not been implemented as widely as it should be, something that was quite obvious after talking with the leaders of the hamlets. Nguyễn Hoài Thanh, the leader of the Bàu Môn hamlet told us that training for hamlet leaders happens only once or twice a year and did not provide enough information to be truly helpful for him to improve the situation of those in his hamlet.

Another issue that critics have called attention to is that the government might be overstretching its funds. A 2010 estimate by the Ministry of Agriculture and Rural Development stated that an average commune would take 150 billion VND (7,029,000 USD) in investment to fulfill all 19 criteria (Trang et. al, 2014). The general funding model for NRD projects is 70% funded by the government and 30% by the villagers so using some simple mathematics and assuming constant prices, equal distribution of funds to all hamlets and a time span of ten years, this comes down to roughly 1.3 million VND (60 USD) per household funded by villagers and 3.4 million VND (159 USD) per household that they government must fund per year in Bàu Môn. This is a lot to expect considering that the average income per year in our study was only 23 million for Bàu Môn and spending tended to be equal or greater than this. The result has been numerous issues with funding at both the national and local levels.

There are some basic problems with attempting to address something as new as the New Rural Development program, so a few things should be clarified. As there is limited information on exactly what has been implemented as a direct result of the program and there are so many other organizations active in the community it is difficult to say what can be credited to NRD. As a result this study tends toward a more general perspective of the development of these hamlets than a straight-forward study on the effects of NRD. Even before NRD began, there were programs very similar to this one, they simply tended more toward less involvement of villagers and suffered from more budget constraints.
1.3 Achieved Criteria in Hòa An commune

Hòa An commune has achieved 10 out of 19 total criteria in the past four years since the New Rural Development program began. According to the Central Steering Committee of the National Target Program on New Rural Development, this means that in 2013 Hòa An was a part of the 46.3% of all communes in achieving between 5-9 criteria. The first of these is the criteria on planning and implementation, the usual first step into the program where everything is assessed and a general plan laid out for the commune. Then in 2012 they achieved three, these include irrigation, cultural lives and security. Next in 2013 another three were achieved, these were electrical, labor structure and production models. In 2014 the postal system, health care system and the system of social organization and strong political institutions criteria were completed. The relevant criteria completed for this study are planning and implementation, irrigation, labor force and structure and production models and to an extent electricity.

By nature the definitions of what is means to complete each of these criteria is very vague in an attempt to make them more applicable and flexible for communes in different locations and of different wealth. Therefore, without access to the government organization that decided what criteria were met by Hòa An it is hard to tell what it means that these were completed. However, a general picture of what they mean can be gleaned by the general description given of the New Rural Development program. Planning and implementation has been implemented already in nearly all communes throughout the country. It simply means that the government helps set up the institutions and assessments that will begin the entry of a commune into the program. Irrigation has been widely focused on in much of Vietnam with, in 2013, about 30% of all communes having completed it. It is unclear however what this criterion means as far as coverage, as the basic plan laid out just states that it should be adequate for the needs of the community. This is probably because Hòa An already has an irrigation system serving most of its population, at least to some extent, though many must use water pumps to get water from the main canal into their irrigation systems. Having completed labor force and structure means that the 90% of all villagers must be employed in jobs that give them work
for an average of 20 days per month. These jobs include anything involving agriculture and do not necessitate job stability. Finally, the forms of production organization entails that there exist at least one cooperative group and that they work effectively. This means that one production organization, such as the farmers or fishers union, must exist and that it must have connections with an entity that will facilitate selling for their members.

2. Methodology

The main data source for this paper was a survey conducted in the hamlets of Bàu Môn and Hòa Phượng C in the Hòa An commune. This commune was selected due to readily available access and the numerous resources available in the aid of the study, especially connections with local university staff and volunteers. The survey consisted of 3 pages of questions, mostly open ended, that attempted to assess, among other things, the income of the participant, involvement with the New Rural Development program, living situation as well as their opinions on what should be done in the future (see appendix 1 for survey). This survey was administered to 25 people in each hamlet for a total of 50 surveys. Although selection was intended to be random, due to some miscommunications Bàu Môn tended to have a strongly uneven representation of poor and near poor compared to the numbers given us by the hamlet leader. The survey in Bàu Môn was conducted by myself and two volunteer interpreters from Cận Thơ University, while in Hòa Phượng C the program advisor, Dr. Phat, accompanied the group as well.

