

**TFESSD MOBILIZING RURAL INSTITUTIONS FOR SUSTAINABLE LIVELIHOODS AND  
EQUITABLE DEVELOPMENT: THE CASE OF RURAL-PRODUCER ORGANIZATIONS IN  
VIETNAM**

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(Final Report)

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## **1. Introduction**

This report is a part of the TFESSD mobilizing rural institutions to facilitate the access of public and private services to the poor. It looks at how institutions interact, relate, and communicate, and their impact as a network on rural livelihoods. The whole project is conducted in three domains: production institutions, forest-protection institutions, and governance institutions. This report focuses only on the first domain: production institutions. Its overall goal is to recommend solutions that can help transform rural producer organizations (RPOs) into being more inclusive, cohesive, and accountable where people are truly empowered.

To reach the above overall goal, the study set up four objectives to be fulfilled: (i) describe macro-policy and institutional framework where different types of and changes in RPOs present, (ii) describe and understand institutional design of focal RPOs as well as their evolution in response to social, economic, and environmental changes; (iii) identify governance outcomes of focal RPOs in terms of inclusiveness, participation, accountability, responsiveness, and adaptability, and (iv) specify rural livelihood outcomes and establish their relationships with institutional design and governance outcomes of such RPOs.

Before proceeding further, we should clarify one important concept of institution in this study. Institutions here are seen as organizations instead of norms and values which are widely defined nowadays, such as in North (1990). However, despite of the difference in appearance, the functions of RPOs in our research are quite similar as those of institutions which are defined as norms or rules. RPO implies an explicit rendering of rules according to which people interact and which shape farmers' expectations, and as a consequence, their behaviors in both social and business activities. In this study, we classify institutions according to two dimensions: informal vs. formal and private vs. collective vs. public. Following the first dimension, an institution is considered as a formal if it is recognized by the state and as an informal if it is not. And following the second one, an institution is viewed as private if its main function is to serve services for farmers on the basis of monetary benefit and loss, as collective if its main function is to serve the community and its serving target is specific, and as public if its main function is to serve the community and its serving target is general. An example of formal, public institution is a local government, of informal public institution a discussion meeting, of formal collective institution a cooperative, of informal collective a revolving fund, of formal private institution a private company, and of informal private institution a technology sharing arrangement.

All RPOs being studied in our research provide both economic and social services for farmers, but to different degrees, depending on their defined functions. In particular, we examine as focal institutions one farmer union in Chieng Kheo commune (Mai Son district, Son La province), one fishery association in Nam Think commune (Tien Hai district, Thai Binh province), a cooperative in Ia Ake commune (Phu Think district, Gia Lai province), and another cooperative group (to hop tac) in Truong Long Hoa commune

(Duyen Hai district, Tra Vinh province). Basic information on these RPOs is presented in Table 1.

**Table 1. Basic Information on the Selected RPOs (by 2007)**

Name of RPOs	Location	Type of institution	Size (No. of members)	Main functions
Chieng Kheo farmer union	Chieng Kheo commune, Mai Son district, Son La province	Formal and public	400	Propagandizing programs and policies of the VCP and the government in rural area development, not only on economic, but also social and cultural life.
Nam Thinh clam association	Nam Thinh commune, Tien Hai district, Thai Binh province	formal and collective	44	Facilitating its member to access and share information on markets, finances, technologies and management techniques in the field of farming and trading clam.
Chu A Thai I agricultural cooperative	Ia Ake commune, Phu Thinh district, Gia Lai province	Formal and collective	852	providing agricultural services as demanded by members such as irrigation, veterinary and vegetate protection, crop security, acquisition of fertilizers and seeds, and selling output.
Phuong Dong Clam cooperative group	Truong Long Hoa commune, Duyen Hai district, Tra Vinh province	Informal and collective	1137	Farming clam to generate profit for its equity members; reducing poverty in the local community.

Four selected RPOs locate in different geographic regions of Vietnam. Chieng Kheo is a mountain commune of the North-West, Nam Thinh a coastal commune of the North-East, Ia Ake a highland commune of the Central-West, and Truong Long Hoa a coastal commune of the South-East. Except Phuong Dong Clam Cooporative Group as informal all three other RPOs are formal institutions; and except Chieng Kheo Farmer Union as public they all are collective institutions. Except Nam Thinh Clam Association, all remaining RPOs are organization with medium and large sizes at the commune level. These selected focal institutions belong to the most familiar types of RPOs in the rural area of Vietnam. Chieng Kheo Farmer Union represents for mass organizations, Nam Thinh Clam Association for professional associations, Chu A Thai I Agricultural Cooperative for collective producers of traditional agricultural products, and Phuong Dong Clam Cooperative Group for collective producers of new high-yielding products. Their functional operations involve in the staples agricultural products of Vietnam such as rice, cassava, maize, and livestock, and fishery products such as fish, shrimp, and clam. Thus, although the selection of RPOs is not representative for the whole agricultural sector, we feel certainly that it reflects much about the picture of RPOs in Vietnam. Further, beside these focal institutions, we shall examine their relationships with other relevant institutions in the local areas such as local government offices, branches of Vietnam agricultural bank, of bank for social policies, department branches of agricultural extensions, of aquacultural extensions, of veterinary protections, of vegetate protections and so on. By considering how these institutions coordinate to

provide economic and social services to rural people we hope to have a comprehensive picture on the sustainable livelihoods and equitable development in Vietnam.

The report is organized as follows. In the next section, we examine the contexts where our focal RPOs are present. We divide the features of the context into two groups: social, economic, political, and cultural features and institutional features of the context. The first group reflects the general environment related to agricultural production activities in the local area. The latter refers to various types of institutions, including our focal RPOs, which are present in such local environment. The third section shows the links between focal institutions and relevant institutions in terms of information, finance, and power influence on the mapping form. It also presents institutional designs and processes of the focal RPOs as well as their changes over time. The fourth section, specifies governance outcomes of the focal RPOs in five dimensions: inclusion, participation, accountability, responsiveness, and adaptability. We also discuss in this section the relationships between governance outcomes and institutional designs and processes already presented in Section 3. In Section 5, we identify the nature of changes in livelihoods practices and improvements as a result of benefits from the focal RPOs, and evaluate the impact of institutional design upon livelihood outcomes. We shall draw important policy issues and implications from our research in Section 6.

## **2. Description of the Context**

### **2.1 Social, Economic, Political, and Cultural Context**

Vietnam is a country characterized by a single-party political system and an administrative system with four formal layers: commune, district, province, and central. Village or hamlet may be considered as an additional, informal layer of the administrative system. The consequence of this political and administrative system is the presence of Communist Party of Vietnam (CPV)'s offices and CPV-supported mass organizations at all five administrative layers. Recently, some opposite political organizations are established but not recognized by the government. Their appearance and operations are weak or moderate in different locations, but they all are considered as illegal from the government's point of view. In two of our examined locations, Nam Think commune (Thai Binh) and Ia Ake commune (Gia Lai), the operations of opposite political organizations are stronger than the two other ones. Some individuals participated in the 8406 bloc, a network of activists for the democratic movement in Vietnam, have been confined recently by the police of Nam Think commune. In Ia Ake commune, those who are involved in an organization struggling for the autonomous rights of the ethnic minorities in the region, are kept watch closely by polices. In 1997, there was a wide unrest overall Thai Binh province against the local governments for its corrupted and cumbersome management. And in 2001 and 2004, many riots and protests by J'rai people against the local government incurred in many places of Gia Lai province.

Regarding the social aspects, rural areas of Vietnam show a picture mixed by many different ethnicities, religions, professions, and classes. The mountain and highland areas

are settled by many minority ethnic groups<sup>1</sup>, for example, the Thai people and the H'mong people dominate in Chieng Kheo commune<sup>2</sup> and J'rai and other ethnic groups dominated in Ia Ake commune<sup>3</sup>. While the delta areas are the sphere dominated by the Kinh people. That is the case of Nam Think commune and Truong Long Hoa commune.

Religions in Vietnam are varied. Although most Vietnamese do not follow a clear religion (Buddhism, Confucius, ethnical traditions, etc.), Christian communities appear in many places. Particularly, around 30% of the total 1,500 households in Nam Think commune follow Catholic. And in Ia Ake, among the total 1,258 households, 31 households follow Dega protestant branch (which is classified as an illegal or 'reactive' one in Vietnam), 50 follows the state-pro protestant branch, and 180 households follows the Catholic church. In Chieng Kheo commune, due to the successful persuading or intervention measures of the local government, no one follows any Christian branch by now despite of the appearance of a certain number of H'mong protestants in Son La province.

Traditionally, most Vietnamese people in rural areas involve agricultural production activities, only few follow handicraft industries such as construction or carpenter. Going with the expansion of market economy, the number of rural people joining industrial and trading activities increases. However, our studying locations are still nearly agricultural ones. Nam Think commune and Truong Long Hoa commune, which are the most developed areas in comparison with two the others, have only few small handicraft and trading units locating near the centre of the commune. The proportions of industrial and service activities in GDP of Truong Long Hoa commune are 2% and 2.2%, respectively. During the low crop seasons, farmers often work for somebody (in Chieng Kheo and Ia Ake) or go into the sea for gathering natural yields (Nam Think and Truong Long Hoa). Many youths in Nam Think and Truong Long Hoa communes go to surrounding cities for finding temporary jobs.

Recently, income inequality in Vietnam rural areas has speedily increased. However, the extent of inequality varies according to particular locations. The number of poor households in Nam Think commune is few, but the income level here is quite divergent between the rich and the poor. Some rich households, most of them nurturing clam, possess wealth of some billion VND, while many pure farmers earn only some million VND per year. In Ia Ake, the poor occupies 27.9%, but most of them fall into the ethnic minorities. The minority ethnic people have turned to be poor recently because they have lost land into the Kinh people, who have just immigrated there for 20 or 25 years. In Truong Long Hoa commune, the number of poor households is small and the difference between the rich and the poor is not wide since most households possess land for rice and melon crops and pond for shrimp farming. Chieng Kheo is the poorest location in our

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<sup>1</sup> In Vietnam all ethnic communities except the Kinh are called "minorities" despite of their dominance in the local area. We keep the use of this word for consistency with formal documents of the government.

<sup>2</sup> Among 420 households of Chieng Kheo commune, there are 376 Thai households settled in 7 villages, 41 H'mong households settled in 2 villages, and only three Kinh households near the main road.

<sup>3</sup> Ia Ake commune consists of 10 villages, of which 8 are of ethnic communities, including J'rai, Banna, Tày, Nùng, Thai, and only two are of the Kinh people, who have settled since 1980s.

study, with 56% of poor households. The difference in income level here is insignificant. The richest family possesses only a traditional wooden house with one motorbike, one TV set, one recorder set, and five buffalos. The poor in Chieng Kheo, Ya Ake, and Truong Long Hoa gets free healthcare card from the government. Some very poor households also receive supports to build secure houses or substantial things in special occasions of the year (such as the new year or the national day).

The gender discrimination in social and economic activities still appears in reality. In the Kinh and Thai families, male holds a dominate position. But, in the H'mong and J'rai families, female rules. Regarding social positions, male still occupies in majority, but we still see female keeping many high positions in the local government system. For examples, the secretary of the CPV cell of Nam Think commune and the vice-secretary of the CPV cell of Ia Ake commune are female.

On the cultural context, most people in the rural areas receive popular culture (mainly Kinh traditions) through the general education and through mass media. Nevertheless, the education level still varies between rural locations. Among four our examining locations, Nam Think has the highest level of education with many youths accomplishing the high school degree, and even holding bachelor degree. While most youths in Ia Ake and Truong Long Hoa only finish the secondary degree and only few of them pursue higher ones. It is the worst in Chieng Kheo where many youths abandon their education just after finishing the elementary degree. Besides the general culture, people in minority ethnic communities still maintain their traditional cultures through family and village practices. They use their own language for daily conversations. By now, only Thai and J'rai inherit their own alphabets, but the number of people who can read and write them are very few. The J'rai still sustain the old-man (già làng) position to solve various disputes and conflicts in the community on the basis of their traditional norms.<sup>4</sup>

Regarding the economic context, the infrastructure of Vietnam's rural areas have been improved substantially recently. All communes we examine connect with the national electric system, except few villages in the very remote location (such as Pang San A village of Chieng Kheo commune). The main roads of these communes are covered by concrete or asphalt. Especially, most irrigation canals and ditches in Nam Think are concretized, too. However, clean water and environmental pollution become a very problem now in many rural areas. Most households still use natural water (such as, in Chieng Kheo) or artesian well. Only few rich households are equipped with drilled well. Industrial, organic, and liquid wastes are claimed harshly by villagers in Nam Think. Due to the traditional customs, most ethnic people in Chieng Kheo and Nam Think still keep cattle under the ground floor of their house, which causes terrible pollution at the smelt and seen level.

We summarize basic information about the social, economic, political, and cultural context of four examined locations in Table 2.

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<sup>4</sup> For example, if one man left his wife without a sound reason he shall be punished to hand one cow to the wife and one pig to the village for a fining banquet.

