

**The World Bank
&
The Partnership to Support the Poorest Communes
Ministry of Planning and Investment**

Community Driven Development in Vietnam

A Review and Discussion Platform

**Edwin Shanks
Bui Dinh Toai
Nguyen Thi Kim Nguyet
Oliver Maxwell
Duong Quoc Hung**

2003

Acknowledgements

This report presents the findings of a review of experience and best practice in Community Driven Development in Vietnam that has been commissioned by the World Bank as part of its Vietnam Country Assistance Strategy for 2003 to 2006. The report has also been undertaken as part of the work program of the Partnership to Assist the Poorest Communes (PAC) under the Ministry of Planning and Investment (MPI).

Fieldwork for the study was conducted in Tra Vinh, Vinh Long and Tuyen Quang Provinces, together with meetings with government and donor agencies in Hanoi. We wish to thank all the people with whom we met in conducting the study who have contributed their ideas. Particular thanks go to staff in Tho Binh, Vinh Quang, Tan Trao, Tan An Luong and Don Chau Communes who arranged one-day workshops and freely contributed their understanding and experience.

Draft versions of the report were presented to staff of the World Bank and invited participants at a meeting (in July 2003) and at a PAC workshop with government, donor, NGO and province representatives (in September 2003) to share the preliminary findings and obtain feedback and comments that have subsequently been incorporated into the final version. We wish to thank all the people who participated in these meetings and we hope that the published version accurately reflects the comments and suggestions given.

We would like to thank Christopher Gibbs, Nguyen The Dzung, Robin Mearns, Susan Wong, and Vu Thu Huong from the World Bank for their inputs to the formulation and analysis, and support for the practical aspects of conducting the study. We would also like to thank Le Thi Thong and Nguyen Van Doan from the Department of Agriculture Economy of the Ministry of Planning and Investment / PAC Secretariat, Rab Nawaz from the UNDP Project VIE/01/023, and Sheelagh O'Reilly for their inputs, support and encouragement throughout the study.

The study was carried out by: Edwin Shanks (institutions specialist), Bui Dinh Toai (participation specialist), Nguyen Thi Kim Nguyet (farmer organisations specialist), Oliver Maxwell (anthropologist), and Duong Quoc Hung (research assistant). Dao Ngoc Nga kindly gave assistance in the translation of the final report.

The ideas and opinions expressed in the report are those of the authors and do not necessarily reflect the viewpoints of either the Ministry of Planning and Investment or the World Bank.

The ASEM-EU Trust Fund (Grant Number TF050255) for the Partnership to Support the Poorest Communes has provided funding for the publication.

Abbreviations

ADB	Asian Development Bank
CBOs	Community-based organisations
CBRIP	Community Based Rural Infrastructure Project
CPV	Communist Party of Vietnam
CEMMA	Committee for Ethnic Minorities and Mountainous Areas
CDD	Community Driven Development
CPRGS	Comprehensive Poverty Reduction and Growth Strategy
IFAD	International Fund for Agriculture Development
IPAM	Integrated Poverty Alleviation Model
MARD	Ministry of Agriculture and Rural Development
MPI	Ministry of Planning and Investment
MOLISA	Ministry of Labour, Invalids and Social Affairs
MRDP	Mountain Rural Development Program
MWRDP	Mekong Water Resources Development Project
NCB	National Competitive Bidding
NMPRP	Northern Mountains Poverty Reduction Project
O&M	Operations and Maintenance of infrastructure
PAC	Partnership to Assist the Poorest Communes
PAR	Program on Public Administration Reform
PCERWAS	Provincial Centre for Rural Water Supply and Sanitation
PEDCP	Primary Education for Disadvantaged Children Project
PER	Public Expenditure Review
RIDEF	Rural Infrastructure Development Fund
RIDP	Rural Income Diversification Project
SMEs	Small and medium sized enterprises
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Program
VHLSS	Vietnam Household Living Standards Survey
VND	Vietnam Dong
WUA	Water Users Association

List of Contents

Acknowledgements.....	i
Abbreviations.....	ii
List of Contents.....	iii
Summary and Discussion Platform.....	1
1. Introduction.....	12
1.1 Objectives of the study.....	12
1.2 Defining community driven development.....	13
1.3 The context of the study.....	15
2. Underlying concepts and themes: co-production, self-management and intermediation.....	20
2.1 Public and private sector linkages and the co-production of services.....	20
2.2 State-society relations and self-management of local communities.....	24
2.3 Forms of democratic institutions and participation.....	27
2.4 The socialisation of services.....	30
2.5 Intermediation and negotiation in the local development process.....	31
2.6 Factors influencing implementation of local democracy on the ground.....	34
3. Rural livelihoods and local institutional change processes.....	36
3.1 Changes in service management institutions in the post cooperative era.....	37
3.2 Agriculture intensification and environmental management.....	39
3.3 Integration of land management policies with local institutions.....	41
3.4 Rural industries in transition.....	43
3.5 Labour migration and community development.....	46
3.6 Building synergy in services to support livelihoods.....	47
3.7 The catalytic role of farmer organisations.....	49
4. Experience from Government Program 135.....	51
4.1 Strategic concerns and approaches underlying Program 135.....	52
4.2 Resource redistribution to support disadvantaged areas.....	55
4.3 Local democracy and Program 135 guidelines.....	57
4.4 Transparency, equity, efficiency and sustainability.....	59
4.5 Progressive approaches to program implementation.....	63
5. Experience from donor supported projects.....	66
5.1 Scaling-up participatory planning approaches.....	66
5.2 Direct financing of commune and village development budgets.....	68
5.3 Multi-level targeting strategies.....	72
5.4 Community participation and management in the infrastructure cycle.....	72
5.5 Paid labour, contributions, cost recovery and user fees.....	75
5.6 Managing water supply as a public and/or private good.....	75
5.7 Procurement methods for community driven development.....	77
6. Future potentials and priorities.....	81
6.1 The Government target programs.....	81
6.2 Approach and content of future programs in poor commune areas.....	83
6.3 Human resource and institutional capacity building priorities.....	86
References.....	89
Annex 1. Glossary of CDD and related terminology.....	94
Annex 2. Rural civil society structure in Viet Nam.....	96
Annex 3. Summary of the Local Democracy legislation.....	97
Annex 4. Examples of traditional rural industries in transition.....	100
Annex 5. Description of the Integrated Poverty Alleviation Model.....	102
Annex 6. Recommendations on community contributions.....	104
Annex 7. Procurement methods under CBRIP, NMPRP and PEDCP.....	105

Summary and Discussion Platform

1. The objectives of this study are to understand the ways in which rural communities in Vietnam organize themselves around community development initiatives, and to identify factors that influence outcomes in community development programs in different socio-economic and institutional contexts. The study draws on the experience of a number of Government, donor and NGO supported projects and programs working primarily in the remote rural region of the country including the uplands and coastal areas. The study examines the main lessons gained through these programs as a basis for identifying issues and questions to address in the design and approach taken in future initiatives. This experience is analysed against the backdrop of the organisation of rural society, and how local institutions are changing and adapting today in response to the broader socio-economic transition and policy reform process. In this regard, the study aims to identify cross cutting opportunities and constraints that exist on the interpretation and delivery of pro-poor policies at the critical *interface* between district and commune authorities and service agencies on the one hand, and rural communities, local organisations and households on the other.

2 The study has been conducted under the **World Bank Country Assistance Strategy for Vietnam (2003 to 2006)** and the findings are intended to support both on-going and future projects in the rural sector. The World Bank Country Assistance Strategy identifies potential poverty-targeted investments in this sector in the future that would include commune infrastructure and services to support rural livelihoods, and which would incorporate decentralised and community-based approaches. This study is intended to provide an analytical foundation for these future areas of activity. However, it should be noted that the report does not aim to give firm conclusions or recommendations – but rather to serve as a platform from which to take these discussions forward. The study has also been carried out as part of the work program of the **Partnership to Assist the Poorest Communes (PAC)** that is convened by the Ministry of Planning and Investment (MPI).

3. **Chapter 1** sets the scene by defining Community Driven Development as it is used by the World Bank, and the way in which community development principles and objectives are embedded in cultural, social and economic policies in Vietnam. It then goes on to look at current poverty reduction trends in the rural areas. The Poverty Assessment for 2003 shows that the impressive reductions in poverty in Vietnam have been maintained in recent years, but that there are considerable regional variations in the level and rate of poverty reduction and a pattern of increasing differentiation between rural and urban areas. The poverty assessment also reveals emerging forms of poverty associated with economic and social vulnerability arising out of the transition process, and a further trend is the slower rate of poverty reduction and increasing concentrations amongst some ethnic minority groups. This chapter also highlights the challenge faced by projects and programs working on rural and community development due to the huge diversity of demographic and socio-economic conditions in different parts of the country, particularly in the uplands that are characterized by a high degree of ethnic diversity.