In order to determine the economic productivity of rice in the two hamlets the total income generated by rice was divided by the area of rice paddy that respondents claimed to have. It should be noted that this method does have some important faults. First, that measuring this way will not include rice that was not sold directly after production which means that any rice consumed by the family will be left out of the production equation. Secondly, often farmers do not know the exact income they made from rice in the past year which may lead to inaccuracies as well. Third, it is not comparable to national surveys that use different methods. Furthermore, if some of the rice paddy is not under
production then that will skew the results as well. In a future study on this subject, these questions
could be changed to reflect a more accurate view of the hamlet’s economies and one more in line with
available data so as to facilitate comparison by instead asking about the yield in kilograms of rice,
how much was sold, the price given to the farmer by the purchasing middleman and the area of rice
paddy under production. What this method does accomplish however is attaining how much money
was brought into the local economy by the sale of this rice and about how much the seller gained in
direct economic terms. By doing so it helps us see how much spending power this farmer gained by
each square meter under production in his rice field, an important statistic.

3. Results

3.1 Rice Productivity:

In the Bàu Môn hamlet average income from a square meter of rice paddy was just 1,684
VND(.08USD) while in Hòa Phùng C this number was 3,159VND(0.15USD), A difference in
productivity of 86%. The factor that seemed to have the most effect on this rice productivity was
relevant training in rice cultivation. In fact, our survey revealed that in Hòa Phùng C hamlet, training
in any kind of rice production increased the productivity of farmers by an average of 69%. While in
Bàu Môn this number was not quite as high, 45%, it is still by far the biggest indicator of high
productivity. The survey showed that 37% of the rice farmers in Bàu Môn hamlet had attended
training classes in the past year while a markedly better 47% of Hòa Phùng C rice farmers had
attended relevant classes. Often, these classes are provided by the provincial government and tend to
happen only about twice a year, before each harvest season, but there does appear to be a private
element of training entering the field. The survey found that five villagers out of the nineteen total
farmers with training had been taught by a private fertilizer company and had gains equal to or better
than those who were trained by the government. Not all the lack of education rests on an
unavailability of classes either. In fact, 4 farmers out of the 19 total who did not get training said they
were too busy to attend classes. However, another 6 said that they had never heard there was training.
Unfortunately the survey did not capture the reason that the other 8 farmers did not attend.
According to the survey, there was actually no correlation at all between increased land area and rice productivity. Which, given the implication of the non-existence of increasing returns to scale is most likely to be a result of skewed data rather than an accurate reflection of the situation in the two villages. It may however indicate that this is not as large a factor as one might expect.

Irrigation is one of the 10 criteria that Hòa An commune has achieved in the past 4 years, though it is nearly impossible to say what it means exactly to have completed this criteria. In fact, the survey found that improvements in the irrigation infrastructure were quite limited in extent. It should be noted, however, that the region is already irrigated and what the survey found was that only 5 out of 23 farmers had had an improvement in their system during the New Rural Development program time frame which might explain why the commune achieved this criteria. Despite its limited extent, irrigation system improvement was found to be the largest factor in increasing the productivity of rice in Hòa Phượng C after rice productivity training. It accounted for an increase of 16% in productivity, by no means a small figure. As expected, income was also a large factor in increasing rice productivity, probably due to higher availability of capital for investment in better production techniques. In Bâu Môn hamlet there was a productivity advantage of 15% for the middle class over the near poor and poor, while in Hòa Phượng C there was only a productivity advantage for the middle over the near poor and poor of 6.6%.

3.2 Income

The survey used in this research found a per capita income of 4,435,520 VND (207 USD) in Bâu Môn and 7,845,225 VND (367 USD) for Hòa Phượng C.
Figure 1: Sources of Income in Hòa Phụng Hamlet

**Sources of Income in Hòa Phụng C**

- Rice: 50.40%
- Labor: 15.30%
- Fish: 9.90%
- Garden: 4.20%
- Pigs: 1%
- Chickens/Ducks: 0.94%
- Other livestock: 1.50%
- Other: 5.40%

Source: Hoa An Survey 2014

Figure 2: Sources of Income in Bàu Môn Hamlet

**Sources of Income in Bàu Môn**

- Rice: 38.50%
- Labor: 34.50%
- Fish: 1.10%
- Garden: 1.0%
- Pigs: 0.70%
- Chickens/Ducks: 0.10%
- Other livestock: 0.10%
- Other: 0.70%