**Table 2. Social, Economic, Political, and Cultural Context of Four Examined Locations**

	<b>Chieng Kheo</b>	<b>Nam Thinh</b>	<b>Ia Ake</b>	<b>Truong Long Hoa</b>
<i>Geography</i>				
- Land characteristics	Mountain	Delta; Coastal	Highland; flat	Delta; Coastal
- Population (Households)	420	1526	1193	1460
<i>Political environment</i>	Stable	Less stable	Less stable	Stable
<i>Social environment</i>				
- Ethnic communities	Thai, H'mong	Kinh	J'rai, Kinh, Tay, Nung, Bana	Kinh
- Religion	Thai & H'mong tradition	Kinh tradition & Catholic	Kinh tradition, J'rai tradition, Dega protestant, state-pro protestant, catholic	Kinh tradition
- Main professions	Agricultural farming	Agricultural farming, shrimp farming, clam nurturing	Agricultural farming	Agricultural farming, shrimp farming, clam nurturing
- Inequality	Low	High	Medium	Low
- Gender discrimination	No	No	No	No
<i>Cultural environment</i>				
- General Education	Low	High	Average	Average
- Traditional culture	Thai & H'mong	-	J'rai	-
<i>Economic environment</i>				
- Basic infrastructure	Fair	Good	Fair	Good
- Environmental pollution	Normal (except organic waste)	High	Normal (except organic waste)	Low

## 2.2 Rural Resource Landscape

Now we examine the problems facing by agricultural activities in Vietnam and the appearance of agricultural institutions to deal with them.

First of all we examine existing agricultural practices which farmers do to meet their livelihoods. In general, most rural areas grow rice if natural conditions are appropriate (such as having flat soil-ground and enough water). All our examining locations have rice fields at different scales. In Nam Thinh and Truong Long Hoa, people can access sea, fresh water and brackish water for aqua-cultural activities such as fish, shrimp or clam farming. In Chieng Kheo and Ia Ake, people can grow maize or cassava in upland. In addition, depending on particular regions, farmers can grow water melon (Truong Long Hoa), sugar can, cashew nut, tobacco (Ia Ake), bamboo spout and coffee (Chieng Kheo). Besides agricultural products, farmers breed cattle, pig, poultry, etc. at small scale. They also go into somebody's employ during the leisure after harvest time.

Recently, the rural areas in Vietnam have to challenge against certain problems on agricultural practices in order to improve their livelihood. First, it is the problem of the low productivity of traditional crops such as rice, maize, cassava of all relevant regions. Second, it is the difficulty in extending industrial crops and cattle or finding alternative ones with a higher value. Third, farmers in aquacultural regions like Nam Thinh and Ia Ake always cope with epidemic diseases which cause the mass death of shrimp, fish, and clam. Fourth, it is the problem of finding market for agricultural outputs like in Ia Ake and Truong Long Hoa. Fifth, the lack of fresh water for production is a big problem in Chieng Kheo. And, another problem that farmers have to face is the temporary unemployment of farmers after the harvest time. Environmental pollution in rural areas is really alarmed now.

The root causes of these problems partly come from the increasing integration of rural areas into the market economy. Due to the fierce competition nowadays, in average, the prices of agricultural outputs reduce while the costs for fertilizer, insecticide, etc. increase. Industrial sectors require skilled labor which make difficult for farmers to be mobilized. The scarcity of natural resources such as land, forest, sea and lake surface limits farmers to extend the production activities which they really have experience (such as traditional crops, maize, cassava, shrimp, fish etc.). Many farmers attempt to introduce new types of crop or domestic animal, but they lack not only knowledge but also capital for such risky activities. And lastly, various cooperative forms are difficult to establish to improve their livelihood situation due to their opportunistic behavior. It is impossible to form an agricultural cooperative in Chieng Kheo even some people had attempted seriously in 1999. In Nam Thinh commune, Nam Thinh Clam Association was only able to be established when the mass death of clam occurred; and the agricultural cooperative in this location could not mobilize more equity from its constituents to try other service activities. And, the formation of Phuong Dong Clam Cooperative Group was actualized only when the community got external supports from Oxfam.

Under such circumstances, how do rural institutions emerge to adapt with livelihood practices of farmers as well as problem structures which farmers are facing? Our research across four locations discover rural institutions relevant to agricultural activities, which are presented in Table 3.

**Table 3. Institutions Relevant to Farmers’ Productive Activities: Types, Sizes and Main Functions**

<b>Institutions</b>	<b>Type</b>	<b>Size</b>	<b>Main functions</b>
Vietnam Communist party cell (commune and village)	Formal, public	Large; many activities	Guiding strategic issues and promoting personnel for local government and mass organizations in the local area.
People committee of the commune	Formal, public	Large; many activities	Providing administrative services and security.
Other mass organizations (commune and village)	Formal, public	Large; many activities	Propagandizing guidance and policies of CPV and government on relevant issues; cultural mobilization; supporting farmers to reduce poverty.
Farmer union (commune and village)	Formal, public	Large; many activities	Propagandizing guidance and policies of CPV and government on relevant issues; cultural

			mobilization; supporting farmers to reduce poverty.
Fisheries society (commune)	Informal, collective	Large; few activities	Providing and exchanging information and knowledge; protecting common benefits of members.
Station of agricultural extension (district)	Formal, public	Large; few activities	Providing experience and knowledge to farmers; introducing and demonstrating new models of agricultural productions.
Company for providing irrigation services (province)	Formal, Public	Large; many activities	Providing irrigation services to farmers such as building and maintaining canals and ditches, providing water to local regions.
Station for vegetate protection (district)	Formal, public	Large; many activities	Providing services on preventing diseases for plants and vegetable.
Station for domestic animal protection (district)	Formal, public	Large; many activities	Providing services on preventing diseases for domestic animals.
Bank for social policies (district)	Formal, public	Large; few activities	Providing services on loans at preferred rate for poor people or all people of the poor regions who are payable.
Commercial banks (such as agribank, commercial bank, bank for house development in Me Kong delta etc.)	Formal, private	Large; many activities	Providing services on loans for all people who are payable.
Non-government organizations	Formal, collective	Large; many activities	Supporting knowledge on management and technology; supporting equity.
Private Companies	Formal, Private	Large; few activities	Organizing the growing of sugar can (Ia Ake) or the growing of bamboo spout (Chieng Kheo).
Cooperative; cooperative groups	Formal, collective	Large; few activities	Providing agricultural services in the local regions such as irritation, vegetate and veterinary protection, acquisition of agricultural materials, credit services, etc. (Ia Ake) or organizing the nurturing of clam (Truong Long Hoa).
Revolving funds	Informal, collective	Small; few activities	Revolving funds organized by women unions, farmer unions, veteran union of villages or communes (in Chieng Kheo and Truong Long Hoa).
Information sharing norms	Informal, private	Small; few activities	Sharing market information between cooperative groups for clam nurturing in Duyen Hai district of Tra vinh province.
Community-based organizations	Informal, collective	Small; single activity	Forming a group of men for maintaining and correcting small problems in the irritation system in Na Lon of Chieng Kheo commune.
Technology sharing arrangements	Informal, collective	Small; single activity	Sharing the usage of a grinding machine in Chieng Kheo.
Exchange groups/norms	Informal, private	Micro; single activity	Agreeing by some households on watching their cows on particular schedules.
Share producing arrangements	Informal, private	Micro; single activity	Cooperating between experienced farmers on shrimp growing and farmers who own unused ponds (Truong Long Hoa); Arranging on equity and labor contribution among some households for clam nurturing (Nam Thinh).

*Source: compiled from author's in-depth interviews with key informants and group discussions.*

It seems to us that the appearance of some institutions depends on the characteristic of Vietnam's political and administrative system as discussed above. In a single-party political system, the appearance of CPV cells and mass organization in every location is obvious. The appearance of the company for providing irrigation services, station for agricultural extension, station for veterinary protection, station for domestic animal protection, bank for social policies in every province or district is due to the regular

demand of their services and the government policies for agricultural development and for poverty reduction.<sup>5</sup>

For the remaining organizations, their emergence is determined mainly by particular features of local regions and from the attitude of individual participants. Here we should distinguish between external organizations and local organizations. The former ones are those already exist somewhere, but discover the potential benefits and from natural resources of the local regions, and then organize their activities in relation with partners there to exploit such benefits. Examples of this case are commercial banks and private companies. Meanwhile, local organizations such as cooperatives, cooperative groups, revolving funds, information sharing norms, exchange norms, etc. are emerged from local communities as a consequence of local needs and practices of local people. When a group of local people discover the potential of clam nurturing in Truong Long Hoa, they tried to go together to deal with non-cooperative behaviors of other local people to form the cooperative group in order to meet their goal. Or to solve the problem of maintaining and correcting small difficulties in the local irrigation system, people in Na Lon of Chieng Kheo commune agree to contribute an equal amount of money for a group of men to take care for them.

The rural organizations we seek to understand better are cooperatives. This is the form promoted by the government to modernize agricultural production activities and deal with increasing inequalities in rural areas. After the failure of the old-styled cooperative model (i.e., based on the centralized planning system), where farmers had been lost ownership upon their contributed assets, the government promulgated a new law of cooperative in 1997 and a revised version in 2004 which follow the main principles of the International Alliance of cooperation such as voluntary, democracy, and mutual benefits. After its promulgation, remaining old-style agricultural cooperatives were transformed into new style ones which occupy 83.6% of the total of 7,056 agricultural cooperatives by 2004. The number of new agricultural cooperatives established under the new law increases gradually, up to 17.4% in 2004. However, after some years of operation, most agricultural cooperatives still stand in free-risk businesses such as irrigation (86% of the total of 7,056 agricultural cooperatives in Vietnam by 2005), supplying plant varieties (69%), electricity (47%), agricultural extension (52%), and stand outside other riskily activities such as commercializing agricultural products (5.2%) or credit service (5%).

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<sup>5</sup> Some organizations in Vietnam such as irrigation companies of provinces and the bank for social policies have name as if they were private institutions, but their functioning and organizational structure are featured as public institutions. For example, the irrigation company of Gia Lai province has the functioning as supplying water for farmers. Its number of personnel (265 people in 2007) and salary budget were fixed by the province. Irrigation fees collected by the company from farmers are kept in a fund account of a commercial bank. The use of that irrigation fund is monitored by the irrigation department of the province. The irrigation department evaluates proposals submitted by local communes and the irrigation company and lists the schedule of investment projects. Once a irrigation project is approved the irrigation company can withdraw corresponding amount of money according to the approved investment plan from the irrigation fund for such purpose. That is the reason we put these companies as public institutions.

### **2.3 Relationship with Existing World Bank Projects (other projects) and Relevant Government Policies**

Farmers' livelihood practices and operations of RPOs are influenced by the appearance of relevant government policies and non-governmental organizations projects. In this research, we found that the government's poverty reduction policies via Vietnam Bank for Social Policies, Cooperative Law (1996), Decree 13-CP on agricultural extension (1993), and an Oxfam project in Tra Vinh province are the most relevant. Unfortunately we could not find any work or project of the World Bank that is also relevant in our case study.

Vietnam Bank for Social Policies, which was established in 10/2002, is a financial institution of the government. It has responsibility to implement programs of supplying credit with soft interest rates to poor people and to micro enterprises in poor regions to promote production activities. To be effective, the bank coordinates with mass organizations such as farmer union and women union in local areas to select poor households to be borrowed. These mass organizations get commission from the bank and have responsibility to monitor and take back both interest and principle of the bank loans. Most poor households in our examined locations have accessed to this credit source.

