

# **Proposal for the Vietnam Case Study**

## ***TFESSD Mobilizing Rural Institutions for Sustainable Livelihoods and Equitable Development***

### **I. Background and Rationale**

#### **TFESSD Rural Institutions**

The proposed study is part of an initiative of the Agriculture and Rural Development Department (ARD) and the Social Development Department (SDV) in FY06-08 to assess and build on the potential of rural institutions to augment access to public and private services to the rural poor. Funded under the TFESSD, this study proposes a new way of looking at existing rural institutions as a resource—a form of organizational capital—that has the potential to adopt new functions in order to facilitate access and mediate between the rural poor and public or private goods and services.

The proposed countries for case studies are India, Afghanistan, Ethiopia, Yemen and Vietnam. The countries have been purposively selected to examine a range of institutional alternatives among countries that have varying degrees of integration within market processes.

#### ***Country context***

Vietnam is a country in transition from a centrally planned economy to a market oriented economy. It has a population of around 80 million people of which 75% live in rural areas. While poverty reduction over the last decade has been impressive, falling from 58.1% in 1993 to 19.5% in 2004, poverty remains overwhelming rural, with 25% rural poverty compared to urban poverty of 4%. The Vietnamese has succeeded in transforming the agrarian sector from the dominated by state-led cooperatives to household-based farms with relatively equal and secured land tenures. The country has a one-party government.

#### ***Key Institutional Issues relevant to rural livelihoods***

Rural Vietnam is characterized by extensive social networks, including formal, semi-formal and informal. There are various formal and semi-formal rural organizations at play. At the local level, these include the Commune Peoples Committees (PC), which is the lowest level of government, and normally covers between 6 to 15 villages. Formal extension services for agriculture, forestry and fishery are sometimes provided through the PC at commune or, at least, district levels. Access to marketing, irrigation/drainage, veterinarian services and credit, etc... is becoming more widespread through various combinations of the state- or private-own commercial enterprises, service providers, banks and sometimes user groups, which are important elements in the rural transformation. While the PC staffs are appointed, there is also an elected Peoples

Council to oversee the work of the PC. Candidates for this have to be vetted by the Fatherland Front, which is the base organization of the communist party. In addition there are a number of mass organizations, such as Farmers Union, Women's Union, Youth Union, etc, and other semi-formal structures such as the village chiefs and village development boards, through which information is disseminated and voluntary labor for public works are often mobilized. While Vietnam is not a multiparty democracy, formally various legal and institutional settings provide local people with a relative high degree of influence on their own situation and several channels of voicing concerns, though the practice may differ widely. Furthermore, there are more specific and sometimes informal settings, like water user association for irrigation schemes or traditional clans, which play an important role in promoting people's self-helps and cooperation among people with similar interests.

The ideology of the party emphasizes stability and equality, and the government is keen to ensure that the growing inequality does not become a source of dissatisfaction which could pose a threat to stability. Therefore, development assistance to rural areas is high.

A major issue in Vietnam is the increasing inequality between the majority Kinh population and the ethnic minorities, both in highlands and lowlands: Poverty reduction efforts have not been able to reduce poverty among ethnic minorities at the same pace as for Kinh and ethnic Chinese (Hoa). Within the Kinh majority, there still exist many pockets of extreme poverty, particularly in remote areas or coastal zones. This could indicate that the responses to the transformation various rural settings exhibited may differ and have different impacts.

### ***Likely impact on Bank support to Vietnam***

The proposed work will contribute to a deeper and more comprehensive understanding of the role and functions of the various institutional actors at the local level in rural Vietnam. Preparatory and analytical work has so far tended to focus on sector specific issues and institutional analysis. This work would look at the interaction among the various local level institutions in the rural space in totality, and try to distill lessons learned and institutional factors that have contributed to or blocked equitable development. This, in turn, will enable better assistance to rural institutions, building on their strength and capacity to assist rural populations in more effective natural resource management and diversifying rural livelihoods.

Also, a comprehensive mapping of local level institutions will definitely benefit several relevant current and planned operational works of the Bank which are directly linked to local institutional issues.

## **II. Focus, Key Study Questions and Objectives**

The focus will be placed on the adaptability (responsiveness) of local RIs to the economic, natural resource management, and social innovations introduced in rural areas of Vietnam since 'doi moi' – the economic reform process started in mid-1980s.