Source: Hoa An Survey 2014

It’s worth mentioning that although the survey results showed, as would be expected in rural Vietnam, a heavy preference for rice, the percentages were very different in the two hamlets. Hòa Phượng C’s economy consists of 50.4% and Bàu Môn at only 38.5% of rice farming as percentage of total income. Though this difference probably does exist to some extent, it is doubtful that the difference in rice farming as a percentage of total income is actually so large. This is at least partially
because labor appears overrepresented here due to overestimates by laborers as well as our surveys in the New Economic Area where residents who were relocated to accommodate construction projects were moved who do not have land. This means that the survey accounts both for a larger percentage of laborers than there may be in the village as well as an overrepresentation of wages by these laborers, thus drawing down the percentage of rice production as part of incomes.

It is also worth noting that only 2.4% of all income generated comes from livestock in Bau Mon while in Hòa Phung C this number is 5.2%. Accompanying this low inclusion of livestock in the local economy, however, there did seem to be some inclination on the part of the residents to change this figure. In Bau Mon, out of the 13 people who wanted more loans offered by their local government, seven of them wanted these loans to help them start raising livestock or increase their amount of livestock.

In regards to non-agricultural income activities, several respondents in Bàu Môn stated that they had taken classes on making handicrafts but their lack of close access to a market where they could sell these crafts meant that it never became something they could generate income from.

To clarify on the “Other” category it should be noted that in Bàu Môn these activities tended to still be agricultural related, such as renting land or renting out a harvester while in Hòa Phung C these were more likely to be activities like owning a store, selling lottery tickets or being a middleman.

3.3 Income Inequality

According to the survey results however, both Bàu Môn and Hòa Phung C had a Gini Coefficient higher than the Vietnam average at 36 and 37 respectively. The Gini coefficient is measured as the area between the line of perfect equality and the Lorenz curve. The line of perfect equality marks what income distribution would be like in a perfectly equal society, the Lorenz curve takes into account the share of income each percentage of the population possesses. Thus the
difference shows how far from equality a country, or in this case, a community, is. Hòa Phụng C and Bàu Môn.

Table 1: Gini and 20-20 Measurements of Income Inequality

<table>
<thead>
<tr>
<th>Hamlet/Country</th>
<th>Gini Coefficient</th>
<th>Income Share of Top 20%</th>
<th>Income Share of Bottom 20%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bàu Môn</td>
<td>36.31</td>
<td>29.6%</td>
<td>4.9%</td>
</tr>
<tr>
<td>Hòa Phụng C</td>
<td>37.2</td>
<td>39.3%</td>
<td>4.5</td>
</tr>
<tr>
<td>Vietnam*</td>
<td>35.6</td>
<td>43.41%</td>
<td>7</td>
</tr>
</tbody>
</table>

Source: Hoa An Survey 2014

Due to a small sample size of only 25 people and a lack of random selection that, in Bàu môn at least, does not match with official numbers for the hamlet, results are bound to be slightly skewed. In order to counter this, at least to an extent, we can attempt to use the 20-20 method of income distribution analysis as well. This method compares the incomes of the bottom 20% and those in the top 20% to see how great the gap is between the two. Though this will probably also be a bit exaggerated due to only 4 people being compared at either end of the scale, if we compare the two then we should get a general picture of what the income inequality in these two hamlets is like. The result is a relatively unequal economic situation. The Gini shows high inequality, compared to the rest of the country, across the spectrum of all villagers represented and, although the 20-20 method does show a bit more equality at the top, it also shows that the lower extreme is much worse off than in the rest of Vietnam. Though the conclusion is still quite unsure, it would appear to paint a quite unflattering picture of inequality of the village.

3.4 Loans

Loans with good interest rates tended to only be available to the wealthier bank clients while those who want loans, but do not have so much to back them up, must resort to loans with higher interest rates from unofficial money lenders or, more preferably, borrowing from relatives and neighbors. This survey found that 57% of all loans taken out were through the formal sector.
Fortunately, within our survey group it appears that only one community member, who claimed to be paying 10% interest on their loan, seemed to have had to resort to a high-interest, money-lender loan, though several did claim to have no access to loans at all. For about half of all respondents, access to quality loans was the future project they would like to see most.