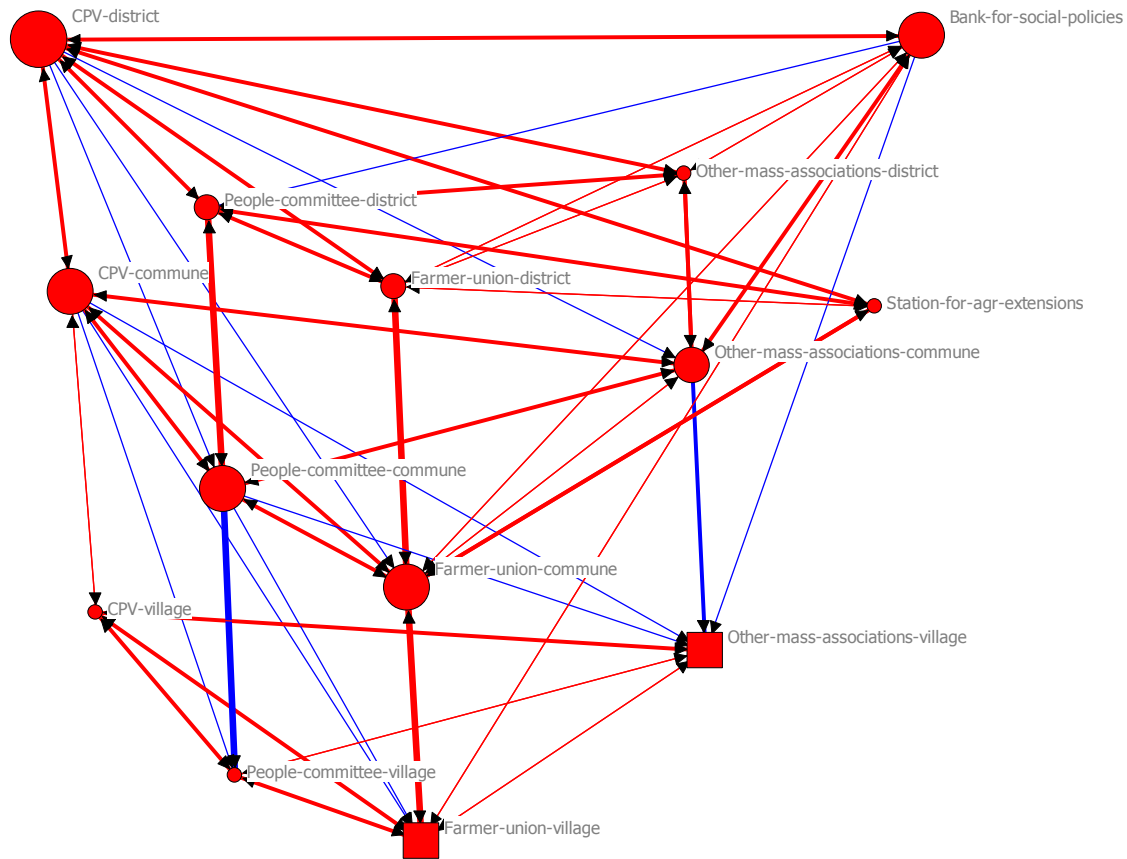
The Cooperative Law was enacted in 1996 and revised in 2003. This law regulates on organization and operations of all kinds of cooperatives, including agricultural cooperatives. The government also issued four Decrees to define and guide more detailedly the implementation of the Cooperative Law, particularly Decrees on (i) policies to support cooperative's development, (ii) guidance in forming cooperative's statute, (iii) guidance in registration of cooperatives, and (iv) guidance in detailing some articles of the Cooperative Law. In general, the regulations on agricultural cooperative are made based on the viewpoint that agricultural cooperative is considered as a private enterprise and managed by members. The government plays only role of support and guidance. Among four selected RPOs, only is Chu A Thai I Agricultural Cooperative regulated by this law. Phuong Dong Clam Cooperative Group has adapted from the guidance of this law to organize its structure and operation. However, it is regulated by the civil code rather than this law.

Decree No. 13-CP on the program of agricultural extensions was enacted on 02/03/1993. It aims to disseminate technical advances on agricultural productions and successful models and experiences to farmers. It also has duty to support farmers to develop their skills on farming, financial management, and market participation. To fulfill these duties, the program is organized along the five-level administrative structure of the state. The highest level is the National Center of Agricultural Extensions as a department of the Ministry of Agriculture and Rural Development. Farmers contact with the station for agricultural extensions located in every district via cooperatives, farmer unions, or farmer clubs. In our study farmers in Chieng Kheo connect with the station for agricultural extensions via Chieng Kheo Farmer Union and farmers in Ia Ake do via Chu A Thai I Agricultural Cooperative.

And lastly, Oxfam Great Britain, in conjunction with the Duyen Hai People's Committee conducted a poverty reduction project in Truong Long Hoa commune. It observed that clam farming can help poor people to raise their standard livings. However, clam farming requires a high degree of community co-operation and a large investment, both of which small-scale fishermen lack. Thus, Oxfam decided to assist poor families living in Nha Mat hamlet of the commune by providing each of them a capital loan of \$460 (or 7 million VND in equivalence) without interest rate to joint Phuong Dong Clam Cooperative Group. It also facilitated key managers of the cooperative group to have training and learn experience from other clam farmers.

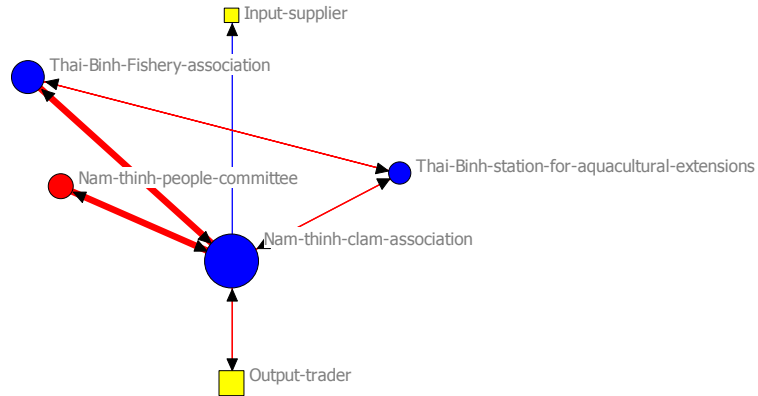
### **3. Institutional Characteristics and Processes**

Based on the collected data during our field trips, we select following focal institutions: Chieng Kheo Farmer Union (Son La), Nam Think Clam Association (Thai Binh), Chu A Thai I Agricultural Cooperative (Gia Lai), and Phuong Dong Clam Cooperative Group (Tra Vinh). For each focal institution, we identify its directly-related institutions. Then we specify relationships between those relevant institutions and selected focal institutions according to 3 factors: information, finance, and power. Raw data related to each focal institution can be found in Appendix I. We then use the UCINET and NetDraw software to draw the corresponding maps to illustrate these relationships. Diagram 1 depicts the institutional map of Chieng Kheo Farmer Union; Diagram 2 depicts the institutional map of Nam Think Clam Association; Diagram 3 depicts the institutional map of Chu A Thai I Agricultural Cooperative; and Diagram 4 depicts the institutional map of Phuong Dong Clam Cooperative Group. On all diagrams, the thickness of the ties indicates the strength of relationships, and the arrowheads indicate whether the relationship is uni- or bi-directional in terms of flow of influence; The blue lines represent for uni-directional relationships and the red lines for bi-directional; Formal institutions are identified by circle-shaped nodes, and informal ones by square-shaped; Public institutions are identified by red-colored nodes, collective ones by blue-colored, and private ones by yellow-colored; And the size of nodes reflects the degree of institutional centrality in the local context.



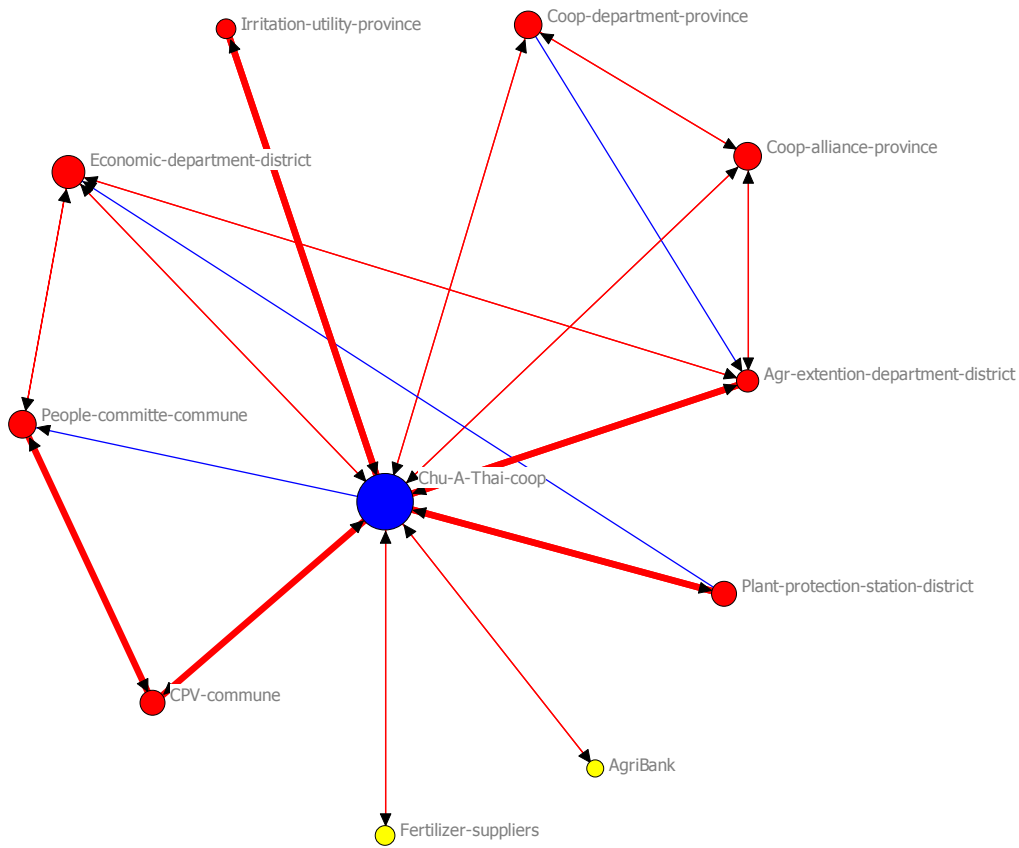
**Diagram 1. The Institutional Map of Chieng Kheo Farmer Union**

As shown in Diagram 1, Chieng Kheo Farmer Union has strong relationships with the communist party, the people’s committee, other mass organizations at both the commune and the district level. It also has relationships with the district bank for social policies in terms of finance influence and with the district station for agricultural extensions in terms of information influence. The diagram shows that the centrality is divided to many institutions. It means that the operation of Chieng Kheo Farmer Union depends on many others.



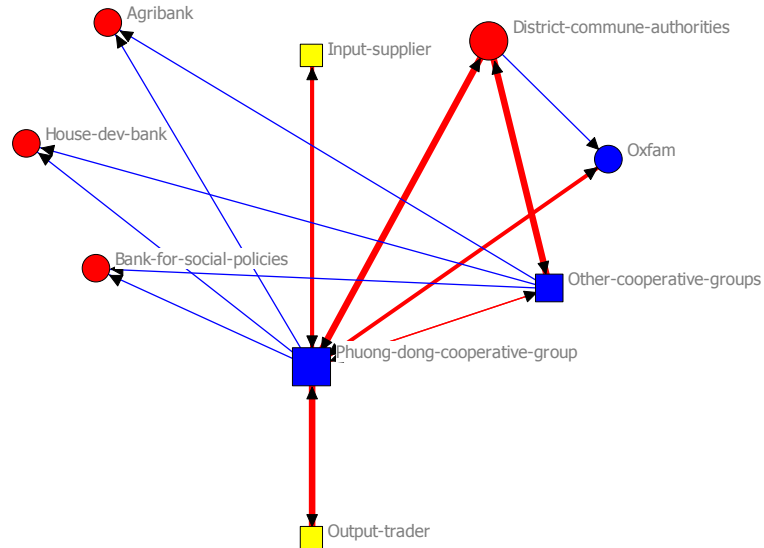
**Diagram 2. The Institutional Map of Nam Think Clam Association**

Diagram 2 presents a simpler picture on the relationships between Nam Think Clam Associations and other relevant ones. It has strong relations with the commune people’s committee and Thai Binh Fishery Association in terms of information and power influences. Its relationships with input suppliers, output traders, and Thai Binh Station for Aqua-cultural extensions are thin, only in terms of information influence.



**Diagram 3. The Institutional Map of Chu A Thai I Agricultural Cooperative**

As shown on Diagram 3, Chu A Thai I Agricultural Cooperative has a very high degree of centrality. It establishes relationships with input-service suppliers like the province irritation company, the agricultural bank, the station for plant and vegetable protections, and the station for agricultural extensions in terms of finance and information influence, and with governmental offices like the cooperative department and the cooperative alliance of the province, the economic department of Phu Thien district, and the commune people' committee in terms of information influence. It is only under the power influence from the communist party cell of Ia Ake commune.



**Diagram 4. The Institutional Map of Phuong Dong cooperative group**

As presented in Diagram 4, Phuong Dong Cooperative Group has a high degree of centrality, too. However, it is strongly influenced in terms of power and information by the district economic department, the commune’s people committee and communist party. It has information relationship with commercial banks in the region which support its member to borrow money, and with other clam cooperative groups in the region to exchange trading information and technical experiences. The cooperative group still maintains relationship with Oxfam in both financial and information terms. Also, it has regular links with private supplier and output traders in terms of financial transactions and information exchange.

In comparison, the relational picture of Chieng Kheo Farmer Union is the most complicated one, while the Nam Think Clam Association is the most simple one, in terms of both the number of relevant institutions and the relations among them. However, no matter whether the picture is complicate or simple, the influence of the communist party and government is visible. Further, RPOs also establish relationships with commercial institutions (such as banks, input suppliers, output traders, etc.) as well as government- or NGO-supporting organizations (such as the stations for agricultural/aqua-cultural extensions, Oxfam etc.). In our observation, the difference in the dense networking of these institutional maps does not come from the difference of local contexts. Rather, it

comes from the difference in functioning and activeness of the focal institutions to serve their members.

We describe in details the design features of these focal institutions and the influence of their connection with other institutions in the regions on these design features in the coming sections. Table 4 below summarize main information about them.