4. Community Driven Development is an approach to poverty alleviation, and the provision of infrastructure and services, that is rooted in the idea that development often works better when control over decisions and resources are handed over to local communities. According to World

Bank definitions, community driven development depends on building *partnerships* of different kinds between community-based organisations, non-governmental organisations, and public and private sector service agencies. In this study a broad definition is adopted – as situations in which the commune authorities, villages and community-based organisations are taking the lead in selecting, planning and managing local area development schemes and activities. Under some programs this includes transferring investment ownership and financial control to the local level, while under others the relationship is more one of making co-decisions and promoting community participation. At the same time, it is recognised that communes, villages and groups of households throughout Vietnam are active in conducting their own development activities outside formal development programs, and we include these types of initiatives in the definition.

5. **Chapter 2** explores the conceptual foundation for understanding what community driven development means in the Vietnam context. In doing so, we contrast Western ‘rationalist’ and ‘empirical’ viewpoints on the organisation of public administration and services with Vietnamese perspectives on the relations between the State and society that have their historical origins in Confucian social ethics and in the political traditions, structures and systems of the Marxist-Leninist state. Several underlying concepts and themes are introduced in this chapter that run throughout the subsequent analysis including the *co-production of services*, *participatory self-management of local communities*, the *socialisation of services* and *intermediation in state-society relations*.

6. Community affairs and community relations in rural Vietnam are in many respects determined by the historical and traditional relationships between the *village* – as the natural and autonomous unit of rural inhabitation, and the *commune* – as the lowest tier in the administrative system. This chapter highlights the enduring strength and importance of the village and village institutions, and the way in which forms of formal and non-formal economic and social association are closely linked to kinship and extended family structures. Leading on from this, it is shown how community development principles and objectives are formulated and realized in modern day social policies, representing political theory that blends Marxist-Leninism with these more traditional institutions and value systems. In particular, we examine the forms of participation and democratic institutions that underpin the legislation on Local Democracy. This includes the mechanisms through which people can, in principle, obtain representation and through which the actions of local authorities and individuals are regulated by consensual forms of democracy and horizontal accountability. This chapter also highlights the unique form and position of ‘civil society’ groups in Vietnam, and the role that is played by the mass associations, community-based organisations and associations, and local leaders and officials in mediating these state-society relations.

7. **Chapter 3** explores the ways in which community-based organisations and local institutions have been evolving in recent years in response to the rapid changes and developments in the rural economy and in household livelihood systems. This includes how rural communities and producers have organised themselves around emerging market and employment opportunities, to changes in service supply structures and systems and increasing private sector activity, and in response to new land management policies. Dynamic processes of local institutional change have been underway in all parts of the country, and it is necessary to appreciate the diverse nature of these changes in order to understand how the activities promoted by community development programs are integrated at the local level. While the agrarian policy and market reforms of this period have been important, the impact of other factors such as

technology development, the rapid development of mass media and increasing access to new sources of information, and social and environmental change has also been significant

8. Several sets of issues are identified in this chapter that appear to be particularly important in determining outcomes in community driven development. These include: (i) changes in service management institutions in the post-cooperative era and the legality of community-based service organisations; (ii) institutional responses to environmental and social issues that have resulted from rapid agriculture development and intensification in some regions of the country; (iii) how new policies on land are accommodated within traditional institutions with respect to the linkages between household livelihoods and community management of natural resources; (iv) patterns of change in traditional village industries and the potential for supporting small-scale rural businesses in the future; (v) the increasing importance of labour migration in household livelihood strategies and the implications of this for community development; (vi) the catalytic role that is played by farmer groups and organisations in assisting producers and local communities to access services and to take advantage of new economic opportunities; and (vii) how to build synergy in the delivery and integration of services at community level to support household livelihood development.

9. **Chapter 4** reviews the experience that has been gained from Government Program 135 on socio-economic development of communes facing special difficulties. Program 135 bears similarities to community driven development approaches to the extent that it adopts an area based and decentralized planning and management focus, as well as promoting the active participation of local communities in the selection, supervision and management of small-scale infrastructure schemes. This chapter begins by identifying the strategic concerns that have shaped Government policies on socio-economic development of the remote upland and ethnic minority areas of the country over recent decades. This background understanding is necessary since Program 135 represents a continuation of well-tested strategies of geographical targeting combined with fiscal transfers from the national budget to support disadvantaged areas, implemented through multi-component programs and locally specified planning processes.

10. Leading on from this, we examine the way in which the guidelines on the exercise of Local Democracy are interpreted and applied in Program 135 implementation on the ground. The program provides a good focus for this because it relates directly to some of the major concerns the Government aims to address through local democracy – regarding people’s participation in the commune planning, the supervision of works, and the use of local people’s contributions. Under Program 135 it is intended that the Commune People’s Committees should be the investment owner with responsibility for procuring and managing small-scale infrastructure works wherever possible. However, in many provinces and districts decision-making powers and resources have not been delegated to commune level to the extent envisaged in the design of the program. This chapter examines the reasons for this including the trade-offs between increasing local capacity and participation on the one hand, and improving the speed and efficiency of investment planning on the other. The experience from Tuyen Quang Province is used as an example of one province that is widely regarded to have successfully implemented the program according to its original objectives. In this respect, it appears that the success of decentralized community driven development approaches may depend on the existence of strong regulating institutions that are able to ensure adherence to the principles of such an approach.

11. **Chapter 5** goes on to look at the experience that has been gained through selected donor and NGO supported projects. While rural livelihoods were covered in Chapter 3, the focus of this chapter is on commune and village infrastructure, and on targeting, financing and procurement mechanisms. This begins by tracing the introduction of participatory approaches to commune and village development planning as promoted by many of these projects during the 1990s, and factors that influence scaling-up within the government system. Leading on from this, several issues and aspects of program experience are examined in detail, including: (i) the experience that has been gained with direct financing of commune and village development budgets, and future requirements to institutionalize these approaches; (ii) recent attempts to introduce multi-level targeting strategies to address the needs of remote communities as well as those of poor and vulnerable groups; (iii) aspects of community participation and management in the infrastructure cycle, and how to balance voluntary community contributions with promoting paid labour opportunities, and cost recovery and user fee systems; and (iv) issues surrounding the management of domestic water supply as a private good and/or public resource.

12. This chapter also examines the considerable challenges that are faced in the design and implementation of large-scale investment projects (that often operate over hundreds of communes and villages) that aim to support a large number of geographically scattered small-scale commune and village construction schemes and activities. This is in terms of devising simple and effective operational mechanisms for financing and procurement, that ensure that the principles of commune level ownership are maintained in project implementation and which help to ensure accountability to local people. Evidence suggests that there is a strong ‘centralizing influence’ in the application of many procurement regulations (including those of the World Bank) that tends to favour the adoption of higher order procurement methods. This can work against effective introduction of commune-managed contracting, and effective community participation and supervision. This centralizing influence comes about for a variety of reasons, including: (i) ease of management for higher management levels; (ii) contractor preference for larger or ‘packaged’ schemes; (iii) the inexperience of smaller local private contractors to understand and negotiate their way through the procurement procedures; and (iv) the tendency to prioritize external and upward mechanisms of accountability rather than downward accountability to local communities. These issues are more pronounced when working in the remote upland districts and communes where current capacities are weaker, and where the range of public and private sector service agencies to work through is limited.

13. **Chapter 6** looks towards the future – and explores the prospects and potential options for supporting community driven development initiatives in the poor commune areas over the next few years. This begins by assessing the extent to which the strategic approach to poverty reduction that is applied through the targeted Government programs such as Program 135 continues to be of relevance today, and the potential for increasing the complementarity between the Government programs and donor-financed projects. Leading on from this – and drawing on the evidence and experience given in previous chapters – proposals are given for the possible direction, approach and content of such programs in the future that concentrate on commune and village infrastructure and services to support rural livelihoods.

14. The following sections summarize these main lessons that have emerged from this study and these proposals given in Chapter 6. As indicated above, these are not formulated as specific recommendations, but rather as discussion points that may be used to guide the formulation of future projects and programs.

National policies and the program context

15. It is evident that fiscal transfers from the national budget to poorer provinces, districts and communes will be maintained in the future, and that targeted programs will continue to be one of the preferred mechanisms of the Government for integrating national and local resources and focusing them on poverty reduction and the needs of poor areas and vulnerable groups. Under the Program on Public Administration Reform and recent revisions to the Budget Law, however, province authorities will have increasing discretion in how to allocate and use these resources. A number of important policy issues arise in this context.

16. Firstly, at this point in time a particularly important issue at province level is how the policies set out in the *Comprehensive Poverty Reduction and Growth Strategy (CPRGS)* will link to the on-going administrative reforms on the one hand, and to the design, content and financing of these targeted program interventions on the other. This will be a priority over the next few years, particularly with regard to the review of Program 135 and the *Hunger Eradication, Poverty Reduction and Job Creation Program*. The CPRGS explicitly recognizes the role of the target programs as a vehicle for implementing the overall poverty strategy, and identifies the need for continued decentralization of program management; enhancing the role and accountability of local agencies; identifying concrete measures to mobilize participation; simplifying and increasing the efficiency of investment and administrative procedures; as well as unifying the scope of the national target programs.

17. Secondly, given the changing nature of poverty (with increasing concentrations of poor people in remote rural areas and emerging forms of poverty associated with social and economic vulnerability), another important policy issue is the balance that is struck between these targeted or programmatic approaches to poverty reduction vis-à-vis strengthening appropriate forms of social relief, insurance and regulatory mechanisms to safeguard the rights and interests of the poorer sections of society in the emerging market economy.