3.5 Participation in Nông Thôn Mới or New Rural Development Program

All except for one community member contributed to projects relating to the NRD, including those who were relocated. There was a notable difference between how people in the two villages contributed however. In Hòa Phượng C 64% of the community contributed only with money and only 24% contributed both labor and money while in Bàu Môn it was nearly the opposite with 64% contributing both money and labor and 24% contributing only money. There were three people total who also contributed skills though it was unclear where they were teaching these skills. Only one person contributed just labor. There were a few villagers who had ‘contributed’ land as well. In fact, an area in Bàu Môn hamlet called the New Economic Zone was made specifically for those who had been relocated due to the need to build a road through their property. This difference in contribution methods between the two hamlets seem to reflect a trend of the wealthier being able to pay enough to satisfy leaders while the lower class pays some but must work as well to successfully contribute. As mentioned, an area in Bàu Môn hamlet, was made specifically for those who had been relocated due to the need to build a road through their property, so the use of the word ‘contribution’ can be a little murky. Nguyễn Hoài Thanh, the leader of the Bàu Môn hamlet told us that training for hamlet leaders happens only once or twice a year and did not provide enough information to be truly helpful for him to improve the situation of those in his hamlet.
4. Discussion

4.1 Rice Productivity

The reason this study focuses so intensely on rice productivity is that it creates a means for villagers to increase their income without significant capital investment. It also serves as a marker for the effectiveness of advances in technology and governmental practices due to its being a main focus of the central government’s attempts to increase rice production and quality.

4.1.1 Agricultural Training

The effectiveness of technical training indicated by this survey is quite astounding. That it has more of a correlation than land size, income or irrigation may be a bit too amazing to believe. A study done in Sierra Leone on the effects of training programs on rice productions had the conclusion that, “Even though the evidence is not completely decisive… lowland rice profits can be considerably improved if basic farming practices are adopted.” Though this study should lead to a bit of doubt into just how high the increase was, it is important to note that, because farmers in Sierra Leone often did not have irrigation and were at higher risk for flooding and droughts their possibilities for high-yield crops were much less stable.\(^{18}\) Whereas, the rate for flooding and droughts in the Mekong delta is much better, possibly leading to greater increases due to training. Putting further doubt into the statistics found with this survey is as study by Trang et. al, that states that, although the New Rural Development program, has “organized nearly 3,000 classes with 124,000 participants [who] are farmers but most of [the trainees] after completing [the] training course[s] have not applied the acquired knowledge into production practice”\(^{19}\) Despite these discouraging studies, one should remember that the effectiveness is always dependent on the quality of teaching, support and availability of resources like irrigation. Taking into account these factors and the results of the survey one could still easily assert that agricultural training is quite effective, at least in this particular commune.
Local leaders along with the Farmer’s Union are responsible for the availability of these kinds of classes. They are available to everyone in the community but the number in our survey show that less than one half of rice farmers who were surveyed did not attend. As shown in the results, some people were too busy to attend. This is often a result of being involved in other income generating activities like labor or livestock but as this was not addressed directly we cannot know exactly why. Another issue was that people did not know about the program. It would seem that despite the training being available for everyone, some people are still left out because they don’t know it is happening. This is probably a result of some farmers not being a part of the Farmer’s Union and not being involved enough in the community to hear about these things. This is an issue that could be addressed with more community interaction by the leader and the Farmer’s Union and possibly by more use of propaganda around the village to advertise the classes. Increasing attendance is especially useful for group projects such as a recent one taught by my advisor, Dr. Phat. This class focused on how farmers could work together to deal with pests by spraying their field at the same time so that pests would have nowhere to take refuge and be driven away for good instead of moving to another field and then moving back. Strategies like this improve with more people participating, which should create further incentive to reach out to those farmers who are not getting the training.

The entrance by the private fertilizer firm into a government dominated service is reminiscent of Vietnam’s general atmosphere for the past two decades of privatization, and it seems to be bringing benefits to Vietnamese rice farmers. Of course, with private industry, there are private interests to worry about such as recommendations that lead to more consumption of say, fertilizer, than might be necessary. Though this survey came out with positive results for this private training, more research would be needed in this area to make any definite conclusions on the subject.