**Table 4 Main Information on Institutional Characteristics and Processes of the Selected RPOs**

	<b>Chiang Kheo farmer union</b>	<b>Nam Think clam association</b>	<b>Chu A Thai I agricultural cooperative</b>	<b>Phuong Dong Clam cooperative group</b>
<b>Basic information</b>				
Year of establishment	1987	2007	1984	2004
Type of institution	Formal and public	formal and collective	Formal and collective	Informal and collective
No. of members	400	44	852	1137
Functioning	Propagandizing programs and policies of the VCP and the government in rural area development, not only on economic, but also social and cultural life.	Facilitating its member to access and share information on markets, finances, technologies and management techniques in the field of farming and trading clam.	providing agricultural services as demanded by members such as irrigation, veterinary and vegetate protection, crop security, acquisition of fertilizers and seeds, and selling output.	Farming clam to generate profit for its equity members; reducing poverty in the local community.
<b>Organizational Structures</b>				
Standing committee	3 person (chairman, vice chairman, and one standing member)	No	No	No
Executive committee	14 persons (three of the standing committee, 9 headmen of the village farmer unions, and 2 from other mass associations – the fatherland front and the youth union)	7 persons	3 persons	4 persons
Monitoring committee	Party Committee and the Steering Committee of Grassroots Democracy	No	1 persons	3 persons
Division and operation groups	9 the village farmer unions, each has the standing committee including 3 persons	No	4 geographical divisions and 3 operation groups, each has on headman.	5 divisions, each of which has 1 headman and 1 vice-headman.
Voting procedures	- The promotion of candidates is very complicated with strong influence from the CPV. - Indirect vote. The selection of member representatives is strongly influenced by the existing board of the farmer union.	- Direct promotion of candidates with a weak influence from the CPV. - Direct vote.	- Promotion of candidates with a moderate influence from the CPV. - Indirect vote. The selection of member representatives is strongly influenced by the existing management board.	- Promotion of candidates with a moderate influence from the CPV. - Indirect vote. The selection of member representatives is strongly influenced by the existing management board.
Budget for operations	- Member fee - Commission from the Bank for Social Policies and fertilizer companies - Government allowance.	Member fee	- Equity contributed from farmer members - Profit remaining.	- Equity contributed from farmer members - Profit remaining.

Decision making procedures	Strongly influenced from the CPV.	Based on meeting discussions. Important decisions required the approval from the local government.	- Mainly by the chairman. - No intervention from the local government.	- Mainly by the executive committee. - Selective intervention from the local government.
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### 3.1 Information about the functioning of focal institution

Four focal institutions we consider here play different roles in local agricultural production. Chieng Kheo Farmer Union, which was established in Oct. 1987 as a mass association to support the CPV, has extensive functions, particularly (i) propagandize and mobilize farmers to follow guidelines and policies of the CPV and the government; (ii) support farmers on production activities: borrow fertilizers, borrow money from the district Bank for Social Policies; (iii) support farmers on techniques of changing the structure of crops and livestock; and (iv) prevent social evils. Nam Think Clam Association on the other hand was set up recently in April 2007, with narrower functions, mainly create a favorable communication environment to help members find output channels, protect environment, maintain security, and support techniques, information for members. Chu A Thai I Agricultural Cooperative is a co-operative transformed from the old model in 1998, now acting as a business unit; and Phuong Dong Clam Cooperative Group, established since 2004, is profit-oriented cooperative group. While Chu A Thai I Agricultural Cooperative conducts many production activities, Phuong Dong Clam Cooperative Group just focuses on nurturing clam. However, it has another important social function as to reduce the number of poor households in the Nha Mat hamlet – the place where the clam ground is located.

All these 4 focal institutions do not have gender, ethnic, religious or educational discrimination in providing their services. However, except Chu A Thai I Agricultural Cooperative serving all farming households, the other institutions differentiate their services in terms of household income levels. Chieng Kheo Farmer Union pays more attention to poor households. Only those certified by the commune authority through a hamlet poll as “poor” have the right to defer fertilizer payment at preferred prices (at 30% lower than market prices) and to borrow capital from the Bank for Social Policies. Phuong Dong Cooperative Group also prioritizes poor households to contribute equity, and only accept outside financial contribution at a limited level (below 40 million) when further funds are needed. On the other hand, Nam Think Clam Association consists of mainly rich and well-off households. They associate together to settle down public problems from which they may incur serious damages, such as environmental pollution or new policy adoption from high-level authority.

To fulfill their functioning, these focal institutions establish relations with other institutions in region. Chieng Kheo Farmer Union as a formal and public institution has close relations with the party committee, the people’s committee and the district farmer union in organizing, planning and making decisions. It also coordinates with other associations to propagandize agricultural and rural policies and guidelines from the Party and the government; as well as with the district station for agricultural expansion, fertilizer supplying firms, and the bank for social policies to deal with such issues as seed

deployment, technical instructions for farmers and poverty reduction. Chu A Thai I Agricultural Cooperative combines with the party committee on organizational issues; with the commune people's committee, the district economic department, the co-operative alliance, and the province department of co-operative on making plans; and with partners for supplying materials and purchasing services (such as banks, irrigational service providers, the station for agricultural expansion and the station for veterinary and vegetable protections, etc.) on carrying out all committed services to its members. Phuong Dong Clam Cooperative Group also has similar functions as Chu A Thai I Agricultural Cooperative in terms of organizing, planning and services providing, but based on fewer relations. However, Phuong Dong Clam Cooperative Group has the support from Oxfam – a non-government organization – in terms of capital mobilization and organizational experience, especially at the initial stage of operation; and exchange market information with other clam nurturing organizations in province. Nam Think Clam Association has the fewest relations. The authority only plays a role in giving certification for outside transactions. It receives technical experience from fishery association and the district station for agricultural extension (generally not much as clam nurturing is very new) and market information (not much also as members themselves can manage). Perhaps the reasons are such that Nam Think Clam Association is newly established and its functions by nature are quite narrow.

### **3.2. Institutional Features, Design, Functions, Capacity, Resources, and Size**

The organizational structure of focal institutions varies in each case. Chieng Kheo Farmer Union represents clearly the overall structure of a typical political organization in Vietnam. Particularly, the institution has a standing committee of 3 person (chairman, vice chairman, and one standing member) and an executive committee of 14 persons (three of the standing committee, 9 headmen of the village farmer unions, and 2 from other mass associations – the fatherland front and the youth union). In each village, there is one branch of the union governed by one standing committee including three persons. The role of the standing committee is to direct the overall operations of the institution, including administrative and financial management; while the role of the executive committee is to carry out all tasks assigned by the standing committee. Personnel for the committees will be changed after every 5 year-term of office. The party committee at the equivalent level involves intensively in the election procedure for a head of the branch. The procedure for a commune election is that: first of all, the commune party committee and the farmer union branch propose a shortlist based on an opinion poll through 4 channels (i) the open executive committee of the commune farmer union, including the headmen and vice headmen at the hamlet or village level, (ii) the standing committee, (iii) the standing committee of the commune farmer union, and (iv) the CPV standing committee of the commune. The decisions from the CPV standing committee of the commune is decisive. Then, the executive committee of the district farmer union coordinates with the district party committee to decide whether the personnel shortlist proposed at commune level satisfies all requirements (age, education, political standing, etc). Only after the district party committee ratifies the shortlist, is the election carried out at the commune farmer official meeting. In this election, only representatives of hamlets/

villages participate. Once selected, these personnel of the union shall receive allowances from the state budget.

The organizational structures of Chu A Thai I Agricultural Cooperative and Phuong Dong Clam Cooperative Group are somewhat similar because they are built up on a standard template of the guidance issued by the government for co-operatives. Basically, their organizational structure has an executive committee, a monitoring committee and some operation groups or divisions. However, there is a divergence in the number of members in practice. Particularly, the management board of Chu A Thai I Agricultural Cooperative has 5 persons from the executive committee (1 head, 1 vice, 1 member and 2 staffs as accountant and cashier), 1 from the monitoring committee, 3 group heads (construction group, security guard group and group for commercializing agricultural products) and 4 heads of 4 divisions, equivalently to 4 rice fields in the commune. The similarity of committees and groups' roles is observed. The management board is responsible for administrative, financial and general operations. The monitoring committee is responsible for keeping an eye on these operations. Groups and divisions carry out tasks assigned by the management board.

In the case of Phuong Dong Clam Cooperative Group, the management board has 9 members (1 chairman, 2 vice-chairmen, 1 member, and 5 executive staffs), the monitoring committee has 3 persons (1 head, 1 vice and 1 member), 1 security team including 18 persons, and 5 member groups in Nha Mat hamlet, each of which has 1 head and 1 vice. These committees and groups have similar functions as the ones of Chu A Thai I Agricultural Cooperative. However, Phuong Dong Clam Cooperative Group sets up another management board of 5 persons (1 vice-chairman and 4 members) to supervise clam grounds and monitor the security team and laborers working on the clam ground. Election procedures in these 2 institutions are not different from Chieng Kheo Farmer Union's, but are much simpler. The management board and group heads of the latter meet together to propose personnel for both executive and monitoring committee, then they will submit the shortlist to the commune party committee. Based on this shortlist, representative members will elect a chairman, a vice-chairman and the monitoring committee. Representative members of Chu A Thai I Agricultural Cooperative account for 10% of the total members. Those households fulfilling their duties and possessing large rice-field are regularly appointed as representative members. In Phuong Dong Clam Cooperative Group, each group selects 5 representative members to participate in the annual meeting. Personnel of Chu A Thai I Agricultural Cooperative and Phuong Dong Clam Cooperative Group receive salaries according to the resolution approved at the end of annual meeting.

The organizational structure of Nam Think Clam Association is much simpler. It has one executive committee with 7 persons (1 head, 1 vice, 1 secretary, and 4 members). Personnel will be changed after every 5 year term of office. The election for a chairman and standing members in the executive committee is rather simple. Whoever having necessary abilities can join, as these positions do not accompany any allowances.

The budget and resources for the performance of these focal institutions are totally different. There are only 2 institutions (Chu A Thai I Agricultural Cooperative and Phuong Dong Clam Cooperative Group) having offices. Chieng Kheo Farmer Union share the office with other mass organizations in the commune. And Nam Think Clam Association carries out all activities in the private houses of the chairman or standing members. The budget for Chieng Kheo Farmer Union's operations come from members' contribution (45% of the total contribution – 6,000VND/year/member – goes to the commune farmer union and 40% is kept in the hamlet farmer union), subsidies from the commune for various positions, commissions from services of Bank for social policies, and compensation from managing projects funded by foreign organizations<sup>6</sup>. The commissions from these services are paid directly to members of the institution in order to encourage them to actively supervise households' loan usage. Nam Think Clam Association's budget is also built up from member contribution (1 million/year). Chu A Thai I Agricultural Cooperative both mobilizes initial equity from members (200,000VND for members joining before 2001 and 400,000VND for those joining after 2001) and accumulates profits from its business activities. The legal equity (von dieu le) of Chu A Thai I Agricultural Cooperative is now up to 426 million VND. The budget of Phuong Dong Clam Cooperative Group is made of members' financial contribution. In 2007, the budget is up to 29 billion VND, in which only 0.8% is used as operation costs, the remaining is used to purchase clam kept for breeding purposes.

With the above-mentioned structure and capacity, Chieng Kheo Farmer Union has propagandized and mobilized its members to change the structure of crop plants and domestic animals towards commercial production. Especially in 2007, Chieng Kheo Farmer Union coordinated with the Bank for social policies to lend 365 households (of the total 400 households) the total sum of 1.7 billion VND. Chu A Thai I Agricultural Cooperative provided many services for its members, such as irrigation system, rice-field protection, credits and dividends from the profit generated by it. Members of Phuong Dong Clam Cooperative Group got profit share that is nearly doubled annually, and jobs from breeding, spreading and collecting activities.<sup>7</sup>. And, members of Nam Think Clam Association have just agreed to form a security team to protect their clam grounds and submit a collective petition of mass clam death to relevant authorities.

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<sup>6</sup> Recently, RPO1 has cooperated with UNDP to monitor forestry expansion project of 632 million VND in Buot village. The project VN/MOA/05-010 lasts from 2005 to 2007. This project was transferred from the provincial People's Committee to the district level and then to the commune level. The commune People's Committee assigned the farmer union to take over. The head of the union is the project director. The project management board includes also the commune president and the head of Buot village as members. The commune accountant supervises the project accountant. In this project, UNDP directly monitors, pays and strikes a balance.

<sup>7</sup> In 2004-2005, the joint production harvested 297.9 ton of clam or 2,667 million VND in equivalence. Putting aside clam breeding costs and operation costs, the net profit of the joint production was 1,605 million VND. In other words, the ratio of profit over equity was extremely high, nearly at 2:1. In 2005-2006, the output increased up to 1,311 ton of clam or 18,493 million VND equivalently. The net profit of the year was 8,954 million VND. The P/E ratio was still quite high, at 1:1. Regarding to social aspects, the group provides jobs for many people. In 2004-2005, it paid more than 240 million VND to people in the local area for breeding, spreading and gathering clam. This spending increased up to more than 1,125 million VND in the year 2006-2007.

