I. Project 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/QD-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.
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. 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 “Co hội thoát nghèo truyền kiếp” 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.

II. Proposed Development Objectives
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.

III. Project Description
Component Name
Support to social assistance and poverty reduction system strengthening
Comments (optional)

Component Name
Support for the launch of a consolidated social assistance program
Comments (optional)

Component Name
Program management
Comments (optional)

IV. Financing (in USD Million)

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V. Implementation
The implementation of the SASSP is subject to substantial risk. This is the first World Bank-funded project implemented by MoLISA and the ministry has limited prior experience in the technical and procedural management of operations of this scope, including on fiduciary aspects. Moreover, the
activities to be supported under the project are ambitious and require strong management and coordination capabilities at the central and the local levels. In particular, social assistance program and process consolidation at the local level are challenging undertakings. However, MoLISA and local level authorities are responding to a strong policy directive to improve the management of social assistance and poverty reduction programs and have displayed considerable technical and management capabilities during preparation. Moreover, the operational design of the project has been kept simple and focused, and the World Bank and partners will be providing extensive implementation support.

VI. Safeguard Policies (including public consultation)

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Comments (optional)

VII. Contact point

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