4.1.2 Irrigation

Despite its effectiveness, irrigation is not always very accessible. In fact, not one farmer we talked to in Bàu Mòn had had their irrigation system improved in the past few years. Even in Hòa Phùng C, one of the top performers in the hamlet, irrigation was limited to a select few in the middle
and upper class. This is probably due to relatively high cost for individual farmers, as when large canals must be repaired, the government will pay for them, but not for the smaller canals that farmers depend on to get the water from the main canal to their fields. Between 2008 and 2010 the government installed or improved about 21km of canals for about 2.54 billion VND (118,948 USD). Although figures are not available for the time during the New Rural Development program and what portion of the bill the government would pay for is unknown. However, we do know that around 2010 when 7km of small irrigation canals were improved, the cost per kilometer was about 33 million VND (1,545 USD) and the bill was paid entirely by the farmers. Farmers are supposed to pay in relation to how much rice land they have that will be directly influenced by an improvement to the system, so the bill for these smaller systems might be divided between a few farmers, thus making their financial burden a little lower. Though the price tag is a little prohibitive for many lower class farmers, some aid from the government could make this a very feasible improvement that should be invested in. A question remains to be answered however about whether the local government would still have any ambition to complete projects like this despite their having already completed the criterion for irrigation.

4.1.3 Income and rice production

Perhaps the most obvious factor to look at in regards to rice productivity might be income. Those who earn a higher income would be presumed to have better equipment and more training and thus have higher productivity. Although this does prove to be true, it does not serve the purposes of the study very well because increasing income is, for obvious reasons, not a feasible strategy for the government to pursue. However, there are a few key points to take away. For instance, we can conclude from this result that rising incomes may be somewhat self-reinforcing. When farmers start to climb the socioeconomic ladder, their rice productivity should go up as well which should mean income will go up too, thus creating a cycle of increasing income that will be self-sustaining at least until full productivity is reached. Furthermore, this demonstrates that as farmers’ income increases they do invest their money, at least partially, in further increasing their income rather than just on asset accumulation.
4.2 Income

In order to get a better picture of income in these two villages it is useful to compare the VHLSS national household survey data and data from the Hoa An People’s Committee with the data from the survey used in this research. According to the VHLSS the average income per capita, per year is 13,180,000 VND in Hoa An’s province, Hậu Giang\(^\text{22}\). The Hoa An’s People’s Committee puts the commune’s average income per capita at 6.1 million VND (285 USD) in 2008\(^\text{23}\) and 6.9 million VND (323 USD) in 2010.\(^\text{24}\) Much of this difference is due to the inclusion of the much higher income urban areas in Hậu Giang, but this difference is also because of Hoa An’s disadvantages in agricultural output and market access due to high acidity and distance from a city. The data from the survey appears to reflect relatively well the upper and lower spectrum of Hoa An according to the People’s Committee with variations of 2.5 million VND (117 USD) below for Bàu Môn, one of the 5 hamlets in Hoa An with the lowest incomes and 900,000 above this income level for Hòa Phùng C, one of the richest in the commune. Though it should be remembered that these figures are outdated by four years and if trend from 2008 to 2010 continued at an increase of 800,000 VND (37 USD) per capita each two years then this year’s per capita income would be 8.5 million VND (398 USD) per capita, far above Hòa Phùng C’s income per capita, which should be above average, and almost double Bàu Môn’s. This probably does reflect some inaccuracies on the part of this survey, such as its overrepresentation of poor in Bàu Môn, as well as a difference in methods of income measurement.

The problem with looking at sources of income was that often villagers did not know exactly how much they made in a year. This was especially an issue with laborers who often gave us their monthly wage during peak harvest season and not their average wage, making it near impossible to calculate yearly income for them. It should also be noted that because of a disproportionate amount of poor and near poor surveyed in Bàu Môn hamlet, income distribution and income inequality will be skewed toward laborers and therefore more equality. Even with these flaws however, the survey does still reflect some truth as to what the income sources and factors are in each hamlet. Although labor is probably overrepresented in Bàu Môn, it is very likely that it still is a larger part of overall income.
than in Hòa Phượng C. The main issue with this is that labor is a very unstable form of income generation. Laborers only have steady work during certain seasons and will often find themselves with little work during other times of the year. The problem is exacerbated by the fact that not many people tend to save money so when the time comes that income drops, they may not have enough to get by and have to take out loans.