## **Main study questions**

1. How have RIs adapted to various innovations in rural areas, including economic (e.g. the emergence of value chains and the transformation of state-owned enterprises, migration), environmental (e.g. changes in land, forest and water resources management) and social (e.g. changes in disaster risk management, the introduction of community based poverty reduction, o grass-roots democracy) in Vietnam? What were the interactions between the formal and semi-formal RIs and informal setting, including non-formal traditional institutions in ethnic minority areas?
2. What factors did determine how the RIs and stakeholders initiated or engaged with the change process? Questions to be asked may include: what gains/costs did they anticipate from active engagement in the change process; what gains/costs of non-engagements did they anticipate; what drove the change in these institutions; what mechanisms of the change management did take place?
3. How did the poor participate in the RIs and what impacts has the participation produced

## **Objectives of the study**

The overall objective of the study is to review current situation of RIs and propose policy recommendations to promote local development with RIs. Under this overall objective, the study aims at achieving the following specific objectives:

1. To review the policy and institutional framework for local development in Vietnam;
2. To define main typologies of rural institutions in Vietnam and their classification, based upon their characteristics and functions;
3. To examine the evolution of the rural institutions in Vietnam and their interactions (particularly between the informal and semi-formal RIs with informal ones) in response to recent innovations, including economic, environment and social, in rural Vietnam;
4. To investigate main drives determining the engagement of the RIs and their stakeholders in to the changes and main mechanisms for the management of the changes;
5. To explore the participation of the rural poor in certain types of RIs and impacts of institutional inclusion on the livelihood of rural poor Vietnam
6. To distil key lessons learnt for policy recommendation

## **III. Approach and Methodology**

The work will start by defining typologies of RIs. RIs are categorized in terms of their objectives, whether they serve economic, environment, or social purposes. In terms of

economic purposes, special attention will be paid to RIs that are part of value chains and the 8-party linkage. Other types of economic RIs include those that work in land (Commune People's Committee), infrastructure (Water User Group), finance (Rural credit unions), employment (employment support and training groups), management (People's committee), and technology (extension clubs). Institutions that serve environmental goals deal directly with natural resource management. Examples of these are Forest Control and Protection groups, Water Resource monitoring network, etc. Meanwhile, social institutions deal with social issues, such as vulnerability (Invalid Labor and Social Units), disaster management (Disaster Prevention Units), gender equality (Women's Unions), empowerment (Veterans' Associations), and risk control (Epidemic Prevention groups).

Another dimension of the RI categorization is their organization, whether they are formal, semi-formal, or informal. Formal RIs are legal authority institutions that are directly run by the State, such as the People's Committee at the District and Commune level. As we are examining institutions specifically in rural areas, the District People's committee is the highest institution within our scope of study. Semi-formal institutions are organizations and associations that are recognized by the state. Their staff, especially the leaders, are usually appointed by the state or selected by the people but approved by the state. Their members, nevertheless, are a targeted population of the community and membership is automatic based on one's background. These would include associations, such as the Women's Union, the Farmers' Association, etc. Finally, informal settings are those that are initiated by the people and run by the people. Membership is voluntary. These would entail self-help groups, community-based organizations, such as informal saving groups, dyke protecting groups, etc.

Another important step is mapping the RIs to the rural innovations which took place. The purpose of this mapping is to allow following analysis of these RIs' response to various types of innovations and the interactions among the RIs. The innovations could be the various pilots conducted by IPSARD (they might not paid primary attention to the rural institutional aspects per se) or GoV development interventions. The innovations would be classified by intervention mechanism and benchmarked for comparison. Within each type of innovations selected, we will identify key RIs involved and then examine how each of the RIs has evolved, and what impact it has on people's livelihoods and how.

**Table 1. A framework for mapping rural innovations and institutional setting**

<b>Sphere of rural innovations</b>	<b>Formal</b>	<b>Semi-formal</b>	<b>Informal</b>
<p><b>Economic</b></p> <p>Value chains of lychees, vegetable, pork, rice</p> <p>Contract farming and 4-house collaboration</p> <p>Rural microfinance</p>	<p>Exporters-traders-gov agencies &amp; extension, formal cooperatives</p> <p>Firms, agriculture research and extension inst's, local gov</p> <p>VBARD, VBSP, local Govt</p>	<p>Party, Farmer Union, producer &amp; trader associations</p> <p>Farmer Union,</p> <p>WUs, FU, People's credit funds</p>	<p>Farmer interest groups, clubs &amp; informal cooperation groups</p> <p>Farmers, interest groups, clans</p> <p>Mutual saving/loan groups, money lenders</p>
<p><b>Environment</b></p> <p>Social forestry/community forest land titling</p> <p>Participatory irrigation</p>	<p>SFEs-DONRE-local govt- forest extension-firms</p> <p>IMCs-PPC-DPC-CPC-power supply company</p>	<p>Village chief, VDBs, WUs and farmer union)</p> <p>Village chief, FU</p>	<p>Village community, clans,</p> <p>water user groups</p>
<p><b>Social</b></p> <p>Program 135-I/ Poor Commune Infrastructure</p> <p>Disaster emergency assistance</p> <p>Grass-roots democracy/empowerment</p>	<p>Central GoV, PPC-DPC-CPC-firms</p> <p>GoV-service deliverer</p> <p>Central gov-PCs-Peoples' Councils-</p>	<p>village chiefs, VDBs, Party, WUs,</p> <p>Red Crest, VUs, NGOs</p> <p>Party, mass-organizations, media</p>	<p>community supervision/maintenance groups</p> <p>self-helps, clans</p> <p>farmers</p>