18. It has been noted in many reports that there are generally weak linkages between donor-supported projects and the Government poverty reduction programs. These reports also note that the mobilisation of different funding resources to create an aggregated impact at grassroots level, and the use of central funds to lever and increase the efficiency of local resources is also often not effective. This is clearly an area in which there is a need for better coordination. While some donors are providing technical assistance to the national target programs at central level and in some provinces, an outstanding issue is how large-scale loan-financed investments are integrated at the province, district and commune levels of program implementation.

Small-scale commune and village infrastructure and appropriate technology development

19. In the past, Program 135 (and associated Government and donor programs that adopt an integrated approach) have concentrated on building up access to basic social and economic infrastructure in the poor commune areas. However, there is a tendency in the implementation of many programs to prioritise larger works (based around settlement areas and commune roads). Existing targeting mechanisms also do not ensure that infrastructure investments reach the poorest and/or most remote villages and hamlets within a commune. The tendency to prioritise roads in particular at the beginning of a program, combined with frequent over-spending on these

schemes, results in a situation whereby smaller livelihood related infrastructure schemes can often be neglected.

20. It is also to be recognized that the main commune infrastructure needs will be increasingly fulfilled over the next few years. Many upland communes now have basic vehicular access, health and secondary school infrastructure, and renovated administrative offices etc. – and the medium-term priorities in this regard should increasingly be on ensuring sustainable operations and maintenance systems. At the same time the capacity of the relevant sector departments, services and projects to provide these categories of infrastructure is also increased. It is suggested, therefore, that larger and more complex infrastructure (such as inter-commune roads) that require higher levels of technical design and supervision and contractor involvement, and social infrastructure (such as commune secondary schools and health clinics) would, in general, now be better provided and managed through sector projects and services rather than through community driven development programs.

21. There is an urgent need for more clearly enunciated and differentiated strategies for community participation and management in commune and village infrastructure. Many programs adopt a fairly uniform approach. Consultation with local people and user groups is often regarded as a ‘one-off’ event at the scheme selection and planning stage. Participation is promoted primarily through standard requirements for community contributions (in the form of voluntary labour or materials) that are often applied uniformly to all types of schemes. And there is a tendency to assume that commune authorities and local communities can and should bear the main responsibility and cost for the operations and maintenance of all types of schemes.

22. In this respect, it is necessary to differentiate much more between different types of transport, productive and service infrastructure. The type and level of community consultation and contributions required varies for different types of schemes, and in particular according to whether the beneficiary groups include the wider community, particular users groups and/or individual households. The type of service agency – community linkages that are required for operations and maintenance and technical supervision also vary considerably for different categories of infrastructure. The most important consideration is to move beyond blanket 5%, 10% or 15% voluntary community contributions. This would in turn allow for: (i) more sensitive poverty targeting; (ii) greater adaptation to local conditions and capacities; (iii) a clearer distinction between the types of infrastructure for which voluntary contributions are appropriate and those for which paid labour opportunities should be prioritised; and (iv) a clearer distinction between the types of service infrastructure that should be community managed, and those for which there needs to be greater service agency involvement.

23. In recent years, there have been substantial investments in infrastructure in these poor commune areas. Many of these schemes are being handed over to the commune authorities and local communities to manage. However, in most programs insufficient attention is given to anticipating future operations and maintenance requirements, responsibilities and financing mechanisms. There is a risk that in the future increasing levels of voluntary contributions expected from local people for this will place a heavy burden on these communities and on poorer households in particular. This is a critically important issue that needs to be addressed in the design and approach taken in future programs.

24. There is, nonetheless, a strong demand and justification for continuing with ‘integrated’ programs that concentrate on community infrastructure in the remote communes and villages. The impact of such programs will be enhanced if they really do concentrate on small-scale infrastructure schemes to fulfil basic community and household livelihood needs (water, sanitation, light, housing, and food security). We suggest that future community driven development programs should increasingly concentrate on those types of schemes that can be planned, procured and managed by the commune authorities, villages and user-groups themselves to meet these basic livelihood needs.

25. In particular, this would imply an increasing focus on infrastructure for improved water management (for small-scale irrigation, domestic water supply and sanitation) closely integrated with intra-commune and village level transport infrastructure (paths, small bridges, check-dams etc). In the irrigation sector, much good experience is available on Participatory Irrigation Management (PIM) from some provinces and NGO and donor projects. However, institutional capacities and the legal basis for PIM and community-based Water User Groups and Associations need to be strengthened. In domestic water supply, there is a critical lack of technical service supervision in a majority of upland districts and communes and this is a major priority for public sector capacity building.

26. While it is anticipated that a majority of commune centres will be connected to the national electricity grid in the next few years, there is an important role for such programs in supporting community-based organisations and households to extend this outreach for domestic purposes as well as for enterprise development. For both electrification and water management, developing commune and village infrastructure should be combined with the development of appropriate technology options for domestic appliances, for production and processing technologies, and household and community sanitation.

Community-based natural resources management

27. Placing greater emphasis on water issues would require the introduction of improved approaches to ‘integrated micro-watershed area management’. This is a high priority in many upland and delta areas, and will increasingly become so in the future. Vietnam has much to learn from other countries that have more experience with these approaches.

28. Closer linkages also need to be established between household livelihoods and forest management and protection. Forest resources and products are an essential source of livelihood support for poor households in many upland areas. In addition, some of the major production sectors in which the uplands have a comparative advantage over lowland areas (such as buffalo raising and beef cattle production) are, in many cases, dependent on multiple forest land-use systems. In general, however, the linkages between livelihood development, forest protection and management, and bio-diversity conservation are not well articulated in the implementation of either the forest sector programs or in community development programs.

29. The legal status of villages, hamlets and community groups to be allocated and manage forest resources has been unclear in the past. However, this situation has changed in the recent revision to the Land Law passed by the National Assembly in 2003, which now provides a better enabling framework for the development of locally adapted land management practices that link household land allocation with community-based natural resource management. Considerable

experience has been gained through pilot projects on community forestry planning and management, and in participatory forest land allocation, and there is clearly scope for scaling-up these approaches in the future.

Creating synergy in productive services to support household livelihood improvement

30. With respect to agriculture extension – more emphasis needs to be given to adapting extension technologies and methods to the diverse conditions found in upland areas. Experience has shown that existing mainstream approaches to extension often do not meet the needs of upland producers both in terms of content and approach. Standard approaches to agricultural demonstration models are often not suited to the resource conditions of the poorest category households in particular. And there is a need for more adaptive research on upland farming systems in general. In recent years, a considerable amount of experience on participatory extension methods and technology development has been gained through NGO supported projects working in uplands. However, there are still constraints on integrating this learning into the Government extension system and into larger-scale loan financed projects.

31. Combined with this, more emphasis should be put on marketing, and small-scale processing and enterprise development managed by households and producer groups. This is also given high priority in the CPRGS. In some rural areas there is high potential for supporting the development ‘village industries’ based on either agricultural or non-agricultural production lines, through the introduction of improved mechanisms of capital investment, appropriate technology development, strengthening business management skills and marketing capacities.

32. Improving access to sources of investment capital is essential for promoting household livelihoods and enterprise development. Financing of savings-and-credit schemes and activities may or may not be included in such programs in the future; but there is increasing justification to mainstream donor assistance in this sector with the banking system and to not support stand-alone schemes. However, there is an important role to be played by community driven development programs in helping to integrate financial services at community level – for example, by supporting credit-and-savings group formation and intermediation, training in literacy for women and ethnic minority groups, training in business development skills, and in strengthening the linkages to extension, animal health and environmental sanitation.

33. A critical issue with respect to service provision in the context of community driven development is how different services fit together at community level to provide maximum benefits for local people. Although service agencies may target the same groups of people, they often do not collaborate effectively to ensure that the support has the maximum impact for the intended beneficiaries. Building stronger synergies in service provision implies a number of things: (i) identifying the most important areas of linkage that are likely to have the greatest benefit and impact on livelihoods in any particular area or socio-economic context; (ii) looking at how the content of these services – including the delivery mechanisms and the sequence of delivery – can be made to complement each other more effectively; (iii) developing stronger collaborative relationships between different agencies, including public and private sector service providers and various intermediary organisations; and (iv) at community level, building the capacity of local organisations and individuals to integrate these services in an effective way.

34. Livelihood support also requires giving attention to the ‘quality of daily life’ for upland people and for vulnerable groups in particular. Women in many upland communities still face arduous workloads due to the long distances that need to be covered to collect fuel and water, cooking on open fires, use of poor quality tools and equipment. Children from poor households suffer hardship from a lack of warm winter clothes, and a lack of food and materials to attend school. Innovative and culturally appropriate social welfare mechanisms for vulnerable households managed by community-based organisations, and renewed attention to the development of appropriate technology, would be essential components of a future program.

Direct financing mechanisms and targeting

35. In recent years, experience has been gained through a number of donor-supported projects with direct financing of commune and/or village development budgets (including UNCDF, IFAD, Sida, and more recently GTZ and World Bank projects). The principles of such an approach are in basic accordance with the directions of the administrative reform process. However, there are still a number of institutional uncertainties about these direct financing mechanisms. At present, separate financial management regulations are formulated for each of these projects. Government regulations exist for the planning and management of commune budgets utilizing local financial contributions. However, standard legislation does not yet exist for commune management of public or ODA financed development budgets. This will be important in the future in order to establish a solid legal foundation for continued introduction.