### 3.3. Leadership, Membership, and Decision Making

Regulations on membership and members' rights in these focal institutions are quite different. Chieng Kheo Farmer Union and Chu A Thai I Agricultural Cooperative extend the membership to all individuals above 18 years old in the regions. However, in fact, each household has only one representative to be the member. Only members of the farmer union can borrow soft loans from the Bank for Social Policies and be granted allowances on fertilizer and seeds. Besides the right to receive shared profits from Chu A Thai I Agricultural Cooperative's business activities, members also have other benefits from provided services, such that the interest rate for deferred fertilizer is 1.2%/month for members compared to 1.5% for non-members. On the other hand, Phuong Dong Clam Cooperative Group allows each household in Nha Mat hamlet to get only one slot of capital contribution. As households in the hamlet are poor, Phuong Dong Clam Cooperative Group needs to attract more capital from outside sources. Members are prioritized to work for the cooperative group. Especially, only members belonging to Nha Mat hamlet can take over managing positions. For Nam Think Clam Association, the membership is limited to cover only clam breeding households in the commune. Members of Chieng Kheo Farmer Union and Nam Think Clam Association have to pay an annual fee of 6,000VND/year and 1million/year respectively. But members of Chu A Thai I Agricultural Cooperative and Phuong Dong Clam Cooperative Group have to contribute equity. The former institution requires members to contribute 200,000VND if joining before 2001 and 400,000VND if joining after 2001. The latter does not set a fixed contributing amount, which may depend on each household's financial condition, but not excess of 40 million VND. All these institutions do not discriminate in terms of sex, wealth or poverty, religion or ethnic groups. Despite of that most of members are male, actually. In the case of Nam Think Clam Association, members are mainly rich households in the commune.<sup>8</sup>

As what we described above on the election procedure and regulations in these institutions, members have not much influence on appointing personnel (except the case of Nam Think Clam Association). Thus, the institution's performance depends significantly on leadership skills of the head. If he is competent in uniting people, decisive and highly responsible, the institution can operate well. As we have seen, the farmer union just carries out tasks assigned from the upper levels, and to some extent, the head of the union successfully fulfills his functions, especially the issue of preferential loans from the Bank for social policies. Chu A Thai I Agricultural Cooperative has a dynamic and decisive headman, which drives it to achieve a better result compared to other agricultural cooperatives (particularly Nam Think Agricultural Cooperative in Nam Think Commune). Similarly, although the head of Phuong Dong Clam Cooperative Group does not get a high education, he is enthusiastic, richly-experienced in clam breeding with inquiring mind, which results in a united institution; settles down conflicts between poor and rich households inside and outside Nha Mat hamlet as well as conflicts among laborers in the institution. The chairman of Nam Think Clam Association was the first person to experiment clam breeding since the early 1990s.

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<sup>8</sup> Despite accounting for only about 20% of the total number of households, the total capital from members holds up to 40% of the total capital investing in clam breeding in the commune.

The decision-making procedure in the different focal institutions is very different. Decisions of Chieng Kheo Farmer Union are significantly influenced by the Party Committee and the commune People's Committee. The commune farmer union organizes a meeting monthly to discuss issues from documents sent from upper levels. The chairman of the commune farmer union presides the meeting and notes tasks and assignments from the commune Party Committee and the commune People's Committee. In terms of categorizing households to grant soft loans, the commune farmer union coordinates with other mass organizations to conduct the selection. On the contrary, most of decisions of Chu A Thai I Agricultural Cooperative are made by the management board, especially by the chairman. The local government, the party cell, and its members almost have no involvement in this process. In Phuong Dong Clam Cooperative Group, operational issues are always raised openly to receive reference from all groups in monthly meetings and decisions are made only after that. The ideas from the commune People's Committee, the district project management board and Oxfam (the initial period) are often consulted for strategic decisions, apart because these institutions have equity in the cooperative group.<sup>9</sup> Regarding Nam Thinh Clam Association, decisions are discussed within the executive committee and in regular meetings of all members in every quarter. This process originated from the pre-establishment period of the institution, when households informally supported each other with respect to techniques and capital. Therefore, the chairman does not play an important role, mainly acts as a representative of the institution to establish relations with the commune authorities and other authority bodies. However, since Nam Thinh Clam Association does not have an independent legal status, i.e. it does not have its own stamp, in order to do transactions with outside partners, it has to ask the approval and confirmation from the commune People's Committee.

### **3.4 Monitoring and Evaluation**

Except Nam Thinh Clam Association having no observable monitoring and evaluation mechanisms on its activities, all other focal institutions have to different extents. Principally, Chieng Kheo Farmer Union is monitored by the Party Committee and the Steering Committee of Grassroots Democracy. Its activities must be reported regularly to the Party Committee. If Chieng Kheo Farmer Union could not meet objectives proposed by the Party resolution, its executive committee would be warned. For business activities such as borrowing money from the Bank for social policies or deferred fertilizer, the head will be oversaw by the bank and the district station for agricultural expansion. Compensations received by members will be reduced in case of increasing bad loans.

In the cases of Chu A Thai I Agricultural Cooperative and Phuong Dong Clam Cooperative Group, these tasks are conducted by the monitoring committee. Members of the monitoring committee are directly elected in the ending-term meeting or in an

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<sup>9</sup> Officers of Duyen Hai district and Truong Long commune contribute nearly 20% of the total equity in 2006; Oxfam lends poor households 50% of the capital in 2004, and this amount just holds about 5% in 2006.

irregular meeting of representative members. The function of monitoring committee is mainly to monitor the performance of management board, financial and administrative issues and members' obedience of regulations. For Chu A Thai I Agricultural Cooperative, the monitoring committee will coordinate with district inspectors to supervise financial issues and with the district economic department to finalize the development plan proposed by the management board. And for Phuong Dong Clam Cooperative Group, the monitoring committee will combine with the district economic department and Oxfam to evaluate the development plan, as well as supervise financial issues. It also has the right to call an irregular meeting to displace the management board if serious damages and losses from the board's operations can be observed.

### **3.5 Changes since the Formation**

There has been some changes to functioning, relations and specific characteristics of designs and processes, etc. of these focal institutions, except the newly-established Nam Think Clam Association, since their formation. Functioning of Phuong Dong Clam Cooperative Group have almost no changes, but the relationship with Oxfam is loosened with respect to financial, technical and organizing supports. The number of members increases incredibly from 198 in 2004 to 1,137 persons in 2007, with the equivalent equity increasing from 820 million to 29 billion VND. Due to profitable performance, membership regulations incur some changes. From the membership extension to all individuals in the commune and no limitation in the amount of equity contribution, now only households in Nha Mat hamlet are prioritized and the contributing equity is not in excess of 40 million VND. For those households having members to hold official positions of the cooperative group, they can contribute up to 90 million VND. In the near future, when the duration for equity contribution expires, the contribution limit could be pushed down to 20 million VND in order to increase equity contribution for households in Nha Mat hamlet. Regarding the aspect of personnel, the management board modified the charter in 2006 that it has the right to appoint vice heads for member groups, since most elected heads of the member groups are not be competent enough to deal with operational issues.

Chu A Thai I Agricultural Cooperative was set up in 1984 under the old cooperative model. Until 1998, the cooperative was transformed to a new form according to the new law of cooperative. At this stage, there were only 426 members, but now the number has increased up to 852 households. Before being transformed, it was just a part of the centrally-planning system and could be regarded as a body of the commune concerned with agricultural production, but now it provides services based on loss and profit. From providing only irrigation services and rice-field security, the cooperative has now covered the acquisition of agricultural materials (since 2001), processing of agricultural products (in 2003 and 2004), electricity services (already ceased since 2005), construction services (just started since 2006), and credit services (just started since 2006). Facing with the coming policy for exempting irrigation fees, the cooperative is trying to change to handicraft production, particularly rattan and bamboo weaving. Therefore, while relations with other institutions still remains, the nature of these relations varies. These

relations are more market-oriented. In terms of the internal organization, the cooperative set up a construction group to carry out new functions.

Chieng Kheo Farmer Union in overall has almost no big changes in its operation mechanism since the establishment. However, some small changes can be observed. First of all, it admitted 50 new members in this term (2003-2008) and currently has 400 members. These new members joined the Union mainly for accessing the soft loan from the Bank for Social Policies. Chieng Kheo Farmer Union has also developed some commercial services and relations lately. For example, relationships with Bank for Social Policies and fertilizer and seed providers were established in 2004, when the government has policies of soft loan to support poor households through these organizations. At present, households are monitored cautiously to use loans for appropriate purposes to ensure their due-time return. As a consequence, more and more households in Chieng Kheo commune enable to access soft loans. Furthermore, Chieng Kheo Farmer Union develops the revolving credit system to help its members in their saving.<sup>10</sup>

#### **4. Institutional Design and Governance Outcomes**

To develop a concise and comprehensive measure of institutional governance, the study focuses on five major aspects of governance: **Inclusion, Accountability, Participation, Responsiveness and Adaptability**. Except the aspect of responsiveness, four other dimensions of institutional governance can be scored and the combination of the component scores creates a **IAPA governance index**. Appendix II shows in detail how these indexes are calculated.

##### **4.1 Inclusion**

**Inclusion** by the institution refers to the extent to which members of the group supposed to be covered by the group are actually included, and the extent to which the institution focuses on marginalized members in the area of its operation. The first aspect of Inclusion is measured by the ratio between *the number of households that are eligible* to be covered by the institution and the *number of households that are actually covered* by it. The second aspect of Inclusion ratio is calculated by comparing the *number of marginal households covered by the institution* as a proportion of the *number of marginal households in the village* or settlement provides. The Inclusion score of the IAPA index is the simple average of the two numbers.

Among four RPOs, Chieng Kheo Farmer Union has the highest inclusion score of 0.85. It covers almost all households of the commune. This outstanding result is mainly because nearly all households here are poor farmers, who need the financial and technical support from the farmer union – the only organization in the commune provides such services. It is also because the farmer union, as a mass organization, has officers in every

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<sup>10</sup> The budget is set up on a voluntary basis. For example, Buot hamlet has 90 participating households, each of which contributes 20,000VND; and each household member takes turn to lend this amount with interest rate of 1%/month. While in Co hamlet, all members of the farmer union have to participate with the contribution level of 40,000 đ/person and each lending member pays interest rate of 2% month.

village of the commune. Those who are not included mainly fall into the H'mong community (as marginal households), who are difficult to contact, because of their cultivation-shifting tradition and of new settled village despite of their smaller community. The second highest score of inclusion is for Chu A Thai I Agricultural Cooperative. Although it open for all households of the commune only 67% of them joined, and the number of poor households as members of the cooperative is smaller than the number of rich households. As a result, its score of inclusion is only 0.6. The reason may be the poor are the ethnic minorities. Many of them possess no land for wet rice cultivation, then they do not need to participate in the cooperative. Phuong Dong Clam Cooperative Group has the inclusive score less than Chu A Thai I Agricultural Cooperative slightly, of 0.49. Since its main target is households in Nha Mat hamlet – the local community where the clam ground locates, more than 90% of households here are allowed to be members. However, the other group which should be included more (according to its charter), households in other hamlets of Truong Long Hoa commune (Truong Long Hoa), are actually covered by only 4.3% (most of them are commune officers or friendship of managers of Phuong Dong Clam Cooperative Group). It is the reason that the score of inclusion of Phuong Dong Clam Cooperative Group is low as such. And lastly, Nam Think Clam Association has the smallest score of inclusion, only of 0.17. It is because many clam farming households do not find much benefit from it as a professional association without an autonomous legal status. Further, non-member households can get “external benefit” from the operation of Nam Think Clam Association without fee. The catholic community also show a low interest in participating in the organization.

## 4.2 Accountability

It has been viewed as a critically important aspect of governance. For the IAPA index, we attend to two elements that are critical to effective institutional accountability – **information** and **power**. In examining information related aspects of accountability, we seek to identify the extent to which the leaders of the institution share information about institutional activities and different aspects of its performance with rank and file members. Information sharing and transparency is critically important for members to hold decision makers and leaders accountable in relation to the institution's strategic direction, finances, personnel changes, and decision making. Sharing of information in a given time period about any of these areas in a given time period yields a score of 0.25 in relation to information sharing, and if decision makers share information in all the four areas with members and staff, the measure should be scored as 1.0. In terms of accountability, we are primarily interested in downward accountability of the institution to its members, but also recognize that upward accountability can be a means to check arbitrary decision making. Accountability itself is the ability to sanction decision makers for inappropriate decisions or for non-performance. Decision makers can be accountable to superiors or to constituents – if they are accountable to both, the score for the Index is 1.0; accountability to one implies a score of 0.5.

