I. Introduction and Context

Country Context

While Vietnam has achieved impressive reduction in poverty since the early 1990s, new challenges are now emerging. The pace of poverty reduction has been slowing and the remaining poor are increasingly facing chronic poverty and are not automatically lifted out of poverty through economic growth or traditional poverty reduction programs. Poverty rates among ethnic minority groups at above 60 percent (VHLSS 2010) remain a multiple of those of Kinh/Hoa, and the gap shows no sign of closing. Meanwhile, the increased global integration of the Vietnamese economy and the greater mobility of its population create opportunities for Vietnamese citizens through new and better jobs. However, it also exposes growing numbers of people to economic shocks and employment risks which, if not managed well, may undermine the recent success in poverty reduction and stand in the way of further advances in living standards. There is also a lingering risk of an intergenerational poverty trap: Despite many efforts, education, health and nutrition outcomes remain significantly behind for children from poor households and in particular ethnic minority children, translating into the transmission of poverty to the next generation. Migration and the
transition from extended, multi-generational families to nuclear ones weaken traditional informal intra-family or -community support mechanisms and call for more formal social safety nets.

**Sectoral and Institutional Context**

Formal social protection, including social assistance, has been increasingly replacing traditional informal intra-family or community support mechanisms as the latter weaken due to migration and the transition from extended, multi-generational families to nuclear ones. While Vietnam's traditional formal poverty reduction policies emphasized in-kind and geographically-targeted programs addressing structural sources of poverty in remote regions, the use of household- and individual-based cash transfer programs has substantially expanded over the last few years. However, a close examination of Vietnam's current formal social protection and poverty reduction system reveals important policy and implementation gaps that risk hampering long-term poverty and vulnerability reduction. Moreover, delivery systems for social assistance and household-based poverty reduction programs are weak, resulting in ineffective service delivery.

Vietnam's social protection system today suffers from fragmentation of multiple poverty reduction and social assistance programs with overlapping objectives but separate budgeting and delivery mechanisms. There are about a dozen additional cash transfer programs, both regular and one-time. These include most prominently (i) monthly cash support to the disabled, orphans, single parents and lone elderly without means under Decree 67/2007/ND-CP, amended by Decree 13/2010/ND-CP, (ii) a small monthly cash transfer to poor households to offset recent increases in energy prices (both delivered through local social officers) under Decision 268/2011/QÐ-TTg, and (iii) a cash transfer to children from poor households in school for nine months per year delivered through the education system (school principals) under Decree 49/2010/ND-CP. In 2013, a new program was developed to give additional education support to high school students in remote and difficult areas (under Decree 12/2013/ND-CP). This fragmentation creates considerable inefficiency both from the perspective of the implementers and the beneficiaries.

At the same time, the system does not provide adequate protection. Benefit incidence analysis on the basis of the 2010 VHLSS shows that the main existing social assistance programs have limited coverage of the poor, considerable leakage to the non-poor and low benefit adequacy. For example, in 2010, only 24 percent of bottom quintile households were covered by the education subsidy and 12 percent by Decree 67/13. At the same time, 43 and 54 percent of spending under these programs respectively accrued to bottom quintile households. The education subsidy and Decree 67/13 accounted for 4 and 17 percent of consumption of bottom quintile households.

Recognizing changing needs and increasingly binding constraints, Vietnam is increasing its efforts to strengthen key elements of its social protection system including non-contributory social assistance. In 2012 the Central Committee of the Communist Party of Vietnam (CPV) adopted Resolution 15/NQ-TW on “Major Issues in Social Policies of the Period 2012-2020” to help ensure by 2020 a “guaranteed minimum level in income, education, health care, housing, clean water, and information and communication, thus contributing to gradual improvements in incomes and ensured safe, equitable and happy life for the people”. The Resolution specifically highlights the need to consolidate and modernize the management of programs and policies, including with modernized payment mechanisms and with an integrated beneficiary database, to ensure less fragmentation and overlaps of programs. The vision of the Resolution has two implications. First, the role of social assistance in the poverty reduction policy framework for the next five-year plan (2016-2020) is set to become considerably more prominent. Second, the new poverty reduction framework will allow
for a change in the mix of programs and a consolidation of the current multiple cash transfer
programs into fewer ones.

Relationship to CAS
World Bank support to the Government of Vietnam in strengthening the social protection system is
anchored in the Opportunity pillar of the Country Partnership Strategy FY12-16 and the Resilience,
Governance and Gender cross-cutting themes.

II. Proposed Development Objective(s)

Proposed Development Objective(s) (From PCN)
The project development objective is to support the Government in strengthening the social
assistance system by developing innovations in management and delivery and by piloting these
reforms in four provinces.

