Empowering Women through an Inclusive Systems Approach
The Aus4Equality|Gender-Responsive Equitable Agriculture and Tourism (GREAT) Program promotes women’s economic empowerment in the ethnically diverse provinces of Son La and Lao Cai in northwest Vietnam. It does this by taking an innovative and coherent ‘systems’ view of the opportunities and constraints within the local context.

Empowering Women through an Inclusive Systems Approach is the first publication in GREAT’s Knowledge Series and introduces key approaches of GREAT and the context in which the Program operates. Progressively, the Knowledge Series will assess specific issues and share emerging lessons as the Program continually builds an understanding of gender issues, women’s economic empowerment and the opportunities and challenges that emerge when working on inclusive systems development in Vietnam.
The Vietnam Context

Vietnam has undergone significant economic growth and development in the past 20 years, lifting much of the population out of poverty and reinforcing its global standing as a dynamic middle-income economy. Although women have both benefitted from, and played a central part in this story of economic success, inequality is rising, and pockets of persistent poverty remain, particularly in the north-west.

Only 22% of Mong women in GREAT target areas can read and write Kinh language (GREAT Longitudinal Study).

- Ethnic minority groups, especially women, are over-represented among the poor and the gap is actually widening between ethnic minorities and the Kinh and Hoa.
- Ethnic minority women in mountainous areas that have graduated secondary school are significantly less likely to access off farm employment than their male counterparts or the Kinh majority.
- Ethnic minority women face many barriers to participating freely and equally in economic activities. These include limited education and Kinh language skills, poor access to services and markets, and cultural norms.
- Women also tend to spend considerably more time doing housework, cooking and caring for children whilst also sharing productive work.

If Vietnam is to further strengthen its economy, women’s full economic potential will need to be harnessed. This will become increasingly urgent as the productivity and growth advantages associated with a young labour force continue to diminish over the coming decades. While in 2010 one in ten Vietnamese were 60 years or older, by 2030 this proportion is projected to almost double to one in six and by 2060 it will reach one in four.

Economies that better utilise the expertise and time of all members are more likely to prosper. McKinsey estimates that under a 'best-in-region' gender equality scenario, Vietnam could add 10% (US$40 billion) to its annual GDP by 2025.

Women are also more likely than men to use any income earned to support their families including for improved nutrition, health, and education. Increasing women’s earnings can also help strengthen their capacity to make decisions within the family.
To increase income and employment opportunities for disadvantaged populations, the Government of Vietnam and donor partners have focused primarily on fiscal redistribution, subsidies, and improved service delivery.

Vietnam’s private sector also has a vital role to play in poverty reduction in ethnic minority regions. For example, a systems-based approach that drives increased productivity and competitiveness, while also improving the quality and targeting of public spending, can potentially boost living standards in ethnic minority regions in a more sustainable way.

Traditionally, the major economic players in Vietnam were large state-owned enterprises and foreign-invested firms, however increasingly small to medium-sized enterprises (SMEs) are powering the Vietnamese economy and now account for 45% of GDP.

In the remote and ethnic minority regions of the north-west and central highlands where the state has traditionally dominated economic activity, businesses are less connected to domestic and international markets. However, recent reforms have laid the groundwork for strengthening their position as a source of local supplies and services.

Provincial-level decision-makers in Vietnam wield considerable political and economic power, both formal and discretionary.

Ongoing governance reforms are providing a mandate to be increasingly active, and many now welcome evidence-based policy engagement with the private sector and other non-government actors. Establishing effective ‘feedback loops’ between local communities, private sector enterprises, producers, and government decision-makers is essential for supporting inclusive, market-based policy reform at the provincial level – particularly in the context of the regional master planning process introduced under Vietnam’s 2017 Law on Planning. Facilitating such interaction and feedback mechanisms is a core element of the systems approach espoused by the GREAT Program.
A Systems Approach

Farming and tourism ventures in the GREAT Program areas are connected with end-consumers through a series of exchanges, often referred to as a value chain. These do not operate in isolation. As illustrated in Figure 1, the broad context or ‘market system’ also includes a set of supporting functions and services, such as technical training, financial services, and information. The way the system operates is also fundamentally shaped by a set of ‘rules’, both formal and informal. Key actors in this broader system typically include government, a range of private sector operators and a variety of organisations and networks.