Nam Think Clam Association is the organization with the highest score of accountability, of 1, while Chu A Thai I Agricultural Cooperative and Phuong Dong

Clam Cooperative Group with a bit lower, both of 0.88, and Chieng Kheo Farmer Union with the smallest, of 0.38. Except Chieng Kheo Farmer Union, other focal institutions always share information on strategic direction as well as information on finance and accounting with their constituents. They also regularly report their activities up to the higher levels as well as announce them down to their members. While Nam Think Clam Association is always transparent on personnel and decision making information, Phuong Dong Clam Cooperative Group does not make transparent on personnel. Members in Nha Mat hamlet are allowed to vote for their group heads. But they do not know how other positions of the organization are promoted. Similarly, the selection of representative members to participate in the annual meetings are not clear here. Regarding to Chu A Thai I Agricultural Cooperative, most household members do not know about the decision-making process of the cooperative. They simply trust on the chairman and the monitoring board of the cooperative. In the case of Chieng Kheo Farmer Union, both kinds of personnel and decision-making information are not transparent. The procedure to promote candidates, the most decisive step, is very complicate and hidden, while the voting step is only a formalistic. Decisions made by the Chieng Kheo Farmer Union are known only to its officers as well as VCP cadres. The members are almost ignorant on them. The organization does not announce its activities to its members. Only quarterly, semi-annual, and annual reports are regularly sent up to the higher levels.

### **4.3 Participation**

The complexity of the term and its many different meanings suggest that any simple measure of participation will necessarily be difficult to defend – for the purposes of the Index, we focus on the most common and intuitively obvious meaning of the term – to what extent are the institution’s members involved in the meetings and discussions of the institution. The index takes into account both the *frequency of meetings* and *involvement of members in meetings*. The main difficulty in representing the frequency of meetings is the need to establish how members feel about what the appropriate number of meetings in a given time period should be. For many formal organizations, this number may be indicated in the organization’s bylaws or constitution. But for both formal organizations and informal institutions, it is also necessary to identify what the members believe is an appropriate or desired number of meetings. The proportion of actual to the desired number of meetings yields one score on the participation dimension. The second aspect of the participation dimension concerns the attendance of members at the organizational meetings. The average attendance at meetings provides the second score for the participation dimension.

The score of participation of Nam Think Clam Association is the highest, of 0.91. Most its members participate in regular meetings. Decisions are made only after thorough discussions with members. It can be done like that may be due to its small size and its members live in concentration. Chieng Kheo Farmer Union, Chu A Thai I Agricultural Cooperative, and Phuong Dong Clam Cooperative Group get lower scores and not very different, of 0.74, 0.7, and 0.6, respectively. Phuong Dong Clam Cooperative Group shows its high frequency of meetings, nearly monthly, for members living in Nha Mat hamlet, but it has a low number of meeting attendance due to its inefficient

announcement (only via public loudspeakers and before the meetings just one or two days) and the moving of the meeting point. Chieng Kheo Farmer Union attracts the high rate of meeting attendance (here we only consider the meetings at the village level rather than at the commune level), but the number of meetings is few in comparison with the desires of members. The same situation is for Chu A Thai I Agricultural Cooperative. This cooperative organizes only one annual meeting. Our in-depth interviews show that household members want to meet at least one time per quarter to know the operation of the cooperative.

#### **4.4 Responsiveness**

All focal RPOs show their responsiveness to their constituents. However, Chieng Kheo Farmer Union and Nam Think Clam Association seem to be worse than two the other ones. Chieng Kheo Farmer Union is not successful in mobilizing farmers to conduct production activities at a higher scale in order to borrow more money from the bank for social policies; many poor households do not access to the loan of the bank for social policies because they do not know how to use that loan in an efficient way; and H'mong households in the newly separate village have not trained better techniques of cultivation. A similar situation is for Nam Think Clam Association. It shows no strategic plan to improve itself towards providing better services for its members. Meanwhile, Chu A Thai I Agricultural Cooperative and Phuong Dong Clam Cooperative Group usually attempt to preserve its equity and gain profit. Phuong Dong Clam Cooperative Group pays more attention on reducing the poor in Nha Mat hamlet. However, both these organizations still do not care much on marginal households. Chu A Thai I Agricultural Cooperative does not concern enough to ethnic minority; and Phuong Dong Clam Cooperative Group does not pay much attention to poor households of Truong Long Hoa outside Nha Mat hamlet.

#### **4.5 Adaptability and Adaptive Capacity**

To understand the adaptability of the institution, we identify, through a focus group discussion with different organizational stakeholders, the major challenges and opportunities that arose in the organizational context/environment during a specified past period. We use the past five years as a convenient period because it is likely to cover a length of time for which organizational stakeholders would have a clearer memory than for a longer duration, and also because it covers a duration of time in which at least some challenges or opportunities for the organization are likely to have emerged. To assess organizational adaptability, we identify six domains of organizational functioning:

- strategic planning,
- finance and accounting,
- operations and maintenance,
- human resources,
- marketing,
- information management.

Environmental opportunities and threats could affect a single functional domain or more than one at once. The crucial point here is to identify the different organizational functions that a given external challenge affected, and whether the organization was effectively able to address these threats or opportunities. The institution's adaptability score is the proportion of challenges/opportunities it successfully addressed in different domains.

Thus, in order to evaluate the adaptability and adaptive capacity of four these RPOs we first of all have to investigate the main challenges and opportunities they actually faced during the five recent years. Chieng Kheo Farmer Union coped with the appearance of the bank for social policies in 2004, the separation of H'mong village in 2006, and the lack of fresh water for some recent years. Nam Think Clam Association challenged with the mass dead of clam and the security of clam ground. Chu A Thai I Agricultural Cooperative challenged with the loss of electricity service and irrigation services, but had opportunities on the collection of agricultural outputs. And Phuong Dong Clam Cooperative Group challenged with the mobilization of equity at a large amount but still meeting of the requirement of poverty reduction in Nha Mat hamlet; it also had to challenge with the problem of accessing the clam market.

Our analysis shows that, under the above mentioned challenges and opportunities, Chieng Kheo Farmer Union represented its worst adaptability, with the score of just 0.4. Despite its success in taking the opportunity of setting up the relationship with the Bank for Social Policies, it failed in solving the problems due to H'mong village separation and the problem of lacking fresh water for production. The union could not find a suitable personnel and arrange a training course to support H'mong farmers of the new village. It also could not be able to draw a strategic plan as well as financing resources to overcome the lack of fresh water for the farmers of Nà Lon village.

Nam Think Clam Association and Chu A Thai I Agricultural Cooperative get a better score of adaptability, of 0.5 for both. On one side, Chu A Thai I Agricultural Cooperative succeeded in the shifting into construction and acquisition of agricultural materials in order to substitute for the already-ceased electricity service and the to-be-ceased irrigation services. But on the other side, it failed to shift into the trading collection of agricultural outputs and the processing of agricultural products. In fact, the organization had drawn a strategic plan to undertake two these fields but it lacked the capacity in the five remaining domains of organizational functioning, and that caused its attempts to be failed. Nam Think Clam Association is in the case that it could not solve completely the problem of the mass dead of clam. It has tried to ask the local government to clarify the case, but until now no conclusive cause is specified (either due to environmental pollution from near-by industrial plants or due to the opening of the fresh water drains to sea, or any other). It could not improve the security for clam grounds owned by its members despite of contributing money for hiring agents to take care of the grounds.

Phuong Dong Clam Cooperative Group shows the best adaptability, with the score of 0.75. It was successful in finding the solution for the dilemma between mobilizing equity for investment and reducing poverty in Nha Mat hamlet, via some measures such as

getting the support from Oxfam, offering a priority for households in Nha Mat village to contribute equity, and work for the cooperative group, and allowing rich people outside the hamlet as well as the commune to invest into it. However, regarding to the challenge of accessing the clam market, though it was successful in establishing the relationship with other neighboring clam cooperative groups and with the agricultural department of Duyen Hai district it has not yet been successful in drawing strategy as well as finding stable partners to collect its output at reasonable prices.

### Summary of the Section

The governance outcomes of four RPOs are presented in Table 5. It includes four institutional dimensions – inclusion, accountability, participation, and adaptability – and an aggregate index – the IAPA index – as the average of four institutional dimensions. We may see from the table that the IAPA indexes of all RPOs are high and not very different, the lowest index as of Chieng Kheo Farmer Union, with 0.58 and the highest index as of Phuong Dong Clam Cooperative Group with 0.71. Chieng Kheo Farmer Union gains the outstanding score of inclusion but the low scores of accountability and adaptability. Nam Thinh Clam Association shows the superior in respect to accountability and participation but the minimal in respect to inclusion. Chu A Thai I Agricultural Cooperative gains the outstanding score of accountability, but average scores of other dimensions. And Phuong Dong Clam Cooperative Group shows its relatively strong or superior in all dimensions, except the aspect of inclusion.

**Table 5. IAPA Governance Index**

	Inclusion	Accountability	Participation	Adaptability	IAPA index
Chieng Kheo Farmer Union	0.85	0.38	0.70	0.4	0.58
Nam Thinh Clam Association	0.21	1.00	0.91	0.5	0.66
Chu A Thai I Agricultural Cooperative	0.60	0.88	0.60	0.5	0.64
Phuong Dong Clam Cooperative Group	0.49	0.88	0.74	0.75	0.71

*Source: compiled and calculated by the author.*

The above pattern of governance outcomes of institutions is the result from many factors related to their institutional characteristics and process, and their local contexts. However, each RPO seems to be influenced strongly by some different particular factors. The governance outcome of Chieng Kheo Farmer Union is determined largely by its characteristic as a mass organization. Since it provides services at a nearly free of charge to farmers (with a member fee of 6,000VND), its inclusion tends to be high. However, it is constrained strictly by the party, the local government, and other mass organizations and as a consequence it is prevented from gaining a better score of accountability and adaptability. Nam Thinh Clam Association is in contrast. As a professional association, it receives no financial support from the government, causing it difficult to attract

households supposed to be covered. Its small size is an important factor for it to gain high scores of accountability and participation. However, without any financial incentive for the leader and executive board, the effort to adapt quickly and effectively with challenges and opportunities in market. Chu A Thai I Agricultural Cooperative, though operating as a business organization, seems still to be influenced by the past management style, where its decisions rely too much on the leader, which prevents it from gaining the adaptability, inclusion, and participation as desired. Further, it locates in the location mixing between ethnic minorities and the Kinh, which causes it not to be easy to meet profit objectives and at the same time cover poor households who do not have good experience on wet rice cultivation. Although Phuong Dong Clam Cooperative Group has to bear social responsibility it is truly a profit-oriented unit. That is reason why it cannot cover households proposed to be covered, which leads to its low score of inclusion. However, thank to the external supports from Oxfam and Duyen Hai district it has accountability, participation, and adaptability at a relatively superior level, despite of the low qualification of its management board.

One interesting point is that two recently established institutions, Nam Think Clam Association and Phuong Dong Clam Cooperative Group, achieve a better IAPA index than the old ones. In the case of Nam Think Clam Association, its small size and narrow scope of services provided and the inheritance of the past informal relations have compensated for its weak experience in managing a collective institution. And in the case of Phuong Dong Clam Cooperative Group, the external supports also help it overcome this difficulty. Further, since two these RPOs are organizations that relate to a single sort of production activity in their local community, it did not face any competition from other existing rural institutions. That is the reason why they quickly adapt with local context as well as existing institutions.

## **5. Institutional Design and Livelihood Outcomes**

### **5.1. Nature of Changes in Livelihoods Practices and Improvements**

The appearance of focal RPOs across provinces influences to livelihoods of their constituents at some certain extent. It is not difficult for us to evaluate these effects in the case of Chu A Thai I Agricultural Cooperative and Phuong Dong Clam Cooperative Group. Farmers who are members of Chu A Thai I Agricultural Cooperative gain benefits from fertilizer supply and irrigation services at preferred rate of interest which is lower than from 5% to 10% in comparison with the same services providing for outside households; and the interest rate for the credit provided by the cooperative is lower by around 30% (for member households, 1.2% per month, and for outside households, 2% per month). In addition, member households earn dividend from the net profit generated by the cooperative. One informant told us that in 2006 each member of Chu A Thai I Agricultural Cooperative got around 1 million VND for the dividend for five year period, 2001-2006. Every member gets equally the benefits from the cooperative, whatever he is rich or poor, Kinh or J'rai. Regarding to Phuong Dong Clam Cooperative Group, its members earn dividend on the basis of their equity contribution. Households locating in Nha Mat hamlet are given priority to contribute equity as well as work for the

cooperative group. Thank to the excellent performance of Phuong Dong Clam Cooperative Group, around 60 households escape out of the poor status.

However, this kind of evaluation becomes difficult in the case of Chieng Kheo Farmer Union and Nam Think Clam Association since the benefits and costs from them is immeasurable or unobservable. Let examine Chieng Kheo Farmer Union first. If the services on propaganda and keeping political stabilization provided by Chieng Kheo Farmer Union generate benefits to the community equally or more than its operating costs, it is clear that other additional services on agricultural production activities such as acquisition of deferred fertilizer or soft loans from the bank for social policies or coordination with the district station for agricultural extension for training courses or technological guidance truly improve livelihoods to farmers since the local community does not pay additional costs for any other organizations for providing such services. But, we may see in other locations, such as Ia Ake, the acquisition of deferred fertilizer can be fulfilled by Chu A Thai I Agricultural Cooperative. And in many places the preferred loans for farmers can be authorized to other mass organizations such as women union, veteran union, or youth union.<sup>11</sup> All we can say is that Chieng Kheo Farmer Union has well done the tasks assigned by the party and the government in the sense that it has collected in the due time the loans provided by the bank for social policies to farmers (only very few farmers are overdue). It is the government policies to reduce poverty which should be viewed as promoting benefits for farmers in this case. Preferred loans from the bank enable poor households to buy buffalos, cows, or pigs etc. In general, most households have the right to borrow from the banks for social policies provided that they are approved by the headman of village and the headman of village's farmer union as a good-conduct ones (i.e., they are not drug-addicted, gambler, or participating in illegal religious or political organizations).