36. Under the Government Program 135, only some provinces have transferred investment ownership, decision-making powers and financial control to the commune level. And there appears to be considerable variation between provinces in the extent to which this is seen as viable and desirable. Introduction of such direct financing mechanisms is therefore highly dependent on local government commitment and support. For these approaches to be successful, it needs to be ensured that written decisions are made to the effect that commune authorities can be the investment owner of projects within their territory. Specifically, this would empower communes: (i) to sign contracts with consulting agencies, contractors and community groups for project implementation, and to directly organize acceptance and make final payments for projects owned by the commune; (ii) to actively set up and manage commune budgets and bank accounts; (iii) to organize the local participatory planning process; and (iv) to own invested projects and arrange and manage operations and maintenance.

37. With respect to financial management regulations and ways to build accountability in the use of commune development budgets, a number of recommendations can be made. Firstly, it is easy to make such systems almost impossible to work in remote upland areas by placing excessive financial reporting demands on the communes. Procedures are often far too complicated. Accounting and reporting requirements should be kept simple and minimal including single entry based systems and signed statements of expenditure for small items and services procured locally. Secondly, there are important multiplier effects in the local economy that can be generated by enabling communes to purchase small goods and services from within the local area, and the regulations need to endorse and promote this for certain categories of expenditure. Enforcing too strict procurement and financial reporting procedures can mean that communes are forced to go outside the local area with a loss to the local economy. Thirdly, building up horizontal and downward mechanisms of financial accountability and monitoring are

as important as external auditing. By this we mean introducing rigorous and transparent systems of budget and expenditure disclosure at community level.

38. Lastly, an overall lesson that emerges from this study is the need to develop more refined targeting and financing strategies that address the needs of poor communes, remote villages and communities within these communes, as well as the needs of particularly vulnerable groups of households in these areas. The experience from the IFAD projects shows that it is beneficial to clearly separate financing and management of commune and village ‘infrastructure budgets’ from funding mechanisms to support household or group livelihood activities (e.g. separate ‘savings and credit’ activities and ‘women's livelihood funds’ under the *Rural Income Diversification Project* in Tuyen Quang Province).

Human resource and institutional capacity building priorities

39. Throughout this study the over-riding importance of local capacity building in community driven development programs is highlighted. There is, however, still a strong tendency in some quarters to assume that commune and village leaders and officials in the poor communes cannot take full responsibility for planning, implementing and managing small-scale infrastructure works and other development activities because they lack the capacity. Yet this is a self-defeating argument. And it appears that entrenched attitudes in this regard – especially towards local capacity amongst some ethnic minority groups – is becoming an impediment to future developments. The experience from a number of longer running projects and programs working in these areas clearly suggests otherwise. That through well thought out, practical, on-the-job training programs and adequate coaching these capacities can be built up. But the experience from these programs also shows that capacity building is not simply about training. It is more to do with bringing organisational development processes, policy interpretations, implementation mechanisms, and improved human resources together in effective strategies for supporting local area development.

40. A huge amount of experience has been built up by NGO and donor supported projects on the methods and content of training and capacity building for commune and village cadres, extension workers, farmer organisations etc. Yet most of this has taken place outside the regular government training systems. Only a few projects have systematically addressed the issue of scaling-up in the government system and integrating the methods developed under project work into the curricula of the province training organisations. There is a tendency for projects to draw on ad-hoc contracted training services which – while filling short-term needs – does not address the fundamental long-term challenge of how to build sustained managerial and technical capacities in these remote communes and villages.

41. This is a critically important issue that needs to be looked at more carefully in the design of future programs. Building stronger professional skills at commune level is also a key element of the Government's Program on Public Administration Reform. To reach these remote communes, there is really no alternative to working through the province training organisations and services and this is necessary for effective integration. National training organisations and consultants cannot be expected to provide the type of follow-up training and regular coaching required to build the core skills (in management, technical supervision, financial management, and local democracy) required by commune and village cadres. In future programs, consideration should be given to more direct and concentrated support for these training organisations.

42. A particularly important aspect of capacity building is to strengthen the mechanisms for implementing the legislation on local democracy at commune and village levels. In the remote and ethnic minority areas the conventional means such as public posting at commune offices, television, loudspeaker broadcast announcements etc. can be less effective or more difficult to organise. Experience has also shown that stand-alone training in leadership and facilitation skills and methods can be not very effective. Improving these capacities needs to be integrated with technical skills training and as applied to specific work contexts, tasks and responsibilities as well as to functional literacy training where required.

43. The poverty assessment studies carried out under the Poverty Task Force have shown there is a huge demand amongst poor people in rural areas for more and better vocational and skills training opportunities. It appears there is great potential for strengthening institutional capacity to provide this especially in upland areas. In recent years, some donors (such as ADB and SDC) have been active in supporting the vocational and enterprise training sector. However, access to formal vocational training is skill dependent on secondary school qualifications and language requirements and is hence prohibitive for a majority of poor people in the uplands. Consideration should be given under new programs to introducing innovative and appropriate approaches to non-formal community-based education and skills training for upland people that are not dependent on qualification requirements and that are geared to small-scale income generation opportunities.

44. Many of the more remote upland communes do not currently have the technical capacities on-hand within the community to construct and maintain certain forms of infrastructure. A critical question is how to train teams of local people 'on the job' (for instance, in road stabilisation, culvert making etc.) so that these capacities will be developed. This is essential both to ensure sustainability in operations and maintenance of these schemes, and to maximise the benefits of program resources going to the local communities. For instance, one way to do this would be to link commune works more closely to community-based vocational training programs and 'youth employment' schemes. In the future, these teams could then be contracted for road maintenance, and if successful, could develop into small-scale enterprises or other forms of cooperative so that they can be contracted to undertake routine road maintenance.

45. Lastly, attention should be given in future programs to finding ways to increase the capacity and involvement of local private businesses, household enterprises, cooperatives, as well as local artisans, through community sub-contracting methods. This needs to be combined, however, with ensuring that procurement and contracting procedures are sufficiently simplified, and that appropriate incentives exist to encourage the local private sector. The experience from Program 135 in Tuyen Quang shows that this can be done. In the scheme selection process in this province, villages are consulted on which schemes they consider they can manage locally, and which schemes need to be sent out for company contracting. Community sub-contracting may take a number of forms, including contracting teams of local people, cooperatives, or artisans from in the commune or neighbouring communes. These types of arrangements have been used successfully, for instance, in building village schools and kindergartens and equipping them with furniture, and for small-scale irrigation works.

1. Introduction

1.1 Objectives of the study

This study sets out with the challenging task of understanding the ways in which rural communities in Vietnam organize themselves around community development initiatives, and how different services and the ‘interventions’ made by rural development programs are integrated at village and commune levels through the actions and interactions between formal and informal institutions and community organisations. The specific objectives of the study are to examine what Community Driven Development means in the Vietnam context, and to identify factors that influence outcomes under various socio-economic circumstances in different parts of the country.

The study draws on the experience of a number of Government, donor and NGO supported projects and programs that have been working on rural poverty reduction and community development over recent years. These include components in commune and village infrastructure and services to support rural livelihoods, direct financing of commune and village development budgets, and capacity building for community-based organisations and local government cadres. Our focus is primarily, although not exclusively, on the more remote rural areas of the country including the uplands and coastal areas (poor commune areas). The study examines some of the main lessons gained through these projects and programs as a basis for identifying issues and questions to address in the design and approach taken in future initiatives.

This experience is analysed against the backdrop of the organisation of rural society in different contexts, and how local institutions are changing and adapting over time in response to the broader socio-economic transition. We also consider the policy and regulatory framework for community development (including the on-going program on public administration reform, and the legislation on local democracy) in order to understand how these areas of legislation are integrated into program implementation on the ground. In this regard, the study aims to identify cross cutting opportunities and constraints that exist on the interpretation and delivery of pro-poor policies at the critical *interface* between district and commune authorities and service agencies on the one hand, and rural communities, local organisations and households on the other.

The study has been conducted under the **World Bank Country Assistance Strategy for Vietnam (2003 to 2006)** and the findings are intended to support both on-going and future projects in the rural sector. The World Bank Country Assistance Strategy identifies potential poverty-targeted investments in this sector in the future that would include commune infrastructure and services to support rural livelihoods, and which would incorporate decentralised and community-based approaches. This study is intended to provide an analytical foundation for these future areas of activity. In this respect, an attempt has been made to structure the analysis in such a way that it will be useful for both policy-makers and practitioners. However, it should be noted that the report does not aim to give firm conclusions or recommendations – but rather to serve as a platform from which to take these discussions forward.

The study has also been carried out under the umbrella of the **Partnership to Assist the Poorest Communes (PAC)** that is convened by the Ministry of Planning and Investment (MPI). The objectives of PAC are to help improve the coordination and increase the complementarity between

government and donor funded projects and programs working in the poor commune areas, and to capture lessons and experience from poverty reduction and community development efforts on the ground. The study has been carried out as an integral part of the PAC work program, and as such it complements other recent studies undertaken in association with this forum¹.