The IPSARD will utilize our past experience in these spheres of innovations for mapping RIs as well as evaluating their impact on rural livelihoods. Regarding value chains, some of our past research projects include “Improving the Lychee value chain in Hung Yen”, “Study on the vegetables and pork value chains in Hai Yen and Vinh Phuc”, and so on. We have also conducted a study on contract farming for the Making Market Work Better for the Poor program. These studies examined the vertical linkage in the market and helped us understand the way many economic RIs, such as cooperatives, farmers’ interest groups, etc. worked.

In terms of natural resources management, we have a division specifically dedicated to the subject. Important studies done include “Impact evaluation of economic integration on livelihoods and forest management”, “Study on the preservation and development of non-wood forestry products in Eusup, Daklak”, and “Study on the construction of the

mechanism, policy, and organization of bamboo specialized regions for handicraft products”. These studies exposed us to the way communities organize for natural resource management as well as the interaction among RIs in the field.

We have also done multiple researches to evaluate the impact of poverty reduction programs, including Program 135. Important studies include “Study on the scientific foundation of policy making for agriculture and rural development”, “Impact assessment on the demand and capacity for information and communication in Program 135”.

In terms of grassroots democracy and empowerment, our important studies include “Study on the development of civil and community-based institutions for producers, processors, and traders: cooperatives, associations, and rural enterprises”, “Study on the socialization of public services for agriculture and rural area during WTO accession.”

These studies will allow us to look at RIs in multiple dimensions and the working relationships with local stakeholders developed under the studies will simplify logistic arrangements and facilitate the smooth implementation of the case studies.

#### **IV. Main tasks:**

##### *a. Literature review*

The review will focus largely on literature on Vietnam. The main attention will be given to the theoretical and empirical background related to the following concepts: i) agricultural innovation systems, ii) value chain, iii) collective actions, iv) contract farming, and v) social capital. Concerning innovation in economic areas, the notions of contract farming, collective action and farming system innovations will be integrated into the value chain analysis to find out the roles of various rural institutions (both formal and informal) in various types of market development. Social capital and collective action, on the other hand, will be applied in the context of natural resource management and social innovations (e.g. the GoV Program to Assist the Poorest Communes (135-P), disaster mitigations, or decentralization and grassroots democracy, where marginalized groups will be given a special attention to.

Besides reviewing the above concepts, the literature review will probe different forms of existing rural institutions (formal and informal). A more detailed framework of rural institutions will be developed and categorized based on their objectives, formality, and sizes. We propose that a World Bank expert who has relevant experience in other countries mentor us in the mapping of rural institutions.

Government policies and laws regarding the formation and operation of rural institutions will also be examined in order to assess the surrounding environment of institutions.

##### *b. Secondary data collection and their analysis*

With the support of DANIDA, IPSARD has collaborated with IILSA to conduct a *Rural Household Survey* in 2006. At this time, the survey has been completed and IPSARD has access to its database. The survey was conducted in the rural areas of 12 provinces in 2006 (Ha Tay, Nghe An, Khanh Hoa, Lam Dong, Phu Tho, Quang Nam, Long An,

Daklak, Dak Nong, Lao Cai, Dien Bien and Lai Chau). This includes 2318 households in the VHLSS 2004 by the GSO in these provinces; therefore, panel data as well as cross section data analysis will be feasible. The survey contains information on general household characteristics, agricultural land and crop agriculture, agricultural services and access to market, occupation, time use and other sources of income, expenditure, credit, shocks and risk coping, and most importantly, social capital and networks. The survey allows us to analyze not only the household living standard, but also the linkage between this standard and the social capital the household possesses. Data analysis from this survey is expected to sketch out some stylized facts, which can provide food-for-thought for further investigation of rural institutions.

Data from the recent work by ILSSA and the agricultural census and 2006 VHLSS by GSO will also be used as much as possible.

*c. Expert meeting*

Based on results of the literature review and secondary data analysis, an expert meeting will be held in Hanoi to brainstorm on typologies of the RIs and their mapping to recent important rural innovations. The meeting will also discuss and contribute to the selection of case studies and their methodology. Invitees include experts from the World Bank, IPSARD researchers, and members of approximately 4 rural institutions. The expected number of participants is about 10-15 persons.