In the case of Nam Think Clam Association, as it was established just in April, 2007, we feel not confident enough to weigh up its contribution to the livelihood outcomes of local people, especially its members who have to contribute 1 million VND as member fee. By now there are no clear answers from the relevant authority on the root causes of mass death of clams. And the security issue for clam ground have not improved much yet, especially when only 23% of total clam nurturing households are registered as the members Nam Think Clam Association.

From the above discussion as well as our in-depth interviews with focus groups and key informants we rank the positive influence of focal RPOs upon livelihoods of their constituents as in the last column of Table 6. Two profit-oriented organizations, Phuong Dong Clam Cooperative Group and Chu A Thai I Agricultural Cooperative, has the first

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<sup>11</sup> The report of the bank for social policies in Mai Son district on 1/1/07 shows that the farmer union is assigned as an entrusted agency for 2622 households (with the total amount of money of 10,094 million VND), the women union for 1619 households (8,573 million VND), the veteran union for 582 households (2,283 million VND), and the youth union for 1655 households (6,120 million VND). The selection of entrusted agency depends on the negotiation between mass organizations in the district level as well as the actual status of local mass organizations in the commune level.

and second rank, respectively. Two social-oriented organizations, Chieng Kheo Farmer Union and Nam Think Clam Association has the lowest ranks.

## 5.2 Relationship Between Governance Outcomes and Livelihoods Outcomes

If we put aside the case of Nam Think Clam Association due to its very recent establishment, we observe a correlation between the IAPA index and the livelihood outcome rank. The higher the IAPA index the institution achieves, the higher the livelihood rank it gains and against.

**Table 6. IAPA Governance Index and livelihood outcomes**

	Inclusion	Accountability	Participation	Adaptability	IAPA index	Livelihood outcome rank
Chieng Kheo Farmer Union	0.85	0.38	0.70	0.4	0.58	3
Nam Think Clam Association	0.21	1.00	0.91	0.5	0.66	4
Chu A Thai I Agricultural Cooperative	0.60	0.88	0.60	0.5	0.64	2
Phuong Dong Clam Cooperative Group	0.49	0.88	0.74	0.75	0.71	1

*Source: compiled by the author.*

It seems to us that the highest rank of livelihood outcomes that Phuong Dong Clam Cooperative Group has achieved in comparison with other examined RPOs is due to its outstanding governance outcomes in three aspects: accountability, participation, and adaptability. Quickly solving the problem of mobilizing capital, the cooperative group had overcome the most difficulty of the business of clam farming, and hence generated a huge profit during the initial years. As result it attracted more local households to participate in the years after. With the support from Oxfam, the cooperative group has an accountable governance mechanism that ensures all members to gain benefits from it. This is really important since the cooperative group has operated on the basis of trust rather than legal constraints. (It is regulated by Civil Code rather than Business Law or Cooperative Law). The high degree of participation of its members into its affairs also helped the cooperative group to solve internal conflicts and prevented it from stealing or destructive behaviors of local people. It is the high degrees of accountability and participation that enable the cooperative group could mobilize by more than 30 times of equity capital and include by nearly 6 times of number of household members, most of them are poor households in Nha Mat hamlet, for 3 years of operation.

Chua A Thai I Agricultural Cooperative is ranked less than Phuong Dong Clam Cooperative Group in terms of improving the livelihood outcomes of local people even the former has a higher degree of inclusion and the same degree of accountability in comparison with the latter because it did not adapt well with the market environment and it did not have an effective mechanism that enables members to participate into its business activities. When everything puts on the shoulders of the old chairman, work could not run well. The cooperative therefore could not succeed in switching into new

business lines with higher potential profits. As a consequence, its members still share equally a small cake of profit and the cooperative could not include poor and landless households as Phuong Dong Clam Cooperative Group did.

In the case of Chieng Kheo Farmer Union, the low degrees of accountability and adaptability could be considered as the main reasons to explain why it did not improve much the livelihood outcomes of local people even its highest degree of inclusion factor. As a mass organization it is strictly governed by the communist party and the people's committee. It could not independently conduct any change without the permission from the CPV cell. It has waited for the guidelines and financial resources from the upper level. Its farmer members have very less chance to raise voice into its activities. The most beneficial activity that it has undertaken is the trust agent for the Bank for Social Policies which enables poor households to get soft loan could be done by other organizations such as women union in many places. Thus its contribution to the improvement of the livelihood of local people is very marginal despite of its wide range of functioning.

We have only a few comments on the case of Nam Think Clam Association due to its very recent establishment. This association has not provided much benefit for its members as well as local people by now because it has not successful to mobilize clam farmers to joint the organization. Further, that it does not have an autonomous legal status prevents it from challenging with many issues that the clam-farming community faces. If it does not solve these factors in the future it will not have much contribution to the livelihoods of clam farmers as well as local people in Nam Think commune.

### **5.3. Discussion of other aspects of livelihoods and governance outcomes**

#### **5.3.1. Perception of institution among those it serves and those it doesn't**

Among four focal RPOs which have the low rate of inclusion Nam Think Clam Association is the case where its outside clam nurturing households show a suspecting attitude to the benefit gaining from the association. The situation of Chu A Thai I Agricultural Cooperative and Phuong Dong Clam Cooperative Group is better. Many outside households still want to joint into them. Some people paid an extra amount of money for the poor but member-eligible households in Nha Mat hamlet in order to take the quota of equity contribution (of 40 million VND) from those households.

#### **5.3.2. Changes in institution and possible direction of future changes**

There is no clear sense that Chieng Kheo Farmer Union will undertake any substantial change in the near future. Its scope of activities may be the same as now. Nam Think Clam Association shows no clear plan to change. Thus, it is difficult to know its future shape upon the livelihoods of its constituents and whether it can attract more households into its organization or not. Chu A Thai I Agricultural Cooperative will loose an important proportion of revenue when the irrigation service turns to be free of charge for farmers. To fulfill this loss of revenue the cooperative intends to shift into making handicraft products made of rattan and bamboo. It still keeps up the plan to do business in

the field of the collection of agricultural output. If all of these intentions become successful the cooperative would contribute substantially for the development of the commune. If not, it would fall into the sluggishness as many other agricultural cooperatives nowadays. Phuong Dong Clam Cooperative Group still promises more wealth to the local people. It has a potential to double or triple its scale of clam nurturing. In the next years it will transform into a cooperative and ask the government to provide it the use right of clam ground. It will be therefore able to borrow loan directly from commercial banks to expand its business operations. The main problem for it now is to find market for its output. If this problem is solved and if it still pays attention to give priority for poor households in Truong Long Hoa to contribute equity most poor families of the commune will be eliminated.

### **5.3.3. Innovative aspects of institutional functioning and generalizable lessons**

Except Nam Think Clam Association, the other three institutions have their history of development where many aspects of their institutional functioning are changed. A general feature of the change in functioning of these RPOs is that they move toward market serving. We may find it through the engagement of Chieng Kheo Farmer Union with the bank for social policies where farmers are conditioned to invest into agricultural production activities so that they can refund the loans to the bank. We also can find it through the case of Chu A Thai I Agricultural Cooperative who attempted to shift into higher value-added business such as construction, credit, grinding and drying of agricultural products, and so on. It is shown through the way Phuong Dong Clam Cooperative Group has tried to mobilize equity from people outside of the commune in order to increase its scale of production. If Nam Think Clam Association apply this lesson in the near future, that is, it has to look for services which support its members to access market better, it might have a well-to-do future.

## **6. Issues and Implications of The Research**

Our study on RPOs is conducted in four communes of different provinces in Vietnam. We have shown that the local contexts, institutional types, and functioning of each RPO has determined its production activities, eligible members, possible external supports, possible challenges and opportunities, and possible links with relevant institutions. Chieng Kheo Farmer Union relates to traditional crops available in mountain area, constitute of Thai and H'Mong people of its commune, get supports and linkages from the government agencies and the bank for social policies; Nam Think Clam Association relates only to clam farming activities, constitute of non-religious and Catholic members of its communes, and establish its linkage with Thai Binh Fishery Society; Chu A Thai I Agricultural Cooperative relates mainly to traditional crops of a highland and paddy area, enables both Kinh and other ethnic communities (J'rai, Ban, Tay, etc.) to participate, and establish linkages with the province irrigation company, the district station for agricultural extensions, etc. and commercial partners; and Phuong Dong Clam Cooperative Group relates only to clam farming activities, constitute of only Kinh people, and establish linkages with Oxfam and commercial partners. These factors, to some extents, influence their organizational designs and characteristics, which in turn determine their governance

outcomes in five dimensions: inclusion, accountability, participation, responsiveness, and adaptability. We have then shown that the governance outcomes of these RPOs have a relatively positive relation with their contributions to the improvement of livelihoods of their members. The higher the IAPA index the institution achieves, the higher the livelihood rank it does and against. Particularly, Phuong Dong Cooperative Group, Chu A Thai I Agricultural Cooperative, and Chieng Kheo Farmer Union achieve the IAPA index of 0.71, 0.64 and 0.58, respectively and the corresponding ranks of livelihood contribution. Only does the case of Nam Think Clam Association not follow this correlation, but as we have explained it may be due to its recent establishment so that we not have enough references to evaluate it.

Overall, the institutional designs and performances of these RPOs still subject to the interventions and supports of the local governments and CPV cells. The selection of the important positions of RPOs requires the approval from the local CPV cell or the commune people's committee. Chieng Kheo Farmer Union has directly received financial supports from the government budget and from the poverty reduction policies. Like most agricultural cooperatives, Chu A Thai I Agricultural Cooperative has specified by the government to provide basic agricultural services such as irrigation services, vegetable and veterinary protection services, electricity services. If such kinds of method of intervention and supports from the government still remains it could not create incentive RPOs to improve their governance outcome, and therefore, their livelihood contributions to local people. Particularly, if mass organizations such as Chieng Kheo Farmer Union are not loosened from the party control to meet political objectives they could not pay much attentions to the real needs of their members; If farmers do not have the genuine right to choose directly the chairman of farmer union at the village as well as commune level, they could not have a voice in planning, monitoring, and decision making process. In the case of professional associations such as Nam Think Clam Association, without the recognition as fully legal entities, they have to rely on the local government and difficult to struggle for the benefits of their constituents. And, without proper provisional conditions, direct supports from the government such as receiving commissions from the Bank for Social Policies or the Station for Agricultural Extensions, and indirect supports such as the exclusive right to provide basic services like irrigation service, electricity service, vegetable and veterinary protection services could not constrain the beneficiaries like Chieng Kheo Farmer Union or Chu A Thai I Agricultural Cooperative to improve their governance outcomes as well as their contribution to improve the livelihoods of their targeting people.

The cases of Chu A Thai I Agricultural Cooperative and Phuong Dong Clam Cooperative Group have shown us that the distinction between shareholders (who contribute equity and gain profit or bear lost) and stakeholders (who have benefits from cooperatives like customers, employees, suppliers, banks, etc.) is not very clear in agricultural cooperatives of Vietnam. This distinction in fact is implicitly undertaken in Phuong dong Clam Cooperative Group as largest shareholders (most of them are officers of Duyen Hai district and Truong Long Hoa commune, and the administrative board of the Cooperative Group) have a strong voice in its strategic, financial, and personnel issues. Without a clear distinction between shareholders and stakeholders in the future,

the cooperatives would be difficult to mobilize capital in order to invest into risky fields of business (such as Chu A Thai I Agricultural Cooperative) as well as seek the support and cooperation from stakeholders.

Our study found that there are many governmental organizations which have the same functioning to support the development of cooperative forms of production in rural areas such as the Alliance of Cooperatives, the Department of Cooperative Development (of the Ministry of Agriculture and Rural Development), the District Economic Department, and Farmer Union. However, their coordination is very weak. As result, the development of cooperative forms in rural areas is still very moderate. If overlapping sections of these institutions could not be streamlined into one body in order to provide consistent plans and policies to develop cooperative forms for production activities in rural areas the governmental supporting activities would still remain ineffective and could not avoid unnecessary cumbersome costs.

The establishment of the bank for social policies can be considered by now as a successful policy. The relationship between the bank and mass organizations ensures that poor households will use loans for proper purposes. The poor has incentive to use soft loans in an effective way in order to borrow at a larger amount in the future (Chieng Kheo and Truong Long Hoa). However, these soft loans has still used for individual production activities of farmers rather than supporting their pursue of cooperative forms of production activities. If mass organizations such as Farmer Union actively move their propagandizing function towards this direction they could contribute much more into the improvement of practice livelihoods of local people.