1.2 Defining community driven development

The basic principle of Community Driven Development appears straightforward. It is an approach to poverty alleviation, and the provision of infrastructure and services, that is rooted in the idea that development often works better when control over decisions and resources are handed over to local communities. This is supported by a large body of evidence from around the world that suggests that poor communities have greater capacity than is commonly recognised, and that they have the most to gain, from making good use of resources that are targeted on poverty reduction. Community Driven Development can also be understood as part of a broad body of work that is concerned with how state bureaucracies interact with local organisations, and the role that is played by the beneficiaries and various intermediary agencies in the provision of services.

As used by the World Bank, community driven development encompasses principles and approaches that are drawn from various sources (see Annex 1 for a glossary of terms). According to one definition given by Alkire et al (2001):

‘Community driven development gives control of decisions and resources to community groups. These groups often work in partnership with demand responsive support organisations and service providers including elected local governments, the private sector, NGOs and central government agencies. Community driven development is a way to provide social and infrastructure services, to organise economic activity and resource management, to empower poor people, improve governance and enhance security of the poorest’.

The World Bank identifies several forms of community driven development in relation to its own investment and lending programs that may apply in different countries and socio-economic and institutional contexts (see Box 1.1). According to these definitions, community driven development depends on building *partnerships* of different kinds. However, World Bank documents suggest that it is possible for programs to be *more or less community driven* depending on the division of roles between the various partners. The World Bank also identifies a number of ways in which donors can influence community driven development. These include strengthening and funding accountable and socially inclusive community organisations; supporting community participation by facilitating access to information; creating an enabling environment by forging links between community-based and non-governmental organisations and formal institutions; and promoting policy and institutional reform – often including decentralisation reform.

In Vietnam, community development objectives are embedded in a wide range of cultural, social and economic policies. These policies are generally formulated to be socially inclusive, and are

¹ In particular, the study complements a review of best practices in rural development projects (design and implementation) that was simultaneously carried out under the UNDP financed project in MPI (VIE/01/023), which focuses on the formulation and appraisal process, the essentials of a well-designed project, and aspects relating to flow of funds, management and personnel (see MPI/UNDP 2003b).

designed to promote economic growth while at the same time giving concern to maintaining social equity and the cohesion and solidarity of community relations. With regard to poor rural areas, the Government has a long history of policies and programs that are targeted on socio-economic development of the remote, upland and ethnic minority areas of the country in particular. These targeted programs represent one of the main re-distributive mechanisms, to support poor areas and poor sections of society through fiscal transfers from the national budget, and through building social awareness around these issues. A frequently stated rationale of the Government for adopting programmatic approaches to poverty reduction is in order to '*concentrate and focus policies and resources*', to '*increase efficiency*' in areas where service capacity is low, and to '*reduce the points of contact*' for local officials and citizens in order improve the outreach and access to services and other forms of assistance.

Box 2.1 World Bank typology of Community Driven Development

- *Community management* – whereby community-based organisations (CBOs) control investment decisions, manage investment funds, and full implementation of activities.
- *Local government and CBOs making co-decisions* – whereby elected local government authorities manage investment funds together with CBOs as co-decision makers on investments and implementation.
- *Local government with community participation* – whereby local government manages investment funds, and implements activities in consultation with local stakeholders (including CBOs, citizens, NGOs etc.).
- *Other agencies and CBOs making co-decisions* – whereby government line departments, corporations, or NGOs etc. manage investment funds together with CBOs as co-decision makers on investments and implementation.
- *Other agencies with community participation* – whereby government line departments, corporations, or NGOs etc. manage investment funds, and implement activities in consultation with CBOs.
- *Reform of enabling policies and institutions* – including institutional and policy reforms in support of community driven development that significantly increase the amount of funds directly available to any of the categories above.

The Government's Comprehensive Poverty Reduction and Growth Strategy (CPRGS) states, however, that '*poverty reduction is not simply about passive redistribution of income, but about creating a growth dynamic – a process that enables poor people and poor communities to take initiative and self-help efforts in improving their situation in order to overcome poverty*'. The CPRGS sets out the intention of the Government to develop a legal framework for civil society and community organisations at the local level to improve the participation of the poor in the development process. And it highlights the mechanism of '*the State and the people working together*' that underlies the philosophy of many Government programs.

By taking local communities as the focus for planning and implementation – community driven development bears similarities to 'area development projects' as used in the terminology of some other donors (Farrington et al 2002). A broadly similar approach is adopted by the Government in *Program 135 on Socio-economic Development of Communes Facing Special Difficulties*² that concentrates on building up basic social and economic infrastructure in poor rural communes,

² Decision No.135/QD-TTg (31/7/1998) of the Prime Minister approving the program on socio-economic development in mountainous, deep-lying and remote communes with special difficulties

combined with agriculture extension and training components. According to the directing principles of this program, it is clearly stated that socio-economic development of these communes *'...must be, first of all, based on the promotion of the internal resources of every household and the community-based assistance... with the active support of the State in order to tap local land and labour resources as well as the natural and socio-economic conditions in each area...'*. This program adopts a decentralized management approach, and it is intended that the Commune People's Committee should act as the 'investment owner' with responsibility for procuring and managing small-scale infrastructure works wherever possible.

In this study we adopt a broad definition of community driven development – as situations in which the commune authorities, village communities and local organisations are taking the lead in selecting, planning and managing local area development schemes and activities. Under some programs this has included transferring investment ownership and financial control to the local level, while under others the relationship is more one of making co-decisions and promoting community participation. At the same time, it is recognised that communes, villages and groups of households throughout Vietnam are active in conducting their own development activities outside formal development programs, and we include these types of initiatives in the definition.

We have not restricted the study to any particular sectors, but have given priority to some in order to keep the study to a manageable size. The main sectors covered include: (i) commune and village infrastructure, and infrastructure related services such as water supply and electrification; (ii) productive services including agriculture extension; (iii) direct financing of commune and village development budgets; and (iv) capacity building for commune and village officials. Sectors that are not covered in depth include the basic social services (in health and education) and community based natural resource management.

1.3 The context of the study

Poverty reduction trends in the rural areas

The Poverty Assessment for 2003 shows that the impressive reductions in poverty in Vietnam have been maintained in recent years, with an overall decline from around 37% in 1998 to 29% in 2002 (see Table 1.1). However, the poverty figures reveal considerable regional variations in the level and rate of poverty reduction and a pattern of increasing differentiation between rural and urban areas (VDR 2003). While the density of rural poverty is greatest in the more highly populated delta and coastal regions, the uplands continue to have the highest proportions of poor people, and in the Central Highlands in particular there has only been a limited reduction in poverty over the last four years. These regional differences are more pronounced with respect to food-poverty, with the Northern Mountains, the Central Highlands and the North Central Coastal Region accounting for more than two thirds of all food poor households.

The recent poverty assessment also indicates that there are growing inequalities associated with changes in the structure of asset ownership amongst different sections of society, and emerging forms of poverty associated with economic and social vulnerability arising out of the transition process. These are reflected in growing gaps in expenditure and educational attainment between richer and poorer and urban and rural households. It is also likely that rapid urbanization and industrialisation are leading to a situation whereby increasing numbers of rural people will choose

to migrate to improve their livelihoods, which has a number of important implications for rural development and community development programs.

Table 1.1 Regional poverty rates (Measured as a percentage of the population)			
Region / group	1993	1998	2002
Total	58.1	37.4	28.9
Northern Mountains	81.5	64.2	43.9
North East	86.1	62.0	38.4
North West	81.0	73.4	68.0
Red River Delta	62.7	29.3	22.4
North Central Coast	74.5	48.1	43.9
South Central Coast	47.2	34.5	25.2
Central Highlands	70.0	52.4	51.8
South East	37.0	12.2	10.6
Mekong Delta	47.1	36.9	23.4
Urban	25.1	9.2	6.6
Rural	66.4	45.4	35.6
Kinh and Chinese	53.9	31.1	23.1
Ethnic minorities	86.4	75.2	69.3
<i>Source: GSO VHLSS data given in VDR (2003)</i>			

A further trend is the slower rate of poverty reduction and increasing concentrations of poverty amongst some ethnic minority groups. In all regions, over 50% of ethnic minorities are still below the poverty line, and these disparities are particularly evident in the Central Highlands (over 80%) and the Central Coastal Regions. The report on the poverty assessment estimates that by 2010 around 37% of people living in poverty could be from ethnic minorities, which would represent over three times their proportion of the total population (VDR *ibid*). The report emphasizes the need for specific policies targeted on ethnic minority areas and upland communities, including the improvement of basic infrastructure, legal recognition of communal land management practices, the development of social services in local languages, and increasing the representation of ethnic minorities in local decision-making processes.