Though the large difference between the two hamlets in regards to income from livestock is probably exaggerated by the survey including more lower class people in Bàu Môn than in Hòa Phượng C, it certainly seems to reflect reality. There are many reasons for this disparity. First, there is much more capital available for animal husbandry in Hòa Phượng C. Second, access to main roads brings down the price of livestock feed. Third, technical training is more widely available in Hòa Phượng C. This is an important factor to improve upon given that Bàu Môn’s percentage of income generated from livestock is half that of Hòa Phượng C. It would appear that is also a factor that villagers in Bàu Môn would be happy to tackle as out of the 13 people who gave the suggestion of more loans offered by their local government when asked about future projects they’d like to see, 7 of them wanted these loans to help them start raising livestock or increase their amount of livestock. This shortcoming along with the failure of the handicraft classes in Bàu Môn to create more income is unfortunate, as diversifying could help bring more money into the local economy and more diversification generally means more stability as well. Granted, the availability of these income options is lessened by Bàu Môn’s lack of proximity to the communal market and main road, this is still something that should be improved upon.

4.3 Economic Inequality

Improving economic equality is an important factor to consider in every level of society. It has been linked to lower rates of participation in communal activities\textsuperscript{25}, lower social mobility\textsuperscript{26} as well as several other factors that limit the growth and the health of a community. There are several reasons that these two hamlets might have a higher Gini coefficient than the country as a whole. First and foremost is probably sample size.
It’s interesting that the Gini and the 20-20 method show completely different pictures of these two hamlets compared to Vietnam as a whole. While Gini puts both far above Vietnam’s statistics, the 20-20 method has them considerably lower as far as the top as well as in the bottom 20%. This suggests that the lowest income earners in this rural area are at a much lower level than those on the national scale but also that the top is much lower too. Though in Bâu Môn a disproportionate amount of poor were surveyed, the numbers in Hòa Phượng C do reflect a relatively accurate portrait of the income inequality. By all measures it is obvious Hòa Phượng C is more unequal, which is to be expected due to its relative wealth and access to markets. At the top of the list in Hòa Phượng C was a fish middleman, but for the most part the rest are all farmers, though usually involved in livestock as well. Besides their proximity to markets and main roads, this access to livestock might help to account for some of the main differences. Why the Gini is higher than Vietnam as a whole is more likely to be a result of inaccurate income reporting more than anything else. This portrait is a great example of the difficulty researchers have in measuring rural income and how this, along with a small sample size, can greatly skew data.

4.4 Loan Accessibility and Quality

Though the New Rural Development Project does not directly address increasing the availability of loans for residents, it is an important sector of the rural economy. The trouble is that many of the rural poor do not have access to formal sector loans, and while borrowing from family and neighbors is often a good way of getting low interest loans, sometimes with no collateral even, it is not available to many lower class families due to a lack of connections. Meanwhile, as one villager in our survey has to deal with, money lenders often offer exorbitant interest rates. This becomes an issue when farmers need to take out a loan in order to start their crop, something that many farmers claimed to have done in the past few years. What this means is farmers will take out loans, sometimes with extremely high interest rates, before planting time to buy seeds, fertilizer and labor, then must depend on the harvest to bring in enough money to pay back the loan. If something goes wrong with
the harvest, they’re stuck with a high interest loan that could nearly double by the time the next harvest rolls around.

It should be noted that according to a study done in Hoa An in 2006 about microcredit effects by Ranjula et. al, only about 15% of all loans taken out by villagers were in the formal sector. This survey done in 2014 revealed a rate of 57%. Assuming this to be accurate, this is quite the improvement. A study done in 2010, in Hai Duong province in the north, found that 62.8% of loans were in the formal sector, a number much closer to that of Hoa An 8 years after the last study was done. Though we don’t have data on what that rate was like 4 years before in Hai Duong province, the study does help demonstrate why the rate might have jumped so much. For instance, the study cites a growth rate in outstanding loans of an average of almost 30% for the three principal actors in the formal loan market in rural Vietnam, Vietnam bank for Agricultural Development(VBARD), Vietnam Bank for Social Policies(VBSP) and People Credit Funds(PCFs). This was probably a result of a realization by the government of the development potential offered by providing credit to rural communities. However, as is also highlighted in the paper of Le et. al, this level of access is still not enough and should be improved. Though there are no specific figures (because the survey did not address this issue directly), several participants in the survey did claim they did not have access to loans from any source due to their poverty, and it would appear that one borrower in our surveyed group that took out a loan with interest at 10% did not have the option of formal sector loans. Basically, what this comes down to is that the local government should continue its attempts to create more good quality loan opportunities, be this through the woman’s’ union or a similar institution, or through a national effort to improve loan availability.