Figure 1: Example of an Agricultural Market System

The GREAT Program assesses the systems within sectors that have the potential to create significant opportunities for ethnic minority women. It identifies constraints and opportunities and then works with key players (or system participants) – such as businesses, government agencies, research and community organisations and individual producers – to bring about changes that will provide long-lasting benefits particularly for ethnic minority women (Figure 2).

Systems development aims to tackle the underlying causes of market failure and poverty, rather than just finding solutions to the superficial symptoms.

Figure 2: Facilitating Inclusive Systems Development Framework

**Ethnic Minority Women** have improved economic and social status

Improved sector performance + improved access (opportunities, assets and service) and agency (increased decision making and balanced workloads) for **Ethnic Minority Women**

**Ethnic Minority Women** gain access to relevant goods and/or services and training on gender equality for both men and women

Market system actors provide goods and/or services to **Ethnic Minority Women** and awareness raising on gender equality to both men and women

Interventions targeted at benefiting **Ethnic Minority Women** in Son La and Lao Cai
A Systems Approach (Continued)

Importantly, GREAT aims to facilitate change rather than directly ‘deliver’ solutions – to stimulate change in the system without becoming embedded in it. This approach sets GREAT apart from more traditional projects which generally provide direct support to target beneficiaries during a limited project lifetime (Table 1).

Instead of providing subsidies to market actors, GREAT leverages co-investments from the private sector and the government, facilitates demand-supply matching and provides incentives for business partners and producers to collaborate through sustainable business models. The Program promotes ethical and benefit-sharing business models which can enhance branding and marketing for business partners. The systems development approach also promotes sustainability by helping long-term system actors affect changes they have a stake in – providing an incentive to maintain the new practices well after Program completion.

<table>
<thead>
<tr>
<th>What it is not</th>
<th>What it is</th>
</tr>
</thead>
<tbody>
<tr>
<td>✗ Direct delivery via donor or NGOs</td>
<td>✓ Facilitated through market actors</td>
</tr>
<tr>
<td>✗ Provision of subsidised or free inputs</td>
<td>✓ Supporting market actors to provide the service</td>
</tr>
<tr>
<td>✗ Either focused broadly on macroeconomic problems, or narrowly on specific</td>
<td>✓ Addressing specific market or ‘systemic’ issues assessed to be adversely</td>
</tr>
<tr>
<td>businesses or households</td>
<td>impacting the target beneficiaries</td>
</tr>
<tr>
<td>✗ Separate support to individual nodes in value chains</td>
<td>✓ Based on analysis of constraints and opportunities in the market system,</td>
</tr>
<tr>
<td></td>
<td>including identifying untapped potential and better matching demand and</td>
</tr>
<tr>
<td>✗ Solutions to change introduced by outsiders and dependent on outside</td>
<td>supply</td>
</tr>
<tr>
<td>support</td>
<td>✓ Incentivising market actors to introduce changes that will benefit them</td>
</tr>
<tr>
<td></td>
<td>as well as the target communities, and can, therefore, be maintained into</td>
</tr>
<tr>
<td></td>
<td>the future</td>
</tr>
</tbody>
</table>
GREAT is supporting agriculture and tourism businesses in Son La and Lao Cai to do business in gender-sensitive ways to improve women’s access to assets, services, knowledge and skills, employment opportunities, income, and decision-making power. In addition, GREAT’s interactions with government agencies are helping reinforce policies and enact plans, regulations and services that enable more inclusive socio-economic development. Local-level partnerships and interventions that form GREAT’s portfolio are part of a broader strategy to affect fundamental change on a wider scale. While carrying out interventions to solve specific market issues and create tangible results in production and business performance, the Program also facilitates sector-steering, scale-up and replication at the sector level and in a wider area than two target provinces. The Program will ultimately benefit large numbers of ethnic minority women and their households.