In this situation, both the Government and donors are renewing their commitment to address these areas of geographic and socio-economic differentiation. In addition to the Government target programs, there are now a large number of donor and NGO projects working in the poor commune areas, and the level of investment is set to increase. At this point in time, however, given the changing nature of poverty (with an increasing concentration in poor rural areas and emerging forms of poverty associated with social and economic vulnerability) it is worthwhile reviewing the extent to which current approaches and content of these programs are still proving to be effective. An important underlying policy issue in this regard is the balance that is struck between targeted or programmatic approaches to poverty reduction vis-à-vis the introduction of appropriate forms of social relief, insurance and regulatory mechanisms to safeguard the rights and interests of the poorer sections of society in the emerging market economy.

The diversity of geographic and socio-economic conditions in the rural communes

Vietnam consists of 63 rural provinces and major cities, below which the country is divided into administrative districts, rural communes and urban wards. There are around 10,000 rural communes nationwide. Of these 1,715 communes were classified in 1997 as being ‘communes with special difficulties’ in remote, upland and ethnic minority areas (see Box 4.1)³. The commune is the lowest tier in the formal government administration as well as being the focal point for the delivery of grassroots services. Within the communes people reside in villages and hamlets that form the natural and traditional unit of rural inhabitation, as well as being the focus for many community development activities, but the village is not a formal administrative unit.

There are historically well established government administrations at commune level, staffed with elected leaders and appointed officials. These represent the different branches of the state administration including the Party, the legislature (People’s Council), state management (People’s Committee), executive (service agencies) and socio-political organisations (the Mass Associations under the umbrella of the Fatherland Front). A majority of these positions are filled by people who come from the communities in which they live and work, with the exception of teachers and commune health staff who often come from outside especially in the remote uplands. Representation of the major ethnic groups within a commune is therefore generally good, and great efforts have been made by the State to promote ethnic minority cadres to the People’s Committee and People’s Council positions. However, in communes where there are several ethnic groups, representation of the minor groups tends to be limited. The representation of males and females, however, is highly skewed and female representation in commune leadership positions is often confined to the Women’s Union officer.

The size and population characteristics of the rural districts and communes vary considerably. We can give three examples to illustrate this wide range of conditions. Thot Not District in Can Tho Province in the Mekong Delta, for instance, has a land area of 582 km², a population of 332,000 and a population density of 571 persons/km² with a majority Kinh population. The coastal district of Quang Xuong in Thanh Hoa Province has a land area of 227 km², a population of 257,000 and a population density of 1,129 persons/km². At the other end of the spectrum, the remote upland district of Muong Te in Lai Chau Province has a land area of 5,000km² (10 times the size of Thot Not) but with a population of only 45,000 and a population density of 9 persons/km² (a ratio of 1:125 the population density of Quang Xuong District). Of a total population of around 600,000 in Lai Chau Province as a whole, 84% are ethnic minorities from over 30 ethnic groups. Many upland communes are larger than lowland districts, and in many it can take at least a full day’s walk from the commune centre to reach the most remote villages and hamlets.

These figures are illustrative of the challenge faced by programs working on rural and community development due to this huge diversity in demographic and socio-economic conditions. The uplands in particular are characterized by a high degree of ethnic diversity and highly complex patterns of human settlement deriving from the particular ethnic composition and settlement history of the area. This creates a situation whereby adjacent districts within a province, and adjacent communes within a district can have quite different sets of socio-economic and resource

³ Decision No.41/UB-QD (dated 23/5/1997) of the Committee for Ethnic Minorities and Mountainous Areas on Identification of Three Zones in Upland and Mountain Areas

management issues to contend with. Situations in which there has been spontaneous migration and/or planned re-settlement, combined with local patterns of ethnic diversity, also give rise to complex institutional issues for the local government authorities.

In this respect, there are also significant regional differences between the uplands. The Northern Mountains are characterised by interpenetration of different ethnic groups, with the co-existence of smaller ethnic groups within the larger population, such that many communes and villages in the northern mountains have two, three or more ethnic groups living side by side (Nguyen Van Chinh & Duong Bich Hanh 2001). As noted by CRES/EWC (1995), this unique form of settlement pattern whereby multiple ethnic groups often speaking unrelated languages live in the same locality ‘...has important implications for development policy and programs. Many of the currently fashionable ideas about people’s participation, for example, are virtually impossible to implement in the context of such cultural and linguistic diversity’. In the Central Highlands each ethno-linguistic group traditionally occupied its own distinct territory. But while settlement patterns in the Central Highlands are historically less complex, this situation has been rapidly changing over recent decades. This is due to planned and spontaneous migration into this region stimulated by over-crowding in other regions and the rapid development of commodity crop production opportunities in the Central Highlands during the 1990s.

Sources of experience

The study draws on the experience of several Government, donor and NGO supported projects and programs that have been working primarily in the poor commune areas. Information and case study material has been drawn from: (i) fieldwork conducted in Tuyen Quang, Tra Vinh and Vinh Long provinces together with province, district and commune authorities, service agencies, mass associations and community groups; (ii) implementation manuals, guidelines, reports and evaluations from these programs; (iii) academic literature on local institutions and the history of state / society relations in Vietnam; and (iv) interviews and discussions with a range of stakeholders at national level. These sources of case study material represent only a limited sample of the large number of (on-going and planned) projects and programs working on rural poverty reduction and community development throughout the country. They include the following:

- Government Program 135 on Socio-economic Development of Communes Facing Special Difficulties (with fieldwork conducted in Tuyen Quang Province).
- The IFAD financed Participatory Resource Management Project (PRMP) and the Rural Income Diversification Project (RIDP) in Tuyen Quang Province.
- The rural water supply and sanitation component of the Mekong Water Resources Development Project (MWRDP) financed by the World Bank (with fieldwork undertaken in Vinh Long and Tra Vinh Provinces).
- The Ethnic Minority Development Project (EMDP) supported by CEMMA, the Women's Union and UNICEF in Lai Chau Province (1996 to 2000).
- Oxfam GB supported projects in Participatory Irrigation Management and Farmer Extension Groups from several provinces.
- The Vietnam-Sweden Mountain Rural Development Project (MRDP) that worked in five provinces of the northern mountain region (1996 to 2001).
- The UNCDF financed Rural Infrastructure Development Fund (RIDEF) that worked in Quang Nam (1996 to 2001).

- The Rural Energy Project financed by the World Bank that works with the Ministry of Industry and the Electricity Company of Vietnam on commune electrification.

The World Bank currently finances two projects in Vietnam that adopt a commune-based planning and management focus. These are the *Community Based Rural Infrastructure Project* and the *Northern Mountains Poverty Reduction Project* that together work in nearly 1,000 rural communes in the north and central regions of the country (see Box 1.2). Although they are still in the early stages of implementation, the experience from the design of these projects is also used to illustrate issues relating to investment and procurement strategies for large-scale investments in numerous commune and village based schemes and activities.

Box 1.2 World Bank financed Community Driven Development projects in Vietnam

The *Community Based Rural Infrastructure Project* (2002 to 2007) works in 611 communes and 98 districts in 13 provinces of the Central Coastal Region and the Central Highlands from Thanh Hoa Province in the north to Binh Thuan in the south. The objectives of the project are to assist local communities in development planning, the construction of small-scale commune and village infrastructure, and the provision of labour and income opportunities for local people. CBRIP focuses on productive and social infrastructure including roads, domestic water supply, small-scale irrigation, public buildings, flood protection works, and electrification. The commune authorities are the investment owners for a majority of these schemes if they lie within the commune, while the districts handle inter-commune works. Commune investments are allocated primarily according to population, and range over a 3 year investment period from 58,000 USD for a commune with a population of less than 1,800 to around 175,000 USD for a commune with over 5,000 inhabitants.

The *Northern Mountains Poverty Reduction Project* (2002 to 2007) works in 368 communes and 44 districts in 6 provinces of the Northern Mountain Region (Lao Cai, Son La, Hoa Binh, Phu Tho, Bac Giang and Yen Bai). The population of the project communes includes around 1 million people, 85% of which come from ethnic minorities. The objectives and components of NMPRP are broader than those of CBRIP and include commune and village infrastructure, agricultural extension, and upgrading of village teacher and health-worker qualifications. In addition, NMPRP includes a Commune Development Budget component that falls under commune management and financial control for small schemes and activities that fall outside these main project components. The investment owner for a majority of the infrastructure investments under this project is the district. Both CBRIP and NMPRP include substantial capacity building and training components for commune and village leaders and officials and community facilitators, as well as for higher management levels, that are implemented through regional and provincial training organisations.

Several sector specific projects financed by the World Bank also have components that involve high levels of community participation and management (including on-going projects in water supply and sanitation, forest protection and development, and coastal wetland rehabilitation). The planned Rural Water Supply and Sanitation Project (which is due to begin in mid-2004) will support demand-based improvements to water supplies, a high degree of beneficiary control over decision-making for community-level investments and channelling of loans and grants to households and community groups responsible for project implementation.

2. Underlying concepts and themes: co-production, self-management and intermediation

Community Driven Development and similar ‘demand driven’ approaches that are promoted by international donors appear to have much in common with the Government of Vietnam’s targeted poverty alleviation strategies (such as Program 135). Both seem to be converging on similar kinds of program – by targeting poor communities as the focus for planning, promoting local ownership and the active participation of these communities in infrastructure and service provision, and by placing emphasis on decentralized management. Nonetheless, defining Community Driven Development is less straightforward than it might initially appear. There is a wide range of different types of partnership arrangement between community organisations and public and private sector service agencies that may apply in different contexts. It is also apparent that these approaches are underpinned by somewhat different sets of culturally and ideologically determined concepts regarding social organisation and public administration.