4.5 Nông Thôn Mới or New Rural Development Implementation

Creating a rural self-help mechanism will be a key factor in the success of the New Rural Development program and to do this a sustainable flow of funding will be necessary. To do this, commune and hamlet leaders will need to consistently maintain the support of their people. In a
national survey conducted about New Rural Development it was found that 40% of all participants contribute because they “believe and expect that the program creates jobs and increases their income as well as living standard”. Fifty percent of participants said that they would be more likely to contribute if they can access “better and faster health care and education service”. Though healthcare was not listed on our survey, education was and this does seem to accurately reflect the general desire for better education. Judging by the survey results, it would seem that with 42% of respondents saying that improvement in the availability of clean water was the focus unrelated to income that they thought should be addressed, focusing on this issue might also bring more enthusiasm and funding for the hamlet governments.

According to the Trang et. al study, “only 18 percent of people in the survey said that their effort and contribution were praised in monthly meeting and written in the bulletin board at the village”. Although our survey did not cover this topic directly it did appear to be true in the surveyed hamlets as well. Starting to more publicly recognize the contributions of villagers is a cheap and easy way to inspire villagers to become more active in the process and lead them to make more contributions of time and money to the projects. Also, several people mentioned that they had not even heard of the program happening in their village, though they had contributed to projects. Information about the program should be made more available through more diverse channels including the use of propaganda in the village and invitation to meetings extended to all families.

5. Conclusion

Though this study is inconclusive due to its short time period and imperfect research methods, there are a few tentative conclusions to be made. Future research is needed in order to determine just what exactly the effect of training is on the productivity of rice farmers in these two hamlets, but initial results are very positive. Some well-placed investments by the government in improving irrigation systems, as well as more emphasis on training, and on promotion of training, could help
lead both hamlets toward higher productivity and thus more income. In order to increase training awareness, the leaders and local organizations such as the Woman’s and Farmer’s Unions should attempt to get the poor more involved in meetings, training and other available programs. This could be aided, at least partially, by more public acknowledgements of villagers for their contributions of ideas, time and money as well as involving them more in the decision making process. This should bring a greater spirit of participation and a greater desire by other residents to get involved as well. Surveys revealed as well that people want access to clean water and better education. Putting a focus on these issues could help bring in more support for the leaders and make future projects easier. Furthermore, villagers want more loans available. Providing them would help many residents diversify and improve their quality of life, provide stability and diversify their income with livestock. Each of these will benefit the community as a whole and help to bring up the levels of poverty in the hamlets.
6. Appendices

Appendix 1: Survey Questionnaire

1. Household information:
   A. How many people are in your family? ............
   B. How many main laborers are in your family? ............
   C. What is your highest education (grade): .........

2. Household assets
   A. Type of housing (circle all that apply):
      a) Solid walls
      b) Metal roof
      c) Coconut leaf roof
      d) Concrete roof
   B. Do you have access to well or tap water?
   C. Total area of land: .............. \( m^2 \); of which: area of rice land: ........ \( m^2 \); area of garden: ........ \( m^2 \);
     fish pond: ...... \( m^2 \); other (please specify).............................. \( m^2 \)
   D. What kind of means for production do you have?
      a) Row seeder
      b) Sprayer
      c) Harvester
      d) Water pump
      e) Other.........................
   E. Capital for production:  \( \square \) enough;  \( \square \) not enough
   F. Do you borrow money from the Bank?:  \( \square \) yes;  \( \square \) no
   G. If yes, how much money did you borrow: ................. VND; What's interest? .........................
   H. Have you borrowed from other sources (please specify)......................................................; How much? ..............; What's the interest? .........................
   I. What are you using the money from your loan for?
   J. Have you been in debt for more than 2 years? And/or are you worried about being able to pay back your debt?

3. List the ways you made money during this year (include different crops). For each of these, write the amount of money you gained.
   A. Please list sources of your family income (eg. from rice, garden, keep livestock, fish, selling labor, ....) and how much you made in the year 2014 from those sources, including what you expect to have
made by the end of the year. Also, list any livestock or plants that you do not sell but which are used for eating.