GREAT has clear objectives and operating principles, but systems are complex and do not always respond as expected. Therefore, inherent to GREAT’s adaptive management approach, is a cycle of constant monitoring, diagnosis, and learning. If something is not working, the Program adapts and seeks alternative solutions, which maximises long term results with the time and budget available. It also fosters innovation and provides a body of practical knowledge and evidence that is shared with relevant agencies to inform policy development.

Findings from GREAT’s baseline study indicate a significant difference in the proportion of female respondents reporting a disability (4%) compared to males (1%). There was also significant variation in the incidence of women’s disability across ethnic groups, ranging from 1% (Kinh) to 11% (Muong and Thai).

Additionally, GREAT partners with groups and organisations that are engaging with ethnic minority women in more remote, impoverished, and mountainous areas. In doing so, GREAT recognises that these partners often need additional support to establish sustainable services which can include innovative solutions to address challenges such as low levels of literacy in Kinh language and a lack of market access. GREAT is also working with partners to identify opportunities for people with disabilities to engage in the identified supply chains.

GREAT is partnering with Lao Cai College to introduce a six-month training course for ethnic minority women that is built on the needs of the local tourism industry and aligns with the demand-driven, partial cost-recovery model of the College. This course will be tailored to the specific requirements of the trainee women and will also meet international standards with the support of Chisholm, a leading Australian training institute on tourism.

Upon completion, trainees will be connected to employment opportunities. More broadly, the partnership is helping increase awareness of career paths within the tourism industry for ethnic minority women.
GREAT’s engagement in Son La and Lao Cai to date has highlighted the vital role that all levels of government have in facilitating inclusive systems development. Examples of policy recommendations arising from GREAT’s work include:

- Moving away from a subsidy approach, as this often provides a disincentive and distorts the market.
- Promoting private sector-led service delivery models in rural areas.
- Speeding up reforms in economic governance to accelerate participation in the economy by diverse market actors, such as:
  - Land-use planning that restricts converting agricultural land away from staple crops.
  - Financial regulations that constrain access to finance for small-scale producers and businesses.
Many farmers – particularly ethnic minority women – struggle to access the finance they need to optimise production. GREAT’s research found that 60% of vegetable and passion fruit producers and 33% of tea producers in Son La are seeking finance. The study also found that female respondents were slightly more likely to access finance from informal sources compared to males.

A key reason for this difficulty is the requirement for borrowers to provide a land title certificate when applying for bank loans. Only 22% of surveyed tea producer households, for instance, have such a certificate. Many banks are reluctant to lend to small-scale farmers given the lack of collateral, high transaction costs of setting up relatively small loans, and because they lack the technical capacity to assess and monitor risk and understand farmer needs and cash flows.

In exploring how it might address these issues and identify potential partners, GREAT undertook a mapping of financial institutions and held in-depth discussions with several banks. LienVietPostBank was identified as the preferred partner based on its willingness to innovate, provide a customer-driven approach and transparency of the lending process, as well as demonstrate the depth of network services in the target districts.

GREAT is partnering with the Vietnam Bank for Social Policies (VBSP), which is mandated to provide financial services to those underserved by the commercial banking system. While many poor and near-poor households in GREAT’s target provinces have access to collateral-free, small loans from VBSP, these tend to be used for immediate household expenses rather than productive activities. As part of its COVID-19 response, GREAT will support VBSP to pilot value-chain lending in Lao Cai and target ethnic minority families already participating in the Program’s agriculture and tourism initiatives. Financial literacy training for women and capacity building for VBSP in gender-lens lending will be included in the solution to help women make informed decisions and be in a position to manage debt. Better financial service products and systems will ultimately help VBSP reach more clients in Lao Cai and elsewhere in Vietnam.
Vegetable Seedling Supply

The vegetable sector offers important economic opportunities for farmers in Vietnam’s north-west, where climate, soil and land-availability provide favourable conditions for year-round production. Furthermore, the dryer, warmer climate of the Red River Delta close to Hanoi, means vegetables need to be sourced from elsewhere in Vietnam or imported during the summer months. Fortunately, road access to Son La and Lao Cai has significantly improved meaning the region is well-placed to meet the growing demand.

Growing vegetables that meet certification requirements can generate two to five times more income than rice and maize. Government strategies support the shift to higher-value crops, and private sector investment is occurring in the region, providing a favourable environment to build technical capabilities, and supporting industries.