The purpose of this chapter is to explore the conceptual foundation for understanding what community driven development means in the Vietnam context. In doing so, we contrast Western ‘rationalist’ and ‘empirical’ viewpoints on the organisation of public administration and services, with Vietnamese perspectives on the relations between the State and society that have their historical origins more in Confucian social ethics and in the political traditions of the Marxist-Leninist state (see Box 2.1). We identify and examine several concepts and themes – the *co-production of services*, *participatory self-management*, *socialisation* and *intermediation* in state-society relations that will run throughout the subsequent analysis of the experience from community driven development programs. Salient aspects of the local institutional context in Vietnam that differ from many other countries are also highlighted.

2.1 Public and private sector linkages and the co-production of services

Rationalist perspectives

Approaches that are rooted in the rationalist tradition tend to conceive and promote distinct boundaries between the ‘state’ and ‘civil society’ and between the ‘public’ and ‘private’ sectors, and a clear division of roles and responsibilities between organisational units and individual positions (Joshi & Moore 2002). A great deal of the international literature on Community Driven Development, for instance, assumes that community-based and non-governmental organisations are either an alternative route to implement development projects (as opposed to implementation through government agencies), or that civil society groups act in an autonomous way to put pressure on government and the private sector to provide better services. Supporters of this approach tend to see the state and civil society as separate entities, but with inter-dependent functions through which excesses in one area are reined in by activity in the other.

At the opposite end of this rationalist perspective, services may be promoted through purchase-contract arrangements between public and private sector agencies and the recipients (exemplified by ‘public private partnership’ approaches). In recent years, this approach has often been associated with the privatisation and commercialisation of public services and utilities such as water and electricity. This has frequently been justified on the grounds that privatisation is

necessary in order to combat inefficiencies and failures in public sector service provision, although the impact of this on poorer sections of society in many countries has been strongly contested and challenged (War on Want 2003). Although differing from community driven development principles, this standpoint on how to improve the efficiency of services is nonetheless based on drawing clear boundaries between the public and private sectors; in this case, the role of the public sector being to provide the regulatory environment for the operation of commercial services.

Box 2.1 Contrasting viewpoints on public administration and services

Western rationalist viewpoints	Empirical viewpoints (e.g. co-production of services)	Vietnamese model of participatory self management
<ul style="list-style-type: none"> ◆ Representative democracy seen to underpin effective functioning of public administration. ◆ Tripartite division of state functions (legislative, executive, judicial). ◆ Conceives and promotes clear boundaries between ‘state’ and ‘civil society’, between the ‘public’ and ‘private’ sectors, and between offices and positions. ◆ Tends to be concerned with co-ordination rather than integration. ◆ Strong vertically integrated systems of management and control. ◆ Ideological focus on how the world ought to be organised, rather than how it is actually organised. 	<ul style="list-style-type: none"> ◆ Democratic principal is consensus arising from mutual trust and societal controls. ◆ Recognizes that the boundaries between the public and private sectors are frequently indistinct. ◆ Emphasizes integration and that effective functioning of public service provision often depends on combined effort. ◆ Power and authority divided in an interdependent manner. ◆ Places value on bottom-up institutional innovations and processes. ◆ Pragmatic focus on what works in particular political, socio-economic and market contexts. 	<ul style="list-style-type: none"> ◆ Democratic centralism places faith in consensus politics and in party management. ◆ State functions are unified, yet separated within the sphere of each government level. ◆ Permits pragmatism and diversity in outcomes in the way in which services are organised and delivered, but within framework of government. ◆ Emphasis on self-regulating local communities, and public officials should be embedded in communities. ◆ Socialisation needed to ensure cultural conformity. ◆ Neither top-down nor bottom-up: strong integration between horizontal and vertical lines of control and accountability.

Empirical viewpoints on the co-production of services

An alternative ‘empirical’ approach begins with the recognition that – in practice – it is often difficult to draw such clear distinctions between public and private spheres of activity. As will be shown in this chapter, this is historically the case in Vietnam, in addition to which civil society groups occupy a unique position in Vietnamese society. Community-based organisations and different types of formal and non-formal association (that can be taken to represent civil society) almost invariably have close links with government agencies and with government officials (Marr 1994; Christophos 1997). In this situation, Le Bach Duong *et al* (2001) have likened civil society in Vietnam to being a ‘*society of mediating organisations*’ whereby these groups serve to bridge the gap between the State and society, and individuals operating in this situation often have overlapping public and private roles. The complexity of the local institutional context is further characterized by the diversity of these forms of economic and social association, and the position

of local officials who often play an active role in various private sector markets and services as well as being representatives of local government or regulatory agencies.

Numerous studies from poor countries have shown that effective functioning of infrastructure and services often depends on a co-operative understanding and combined action between the recipients and service providers. This has been referred to as a process of ‘co-production’ – whereby part of the resources needed to produce a good or service are provided by the intended recipients or clients who lie outside the formal service agency (Ostrom 1997). Co-production arrangements may arise, for example, in situations where services cannot be delivered because the environment is too complex or variable, because of institutional or organisational weaknesses within the system of service delivery, or because the transaction costs of interacting with large numbers of clients are too great especially in rural areas (Joshi and Moore 2002). In such cases, users may become directly involved in an organised way to fill these gaps and weaknesses in formal service provision.

This perspective is often overlooked in conventional analysis of the way in government administrations and services actually operate. One reason given for this is because locally adapted and hence often diverse institutional arrangements for service provision tend not to be seen as ‘eligible’ or ‘manageable’ from the perspective of centrally based bureaucracies (Scott 1998). There is also a strong tendency to clarify organisational complexities by focusing on the ‘specialisation’ and ‘professionalisation’ of tasks and functions, rather than on the ‘combination’ and ‘integration’ of roles and actions that are required to make infrastructure and services work well on the ground. A key point about the co-production concept, however, is that the boundaries between the state and private activity are often not distinct. Co-production is also seen to depend on shared values within local communities. As such it frequently involves types of cooperative arrangement that differ from the formal contract agreements between state and non-state agencies that are implied in ‘public private partnerships’ for instance (Joshi & Moore *ibid*).

Forms of co-production in Vietnam

In some respects, the system of local government in Vietnam accommodates this problem of the integration of services quite successfully. Local authorities will frequently and legitimately adapt general policies and regulations laid out by higher levels to suit local capacities and conditions. This, in turn, can result in a high degree of iteration on the processes involved and a diversity of policy interpretations and outcomes on the ground. It also permits, in principle, creative institutional arrangements between the public and private sectors, and a form of self-regulating management at the commune and village level that has strong historical origins.

Forms of co-production of infrastructure and services appear to be stronger in some sectors than in others. For example, rural and urban electricity supply is characterized by a diversity of locally adapted installation, supply, management and maintenance arrangements between power companies, local authorities, community organisations and households (see Box 2.1). The reason for this probably because of the huge demand for the material and social benefits that come with electrification, and the high willingness of communities and households to pay for access and to adopt innovative institutional arrangements to ensure installation and supply.

Box 2.2 An example of co-production in the electricity sector

Vinh Quang Commune is situated in an area of rolling hills, some 10 kilometres from the centre of Chiem Hoa District in Tuyen Quang Province. The commune has a population of 7,000 in 16 villages. There are six ethnic groups, including mainly Kinh (many of whom relocated to this New Economic Zone from the Red River Delta in the 1980s) and Tay, Nung and Cao Lan people.

Starting in 1996, the Commune Peoples Committee and villagers were active in working with the district authorities and power companies to connect the commune and villages to the grid. The process, as described by local officials, began by the commune identifying the needs for electricity connection and submitting a proposal to higher levels. A survey was conducted to estimate approximate costs and villagers were consulted to gauge their level of support and potential contributions. Once around 80% of households agreed, a Commune Electricity Board was established under the Peoples Committee. The level of community contributions was calculated according to the total cost and number of households and contracts were made with the villages.

Following this there was a detailed technical design process conducted by the province, and a Hanoi power company was contracted by the Commune to construct the scheme. The commune network includes 3 transformer stations, and 24 kilometres of village feeder lines. The government funded two of the stations while the commune financed the third through contributions and borrowing from the bank. The province electricity company conducted final checks on the completed scheme. After acceptance and liquidation the supply was opened to public use in February 1997 just before the lunar calendar New Year festival. Once the system was running, the Commune Electricity Board and management of the scheme were transferred to the local co-operative and the Province has subsequently repaid the third transformer.

There is clearly potential for projects to build on these types of institutional arrangements. The World Bank financed Rural Energy Project, for instance, recognizes that due to regional differences and pre-existing arrangements, different management structures and systems for the repair, maintenance and fee collection of rural power supply may need to be promoted (World Bank 2000). This project is piloting a number of alternative organisational structures and systems, including: (i) service contracts between the Power Companies and Commune Electricity Groups, with oversight provided by the Commune Peoples Committee; (ii) formation of consumer co-operatives in the commune with lease arrangements for electricity supply with the Power Companies; (iii) formation of district or commune companies which purchase power from the Power Companies and which operate as local utilities; and (iv) the creation of joint-stock co-operative (companies) with the contribution to assets made by local authorities and households to provide a basis for sharing of authority in management and operations.