*d. Case studies*

Case selection: Based on the result of the mapping a total of about 10 case studies will be selected in 4 provinces. The sites selection criteria will include the importance of the innovations (e.g. in terms of potential impacts), the typology of RIs involved and their interactions (e.g. in terms of their representativeness, the knowledge gaps) and the working relationship developed between IPSARD and the localities through previous works. Initially, proposed provinces are Ha Giang (representing the Northern Uplands, Innovation in irrigation), Hung Yen (representing the Red River Delta, Innovation in agricultural value chain), Quang Tri (representing the Central Coast, Innovation in Disaster Emergency Assistance), and Kien Giang (representing the Mekong Delta, Innovation in Grassroots Democracy and Empowerment).. However, the list can be changed based on the result of the previous steps, if necessary. Each province will, therefore, provide 2 to 3 case studies. Cases will vary in size, formality and objectives of the RI, with special attention to RIs that connect poor and small scale producers with the market.

Preparation of checklist and case format: Each case study will be conducted following a case guide, which utilizes the evolutionary approach. This case guide will be developed in close guidance by and collaboration with an international expert, mobilized by the World Bank. The case guide can be structured as follows:

- *Introduction on the rural innovations:* The introduction provides general information on the specified rural innovation (their objectives, coverage, location, outcomes, activities, main stakeholder and RIs involved);
- For each RI:

- Introduction on the RI, including the address, the members, the objective of the institution, and the way it operates.
- *Evolution of the institution:* The emergence of the institution describes its history and addresses the question why the institution was started. Information on the topic will include previous activities of the interviewed members, reasons for starting or joining the institution, resources available for starting that institution, socio-economic, and political difficulties when starting. Finally, phases of the development will be summarized and lead us to the next section. The section aims at identifying factors that trigger the start of an institution and foster its existence.
- *Adaptation:* This section addresses the questions: How was the RI evolved and how has it been sustained since the introduction of the innovation? Information will include the RI's adaptation to the innovation, its current scope, its role in improving rural innovation, current and future advantages and constraints (objective and subjective), possible solutions, and future plans. The section aims at identifying factors that affect the RI response to the rural innovation, its sustainability, expansion or contraction of the RI.
- Interactions with other RIs for livelihood development will also be probed to see their cooperation level and the reason for such level.
- *Inclusion:* This section assesses of the participation of various stakeholders, particularly the poor and marginalized, in the RI, their roles, commitment level. This section also explores different ways the RI helps its members, especially the poor, in improving their livelihoods in general and under the innovation (particularly, in access to information, services, markets, value chains or livelihood opportunities), current and future advantages and constraints (objective and subjective), and possible options to enhance positive impacts.
- *Conclusion:* The conclusion sums up factors that lead to the outcome of the case and identify lessons about the possibility of replication, expansion, and improvement of the innovation, especially for the livelihood of the poor and marginalized. Policy implications will then be drawn from these lessons.

Training on the implementation of the field case studies following the checklists and case formats are needed to ensure the quality and consistency as well as comparativeness with other countries. We propose the training be conducted with the support of the World Bank-provided expert, who help transfer necessary case study techniques to IPSARD researchers, particularly those taking part in the field case studies. This training should take place in 2 days. The first day should take place in Hanoi after our desk study. On this day, theoretical techniques in conducting case studies should be reviewed. The second day should take place in the field, where researchers could learn from practical experience.

Due to the project's limited funds, IPSARD proposes that the World Bank provide the expert free-of-charge. The project funds will cover only some international traveling and boarding costs.

Field case studies: During fieldwork in each case study, for each key RI we will conduct an interview with its leaders to get broad information on the institution, its evolution, adaptation and interactions. A semi-structured focus group discussion with representatives from its members and structured interview with few selected members of the institution will also be conducted get the members’ perspectives, particularly on the members’ wealth, reasons for joining the institution, and impact of the participation. The chosen members should vary in livelihoods and commitment levels to the RI.

*e. Data analysis, report writing*

*f. Workshop to discuss the draft report and the report finalization*

## V. Timeframe

### Timeframe

#	Activities	1st quarter			2nd quarter			3rd quarter			4th quarter		
1	Literature review and desk study the research team	■	■	■									
2	Meetings, discussions and seminar		■	■	■								
3	Finalize selection of cases				■								
6	Draft check-list and case format				■	■							
7	Conduct first fieldwork in the North (including pre-test and finalize the questionnaires and field surveys)						■						
8	Conduct preliminary analysis, review the methodology and results, discuss with international mentor, and make necessary adjustments							■					
9	Conduct second fieldwork in South and Center							■	■				
10	Conduct data analysis, report writing, prepare the first draft report									■	■	■	
11	Workshop and produce a final report											■	