However, access to essential inputs such as seeds and seedlings is problematic, and many farmers are not confident to diversify beyond traditional low-earning crops. They have limited technical understanding of vegetable production and quality standards and lack the finance and incentive to invest in knowledge and inputs. This is particularly true for women, who tend to occupy labouring roles with limited training or wage employment opportunities.

The GREAT Program is working with public and private sector partners in Son La and Lao Cai to establish and strengthen the market systems within the vegetable sector, focusing in particular on increasing the ability of ethnic minority women to actively participate in the market system and benefit economically.

Rather than simply handing out seeds – a common practice in many aid projects – GREAT is partnering with Fresh Studio and eight local farmers in two districts of Son La to invest in local nurseries. In addition to generating an ongoing, reliable and trusted source of seeds and seedlings, the partnership embeds extension and local seed production services. This gives farmers the technology, know-how and also the encouragement they require for successful vegetable cultivation.

To promote a coherent approach within the vegetable sector, a sector group has been formed involving private sector partners and government agencies. Sector meetings have allowed for the sharing of challenges and lessons learnt and recommendations on cooperation, government policy improvements and innovative solutions. An online forum has also been created for partners to interact and share information. Future areas of focus include responding to the impact of COVID-19 within the sector to increase market demand and build resilience.
Notwithstanding the disruptions due to COVID-19, tourism is an important potential growth sector in north-west Vietnam thanks to distinctive natural and cultural attractions, improvements in road access and local services and increased economic prosperity in Vietnam and neighbouring China. Investment in new hotels and tourism facilities in Lao Cai and Son La has increased demand for skilled and semi-skilled staff, including opportunities for women and youth. Responsibly managed tourism development can help maintain areas of high conservation value and protect local culture and government policies are broadly supportive of tourism development in Vietnam.

Challenges include poor industry coordination, low quality of some tourist facilities, difficulties accessing finance, and limited skills and experience among both small-scale entrepreneurs and the potential tourism workforce. In some communities, tourism is not seen as a suitable career path for ethnic minority women due to negative perceptions associated with the hospitality sector. Education levels of ethnic minority women is also a barrier to formal employment in the sector as well as literacy in both Kinh and English. An estimated 29% of GREAT women beneficiaries have no formal education compared to 15% of males.

GREAT’s approach is to identify and address systemic issues that are barriers to women’s economic participation. This includes access to targeted, market-driven training and access to finance to develop or upgrade tourism facilities.

GREAT is partnering with Lao Cai College to introduce a six-month training course for ethnic minority women that is built on the needs of the local tourism industry and aligns with the demand-driven, partial cost-recovery model of the College. This course will be tailored to the specific requirements of the trainee women and will also meet international standards with the support of a leading Australian training institute on tourism.

Upon completion, trainees will be connected to employment opportunities. More broadly, the partnership is helping increase awareness of career paths within the tourism industry for ethnic minority women.
Closing the Digital Divide

E-commerce is an untapped economic opportunity in Vietnam’s north-west, particularly for local producers and cooperatives and their suppliers, including ethnic minority women. An estimated 99% of GREAT beneficiaries have access to a mobile phone, with 20% of households having their own internet service.\textsuperscript{ix} GREAT’s Innovation Fund is already supporting the development of a smartphone app and business mentoring services to enable producer-groups of indigenous agricultural products to sell their products on e-commerce platforms and via social media channels. With support from GREAT, VietED and local partners are working to strengthen provincial-based e-commerce support services, such as logistics (storage, transportation, and delivery of products), quality assurance and payment systems.

Solar Drying

Solar drying houses are low-cost energy solutions that enhance the crop drying process, resulting in higher quality products and higher income for ethnic minority women producers. They also reduce the reliance on weather or more expensive and less accessible electrical-powered options for drying. GREAT is working with partner Covestro to introduce the technology in Lao Cai and Son La provinces and ensure there are local service providers with the capacity to assemble the drying houses and provide after-sales service.


J Denton, Going Local: *Why sub-national governments are the key to success in Asia*, AsiaLink, blog, November 2013.


Ibid.

Ibid.

Ibid.

Ibid.