Our research also found that, from the case of Thai and H'mong in Chieng Kheo commune and J'rai in Ia Ake commune, ethnic minorities find them difficult to adapt to market conditions. Without special training courses for them, either from government or non-government organizations, which are suitable for the local cultural and geographical conditions of localities, they could not themselves overcome the poverty trap. Meanwhile, if there are no effective measures to protect their lands and social capitals from market transactions they could not have a minimum amount of capital to compete fairly with Kinh people in a market environment.

And lastly, our study observed that farmer's cooperative behavior is not well-built. They generally prefer individualistic production activities which have low productivity. Without training courses, capacity building, resource provision, and institutional support, etc. from outside which focus on the development of their cooperative behavior in production it will be difficult to improve governance performance as well as livelihood contributions of RPOs in rural areas.



### Appendix I Data for Mapping Links between Institutions in a Given Context

In the below tables the numbers one or zero in each cell indicate whether the link between the row institutions to the column institutions exists, and whether there is a flow of information, influence, and resources.

**Table A I-1 Data for Mapping Links between Institutions relevant to Chieng Kheo Farmer Union**

	Farmer-union-district	Farmer-union-commune	Farmer-union-village	CPV-district	CPV-commune	CPV-village	People-committee-district	People-committee-commune	People-committee-village	Other-mass-associations-district	Other-mass-associations-commune	Other-mass-associations-village	Bank-for-social-polices	Station-for-agr-extensions
Farmer-union-district		1, 1, 1, 0	0	1, 1, 0, 0	0	0	1, 1, 0, 0	0	0	1, 1, 0, 0	0	0	1, 1, 1, 0	1, 1, 0, 0
Farmer-union-commune	1, 1, 1, 1		1, 1, 1, 0	0	1, 1, 0, 0	0	1, 1, 0, 0	0	0	1, 1, 0, 0	0	0	1, 1, 0, 0	1, 1, 0, 1
Farmer-union-village	0	1, 1, 1, 1		0	0	1, 1, 0, 0	0	1, 1, 0, 0	0	0	0	1, 1, 0, 0	1, 0, 0, 1	0
CPV-district	1, 1, 1, 0	1, 0, 1, 0	0		1, 1, 1, 0	0	1, 1, 1, 0	0	0	1, 1, 1, 0	1, 0, 1, 0	0	1, 1, 1, 0	1, 1, 1, 0
CPV-commune	0	1, 1, 1, 0	1, 0, 1, 0	1, 1, 0, 0		1, 1, 1, 0	0	1, 1, 1, 0	1, 0, 1, 0	0	1, 1, 1, 0	1, 0, 1, 0	0	0
CPV-village	0	0	1, 1, 1, 0	0	1, 1, 0, 0		0	0	1, 1, 1, 0	0	0	1, 1, 1, 0	0	0
People-committee-district	1, 1, 0, 1	0	0	1, 1, 0, 0	0	0		1, 1, 1, 1	0	1, 1, 0, 1	0	0	0	1, 1, 0, 1
People-committee-commune	0	1, 1, 0, 1	1, 0, 0, 1	0	1, 1, 0, 0	0	1, 1, 0, 0		1, 1, 1, 1	0	1, 1, 0, 1	1, 0, 0, 1	0	0
People-committee-village	0	0	1, 1, 1, 0	0	0	1, 1, 0, 0	0	0		0	0	1, 1, 0, 0	0	0
Other-mass-associations-district	1, 1, 0, 0	0	0	1, 1, 0, 0	0	0	1, 1, 0, 0	0	0		1, 1, 1, 0	0	1, 1, 0, 0	0

Other-mass-associations-commune	0	1, 1, 0, 0	0	1, 1, 0, 0	0	1, 1, 0, 0	0	1, 1, 0, 0	0	1, 1, 0, 1	1, 1, 1, 0	1, 1, 0, 1	0
Other-mass-associations-village	0	0	1, 1, 0, 0	0	1, 1, 0, 0	0	1, 1, 0, 0	0	1, 1, 0, 0	0	0	0	0
Bank-for-social-policies	1, 1, 0, 0	1, 1, 0, 0	1, 0, 0, 1	1, 1, 0, 0	0	1, 1, 0, 0	0	1, 1, 0, 0	0	1, 1, 0, 0	1, 1, 0, 0	1, 0, 0, 1	0
Station-for-agr-extensions	1, 1, 0, 0	1, 1, 0, 1	0	1, 1, 0, 0	0	1, 1, 0, 0	0	1, 1, 0, 0	0	0	0	0	0

**Table A I-2 Data for Mapping Links between Institutions relevant to Nam Think Clam Association**

Nam-thinh-clam-association		Nam-thinh-clam-association		Nam-thinh-people-committee		Thai-Binh-Fishery-association		Thai-Binh-Fishery-association		Thai-Binh-station-for-aquacultural-extensions		Input-supplier		Output-trader
Thai-thinh-people-committee	1, 1, 1, 0		1, 1, 0, 0		1, 1, 0, 1		1, 1, 0, 0		1, 1, 0, 0		1, 1, 0, 0		1, 1, 0, 0	
Thai-Binh-Fishery-association	1, 1, 0, 0		0		0		1, 1, 0, 0		0		0		0	
Thai-Binh-station-for-aquacultural-extensions	1, 1, 0, 0		0		0		0		0		0		0	
Input-supplier	0		0		0		0		0		0		0	
Output-trader	1, 1, 0, 0		0		0		0		0		0		0	

**Table A I-3 Data for Mapping Links between Institutions relevant to Chu A Thai I Agricultural Cooperative**

	Chu-A-Thai-coop	Economic-department-district	People-committee-commune	CPV-commune	Coop-department-province	Coop-alliance-province	Plant-protection-station-district	Irrigation-utility-province	Agr-extension-department-district	AgriBank	Fertilizer-suppliers
Chu-A-Thai-coop		1, 1, 0, 0	1, 1, 0, 0	1, 1, 0, 0	1, 1, 0, 0	1, 1, 0, 0	1, 1, 0, 1	1, 1, 0, 1	1, 1, 0, 1	1, 0, 0, 1	1, 0, 0, 1
Economic-department-district	1, 1, 0, 0		1, 1, 0, 0	0	0	0	0	0	1, 1, 0, 0	0	0
People-committee-commune	0	1, 1, 0, 0		1, 1, 0, 0	0	0	0	0	0	0	0
CPV-commune	1, 1, 1, 0	0	1, 1, 1, 0		0	0	0	0	0	0	0
Coop-department-province	1, 1, 0, 0	0	0	0	1, 1, 0, 0	1, 1, 0, 0	0	0	1, 1, 0, 0	0	0
Coop-alliance-province	1, 1, 0, 0	0	0	0	1, 1, 0, 0		0	0	1, 1, 0, 0	0	0
Plant-protection-station-district	1, 1, 0, 1	1, 1, 0, 0	0	0	0	0		0	0	0	0
Irrigation-utility-province	1, 1, 0, 1	0	0	0	0	0	0	0	0	0	0
Agr-extension-department-district	1, 1, 0, 1	1, 1, 0, 0	0	0	0	1, 1, 0, 0	0	0	0	0	0
AgriBank	1, 0, 0, 1	0	0	0	0	0	0	0	0	0	0
Fertilizer-suppliers	1, 0, 0, 1	0	0	0	0	0	0	0	0	0	0

**Table A I-4 Data for Mapping Links between Institutions relevant to Phuong Dong Clam Cooperative Group**

	Phuong-dong-cooperative-group	District-commune-authorities	Oxfam	Agribank	House-dev-bank	Bank-for-social-policies	Other-cooperative-groups	Input-supplier	Output-trader
Phuong-dong-cooperative-group		1, 1, 0, 0	1, 1, 0, 0	1, 1, 0, 0	1, 1, 0, 0	1, 1, 0, 0	1, 1, 0, 0	1, 1, 0, 1	1, 1, 0, 1
District-commune-authorities	1, 1, 1, 0		1, 1, 0, 0	0	0	0	1, 1, 1, 0	0	0
Oxfam	1, 1, 0, 1	1, 1, 0, 0		0	0	0	0	0	0
Agribank	0	0	0	0	0	0	0	0	0
House-dev-bank	0	0	0	0	0	0	0	0	0
Bank-for-social-policies	0	0	0	0	0	0	0	0	0

Other-cooperative-groups	1, 1, 0, 0	1, 1, 0, 0	0	0	0	0	0	0	0	0	0	0	0
Input-supplier	1, 1, 0, 1	0	0	0	0	0	0	0	0	0	0	0	0
Output-trader	1, 1, 0, 1	0	0	0	0	0	0	0	0	0	0	0	0

## Appendix II Data for Constructing IAPA Index

### Table AII-1 Data for Constructing Inclusion Index

	Actual HH	eligible HH	Marginal HH	Eligible marginal HH	Inclusion index
Chieng Kheo Farmer Union	400 <sup>(*)1</sup>	417 <sup>(*)5</sup>	30 <sup>(*)9</sup>	41 <sup>(*)13</sup>	0.85
Nam Thinh Clam Association	44 <sup>(*)2</sup>	200 <sup>(*)6</sup>	11 <sup>(*)10</sup>	55 <sup>(*)14</sup>	0.21
Chu A Thai I Agricultural Coop	852 <sup>(*)3</sup>	1258 <sup>(*)7</sup>	185 <sup>(*)11</sup>	352 <sup>(*)15</sup>	0.60
Phuong Dong Clam Cooperative Group	387 <sup>(*)4</sup>	410 <sup>(*)8</sup>	46 <sup>(*)12</sup>	1050 <sup>(*)16</sup>	0.49

#### Notes:

- (\*)1 No. of actual members of Chieng Kheo Farmer Union.  
 (\*)2 No. of actual members of Nam Thinh Clam Association.  
 (\*)3 No. of actual members of Chu A Thai I Agricultural Cooperative.  
 (\*)4 No. of actual members in Nha Mat hamlet.  
 (\*)5 No. of households in Chieng Kheo commune.  
 (\*)6 No. of households having clam farms in Nam Thinh commune.  
 (\*)7 No. of households in Ia Ake commune.  
 (\*)8 No. of households in Nha Mat hamlet.  
 (\*)9 No. of actual members of Chieng Kheo Farmer Union as H'mong.  
 (\*)10 No. of actual members of Nam Thinh Clam Association as Catholic.  
 (\*)11 No. of actual members of Chu A Thai I Agricultural Cooperative as (certified) poor households.  
 (\*)12 No. of actual members not in Nha Mat hamlet, but in Truong Long Hoa commune.  
 (\*)13 No. of households in Chieng Kheo commune as H'mong.  
 (\*)14 No. of households having clam farms in Nam Thinh commune as Catholic.  
 (\*)15 No. of households in Ia Ake commune as (certified) poor households.  
 (\*)16 No. of households in Truong Long Hoa commune.

**Table AII-2 Data for Constructing Accountability Index**

	Information accountability				Power accountability		Accountability index
	Information on strategic direction	Information on finance	Information on personnel	Information on decision making	Power accountability		
					Upper	Lower	
Chieng Kheo Farmer Union	0.25	0	0	0	0.5	0	0.38
Nam Thinh Clam Association	0.25	0.25	0.25	0.25	0.5	0.5	1.00
Chu A Thai I Agricultural Coop	0.25	0.25	0.25	0	0.5	0.5	0.88
Phuong Dong Clam Cooperative Group	0.25	0.25	0	0.25	0.5	0.5	0.88

**Table AII-3 Data for Constructing Participation Index**

	Frequency meeting		Attendance		Participation Index	
	No. of actual meetings	No. of meetings by law/desired	No. of members attending meetings (in average)	No. of actual members	Participation Index	
Chieng Kheo Farmer Union	7	12	45 <sup>(*)</sup>	55 <sup>(*)</sup>	0.70	
Nam Thinh Clam Association	11	12	40	44	0.91	
Chu A Thai I Agricultural Coop	1	4	80 <sup>(*)</sup>	85 <sup>(*)</sup>	0.60	
Phuong Dong Clam Cooperative Group	10	12	250 <sup>(*)</sup>	387 <sup>(*)</sup>	0.74	

**Note:**

(\*) Figures in Na Lon village.

(\*\*) Representative members.

(\*\*\*) Figures in Nha Mat hamlet.

**Table AII-4 Data for Constructing Adaptability Index**

	Organizational functions						Adaptability Index
	Strategic planning	Finance and accounting	Operations and maintenance	human resources	marketing	Information management	
<i>Chieng Kheo Farmer Union</i>							0.4
- Opportunities related to Bank for Social Policies			YES	YES		YES	
- Challenge related to the dividing of the H' mong village			NO	NO			
- Challenge related to the lack of water resource	NO	NO					0.5
<i>Nam Think Clam Association</i>							
- Challenge to the mass death of clam	YES		YES			YES	
- Challenge to the security issue in clam ground		YES	NO	YES			0.5
<i>Chu A Thai I Agricultural Cooperative</i>							
- Challenges related to electricity- service and irrigation service	YES	YES	YES	YES	YES		
- Opportunities related to the collection of agricultural products	YES	NO	NO	NO	NO	NO	0.75
<i>Fuong Dong Clam Cooperative Group</i>							
- Challenge to the paradox between capital mobilization vs. poverty elimination	YES	YES	YES	YES			
- Challenge to market access	NO			YES	NO	YES	