1) Income source...........................................; amount gained 2014: .................................. VND

2) Income source...........................................; amount gained 2014: .................................. VND

3) Income source...........................................; amount gained 2014: .................................. VND

4) Income source...........................................; amount gained 2014: .................................. VND

5) Income source...........................................; amount gained 2014: .................................. VND

B. Amount spent in a typical month (what might be some things that would force you to spend more money like school, seed costs, equipment rental...): ............................. VND

Extra costs………………………………………………………………

C. Is your net income this year more or less than in 2013?

D. Do you have any savings? If so how much? ……………….VND

E. Are you considered poor or near poor by the local government?

F. Do you have any plans to increase the income, housing situation or other quality of life issues of your family? If so, please list three main activities.

4. In the past 3 years what steps has your village/hamlet government taken to improve the economic situation of your hamlet? What has been most helpful for you?

5. What future improvement project by your local government would you like to see done which would be most helpful for you to increase your income?

6. Have you contributed time, money, skills, labor or anything else to help your local government achieve the criteria of the New Rural Development plan in your hamlet? Please list how you helped.

7. If you have taken out any loans or gotten access to new technology or training in the past 3 years, how were these provided and how did you hear about them? What did you learn in these courses? Did what you learned help increase your income? If you haven’t used these services, would any of them be available to you if you wanted them?

8. What disadvantage and what advantage does your family have in making income compared to others in the area?

9. Besides increasing income and infrastructure what other issue do you think is the most important for your hamlet? A. Education   B. Cultural projects  C. Water pollution  D. Water system  E. government efficiency (bureaucracy/dealing with government)

Thank you!
Appendix 2: The 19 Criteria

<table>
<thead>
<tr>
<th>No.</th>
<th>Name of criteria</th>
</tr>
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<tbody>
<tr>
<td>I. PLANNING</td>
<td></td>
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<tr>
<td>1</td>
<td>Planning and implementation of planning</td>
</tr>
<tr>
<td>II. ECONOMIC-SOCIAL INFRASTRUCTURE</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Communications Information</td>
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<tr>
<td>3</td>
<td>Irrigation</td>
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<td>4</td>
<td>Electrical</td>
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<td>5</td>
<td>Schools</td>
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<td>6</td>
<td>Cultural Facilities and infrastructure</td>
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<td>7</td>
<td>Rural markets</td>
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<td>8</td>
<td>Post</td>
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<tr>
<td>9</td>
<td>Residential houses</td>
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<tr>
<td>III. ECONOMICS ACTIVITIES AND PRODUCTION ORGANIZATION</td>
<td></td>
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<tr>
<td>10</td>
<td>Incomes</td>
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<tr>
<td>11</td>
<td>Households Poverty</td>
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<tr>
<td>12</td>
<td>Labor force structure</td>
</tr>
<tr>
<td>13</td>
<td>Types of production organizations</td>
</tr>
<tr>
<td>IV. CULTURE-SOCIAL ISSUES-ENVIRONMENT</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Education</td>
</tr>
<tr>
<td>15</td>
<td>Health cares</td>
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<td>16</td>
<td>Cultural lives</td>
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<td>17</td>
<td>Environment</td>
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<tr>
<td>V. POLITICAL SYSTEM</td>
<td></td>
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<tr>
<td>18</td>
<td>System of social organization and strong political</td>
</tr>
<tr>
<td>19</td>
<td>Security, social order</td>
</tr>
</tbody>
</table>


Appendix 3: Interview Questions for Hamlet Leaders

How many households are in your hamlet?

How many criteria has your hamlet completed?

Have you been a leader during the entire New Rural Development process?

Which have been the most difficult criteria to complete? Which are you struggling with now?

When the program started had you already completed any criteria?
What natural advantages/disadvantages does your hamlet have over other hamlets in the village or in the region?

Where do you get your funding? How much does the government give you, the people of your village…?

How do you ask the government for more money? How do they decide who gets how much?

Do you rely on villagers to help complete projects?

How many rich and poor families are in your hamlet?

What level of income is considered poor and rich?

What are the main sources of income for residents?

What kind of training have you received on your job as a leader and in regards to completing the criteria and developing your village?

Has the way you go about developing your hamlet changed a lot since the Nong thon moi started?

What are the main tools you use to meet the criteria (things like propaganda, direct contact with villagers, what else???)

What things do you do differently to accomplish the criteria that others in the area might not do?

What are the projects that you’ve implemented to complete criteria for the nong thon moi program?

How do you measure the income of the people of your hamlet?

What kind of training have you received on your job as a leader and in regards to completing the criteria and developing your village?

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