Key Results (From PCN)
The key PDO-level results indicators of the project are (i) program coverage of the poor in
participating districts, (ii) achievement of an adequate standard of on-time payment of cash benefits
and (iii) reduction in income poverty and key non-income indicators of poverty in participating
districts that are attributable to the program.

III. Preliminary Description

Concept Description
The SASSP will support the efforts by the Ministry of Labor, Invalids and Social Affairs (MoLISA)
to implement Resolution 15 in developing solutions for social assistance system modernization and
consolidation of programs and processes. It will also initiate the modernization process in four
provinces. In doing so, the project is expected to lay a solid foundation for further program
consolidation and deployment of a modern delivery system in all 63 provinces across Vietnam
during the period of the next five-year plan (2016-2020).

The project has three components: Component 1 will help put in place critical elements of a
strengthened management and delivery system for social assistance. Component 2 will support the
testing of the strengthened system through a consolidated social assistance program (named the “Cơ
hộ thoát nghèo triều kiến” or “Opportunity to move out of inter-generational poverty” program;
“Opportunity program” in short) in four provinces for three years (Hà Giang, Quảng Nam, Trà
Vinh, and Lâm Đồng). This program will replace three existing social assistance cash transfer
programs. Component 3 will provide support for program management and capacity building.

Component 1: Support to social assistance and poverty reduction system strengthening ($27m):
Project activities under component 1 will help build more robust delivery mechanisms for social
assistance and strengthen performance monitoring, which will be the basis for promoting program
consolidation. This includes the following activities at the national level: (i) support to developing a
national registry (i.e., a national database of potential beneficiaries of social assistance programs in
all provinces); (ii) developing an integrated MIS for social assistance programs; (iii) promoting
program and process consolidation and strengthening service delivery through developing redefined
operational processes, a new payment mechanism through an independent professional agency, and
management arrangements based on the new integrated MIS and field-based process monitoring;
and (iv) support for policy, research and communication and outreach as well as comprehensive
change management in order to build broad-based consensus at all levels. The project will develop these system improvements nationally, and test these using the Opportunity Program in the four pilot provinces. In addition, the project will support the remaining provinces in putting in place the necessary preconditions (guidelines, training, software and hardware) to utilize the strengthened system for social assistance management and delivery in a phased manner.

Component 2: Support for the launch of a consolidated social assistance program (US$30m): The Opportunity Program aims to help parents make better health, nutrition and education decisions for their children that will help reduce inter-generational transmission of poverty. This will be through: (i) providing cash for parents to invest in their children, (ii) encouraging beneficiary households to adhere to co-responsibilities around health and education-seeking behaviors, and (iii) supporting parents through a network of social collaborators who will visit the households regularly to provide parenting advice. The Opportunity Program will provide a variable monthly benefit to eligible households for three years in the pilot provinces (the amount being determined by the current entitlements under the programs which it subsumes - cash allowance to students (under Decree 49 and under Decree 12), and cash transfers for electricity (under Decision 268). This component will provide gap financing for the benefits payments under the Opportunity Program (i.e., in addition to the government budget provision for the programs being replaced) for a period of three years in the pilot provinces. The financing shortfall between the government budget for the existing programs and total estimated cost of the Opportunity Program is due to the expanded coverage of poor households with children aged 0-3 and pregnant women, as well as poor households with children aged 0-15 that are not yet in school. The project will also finance the administrative costs for implementing the Opportunity Program through the modern delivery mechanism developed under Component 1, including the use of an independent agency for making benefit payments, and the network of social collaborators. The program will be implemented in the third year of the project, once the MIS and other elements of the delivery mechanism are in place.

Component 3: Program Management (US$3m): This component would support the establishment of a Central Project Management Unit (CPMU) and four Provincial Project Management Units (PPMUs) to oversee the development of modern delivery systems, coordinate the consolidation of social assistance programs, manage and monitor the implementation of the Opportunity Program and social assistance under Decree 67/13 and ensure appropriate fiduciary controls are in place. This component would also support regular monitoring of project performance as a whole, including preparation of progress reports and audits. At the sub-national level, the project will rely on the PPMUs and the existing provincial, district and commune committees for program implementation and monitoring. The intent is to mainstream SASSP implementation as part of regular tasks and program delivery rather than create separate project management units.

### IV. Safeguard Policies that might apply

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Involuntary Resettlement OP/BP 4.12 | ✗
Safety of Dams OP/BP 4.37 | ✗
Projects on International Waterways OP/BP 7.50 | ✗
Projects in Disputed Areas OP/BP 7.60 | ✗

V. Financing (in USD Million)

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**Financing Source**

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