Co-production in transition economies

The co-production concept appears to be particularly relevant to transition economies – such as Vietnam and China – which are undergoing rapid socio-economic development, involving a progressive shift from supply led to more demand responsive systems of service delivery. This process results in a variety of transitional organisational and institutional arrangements along the way. As noted by Joshi and Moore (2002): *‘The concept of co-production should at least encourage policymakers in poor countries to focus more on the realities of current service delivery, and examine the potentials to build upon and expand the things that seem to work’*. They suggest that this may be a more fruitful approach to improving service provision, rather than

attempting to solve weaknesses and inefficiencies in (large-scale, monopolistic and centralized) public sector service agencies simply by funding a large number of (decentralized and community-based) schemes that may become disconnected from sustainable systems of service supervision.

While this concept provides a useful starting point in our analysis, it is important to note that there are unique aspects to the local institutional context in Vietnam that show marked structural differences to many other countries. This requires a somewhat different analytical focus. In the brief example given in Box 2.2, for instance, we find a *network of institutional arrangements* and a *connected series formal contracts and less-formal agreements* made between multiple actors and agencies including the commune and district authorities, commune management boards, cooperatives, villages and households, design and construction companies, and the power companies. In this situation generally strong government structures and systems go hand-in-hand with a diversity of co-production arrangements. Co-production, in this context, can therefore be regarded not only as a practical solution to extending the outreach of an under-resourced service sector, but more fundamentally as a mechanism to incorporate local needs and interests into the government system. In order to understand these interactions more fully, however, it is necessary to look at the historical origins of these types of state-society relationships.

2.2 State-society relations and self-management of local communities

Community affairs and community relations in rural Vietnam are in many respects determined by the historical and traditional relationships between the *village* – as the natural and autonomous unit of rural inhabitation, and the *commune* – as the lowest tier in the administrative system that had its origins in the feudal State (Phan Dai Doan 2001). It has been said that people's sense of community in Vietnamese society is founded on three main elements: on the household and extended family, on belonging to same age groups, and to the village and home area. The complexity of the local institutional context today derives from the multiple ways in which these kinship networks interact with formal and non-formal forms of economic and social association that exist at village level, and the interaction between these and the political and government structures and systems that reach down to commune level (Annex 2 provides an illustrative representation of this diversity).

Family values and duties continue to lie at the heart of social organisation (Pham Van Bich 1999; Jamieson 1994). Following the market and land reforms of the 1980s and 1990s that gave the emphasis back to household production units, this is also the obvious starting point in any analysis of community driven development and rural economic activity. Extended family structures are moreover critical in determining wider forms of social and economic association. Contemporary changes in the family, such as growing social and labour mobility and independence among the younger generation, have been linked to the influence of modernisation and industrialisation. Other studies emphasise the important role of the state in changing family values, for instance, through the policies on socialisation and guiding principles on how to rebuild family life and establish 'new cultural families' in the modern era (Pham Van Bich *ibid*).

Same-age groups and networks of people growing up together in the same home area, or who have attended school or college together, also continue to exert a strong influence on community organisation. The importance of these networks is that they are built on relationships of trust and obligation, and that in later life they can become an important source of capital and non-formal social insurance. For example, venture capital to invest in new property or to start a new business

is often mobilised through such networks, and they may grow into trading networks and partnerships. These networks also influence resettlement and labour migration patterns.

Local institutions in the traditional Viet villages⁴

In the traditional Viet villages, local organisational forms arose out of the mutual dependence among families and the high level of cooperative action required to manage the wet-rice cultivation systems, same-age groups and factions, and craft guilds and associations based on common interests and economic activity (Le Bach Duong *et al* 2001). The administration of the traditional villages comprised of *advisory groups* (primarily elders), *legislative groups* (such as officials from the community and retired soldiers with learning and social standing, or people able to purchase positions of authority) and the *executive authority* vested in the Village Heads as elected and entrusted by the people. The codes-of-practice or conventions of these traditional village institutions (*Huong uoc*) controlled social relations and customs as well as regulating the agricultural calendar and people's behaviour towards nature and the environment, and collective mobilisation against natural disasters and outside invaders (see Box 2.3).

As noted by To Dong Hai (2001a), these village conventions represented a sophisticated level of local organisation that over a long period of time provided an '*efficacious tool to institutionalise and regulate the interwoven relations among individuals, and sections and strata of society in the village populations*'. An interesting series of articles in the *Vietnam Law and Legal Forum* (in editions between 2000 and 2003) have provided an in-depth historical account and contemporary analysis of these systems of village conventions. These articles trace the evolution of *Huong uoc* from their origins around the 15th Century, through various transitional forms through which the feudal state and the French colonial administration sought to use them as a means of establishing administrative control and regulating rural society, to their modern day expression in the legislation on Local Democracy (see To Dong Hai 2001b; Phan Dai Doan & Bui Xuan Duc 2003).

The concept of 'self-management' (*Tu quan*) in Vietnamese society therefore has a long history that is rooted in these characteristics of social organisation in the core areas of the Kinh homelands (Nguyen Van Sau *et al* 2001). Traditionally there is a strong belief that village society should be self-regulating. The famous Vietnamese sayings that "*the law of the emperor stops at the village gate*" and "*the mountains are high and the emperor is far*" are testament to this. To Dong Hai (*ibid*) highlights the dilemma this can create for government reformers. On the one hand '*It can be said that the strong cohesion within the village community is one of the important constituent factors of the durability of the Vietnamese society right at the dawn of national history in face of the threat from big and powerful neighbours*' On the other hand, this cohesion reflects one of the biggest weaknesses in Vietnamese society as a result of: '*Scatteredness, lordism, parcelling and ultimately localism. This defect, left to its natural growth without control, will obstruct the development of the country on a national scale...*'.

⁴ This section draws on the work of Vietnamese authors who describe local institutions in the traditional Viet villages, in those areas inhabited by the majority Kinh population in the heartlands of the nation. It is to be remembered that amongst Vietnam's 54 ethnic groups there is a huge diversity of cultural, socio-economic and institutional forms of community organisation that also result from differing historical contexts.

In general, however, Vietnamese researchers caution against the perception of a conflict of interest between state and village, and point to a co-operative historical relationship in which the state did not intrude deeply into village affairs, but through which rural society was structured to support the integration of traditional village loyalties and obligations with the functions of the local administration.

Box 2.3 Traditional village conventions in Nghe An

Source: Ninh Viet Giao (2001)

A study of the remaining *Huong uoc* in Nghe An Province shows that most of them are in two parts. The first consists of statistics such as the land and fields, their categories and acreage, and statistics on the families, temples, shrines, communal house, pagodas etc., their locations and which groups under the village. The second part consists of regulations. Almost all *Huong uoc* in Nghe An Province contain the following regulations:

- On the communal meals and offerings, the rites of admission to village hierarchy and institutions, the dedication of the meal to the dignitaries, the feasts offered by persons passing into the rank of ‘elders’ and persons receiving an honour from the State.
- On meetings, the manner of speaking at a meeting, of expressing one’s approval or disapproval of a decision at a village meeting, how to record approvals at a meeting.
- On the protection of crops, construction of dykes and dams, culverts, canals, tending of bovine animals, cutting of rice stubble, digging and removal of fertile soil.
- On the protection of roads, wells and trees along the village roads, within the premises of temples and pagodas etc, in a word, protection of public property and the environment.
- On the duty of children to their parents, grandparents, duty of spouses, sisters and brothers towards neighbours, duty of permanent residents and guest residents.
- On funerals and weddings; on learners and graduates; on singing and organisation of singing parties.
- On the election of the Village Head, other dignitaries and subaltern village officials, their method of working and re-numerations.
- On the protection of order and security, protection of the fine traditions of the village, prevention of theft, adultery and gambling.
- On the land, especially the handling of the pieces of communal land, their per capita distribution, their sale to cover expenditures of the village etc.

Combined with this, there has been a long history of ‘contract-type’ relations between the State and local communities and rural producers. These originated in the systems of taxation introduced in the feudal era, and the division of public and private products under the ‘economic farms’ (Trang trai) managed by the pagodas and army units as far back as the 11th Century (Tran Duc 1998). Even today, such contract arrangements remain an accepted means for conjoining public interests with household and community needs – for example, in the widespread system of ‘forest contracts’ whereby individual households or groups have user-rights over legally designated forest land and a share in forest products in return for protecting these areas. Contract-type agreements between local authorities and communities also underpin the types of co-production of infrastructure and services referred to in the previous section.

The revival of village institutions in the 1980s and 1990s

During the period of state collectivisation following the 1945 Revolution, the cooperative and production brigade structures and means of production were superimposed onto the functions of

the village. This was primarily in the northern and central regions of the country, while over much of the south the collective system of land holding and production was never deeply embedded in the social and agricultural system, and this process was also never fully realized in the uplands. As part of the reforms of the 1980s and 1990s, however, the village organisation has been progressively restored, including the role of the elected Village Heads. The Village Heads today provide the most important outer-link between the local government authorities and villagers. They are, for example, responsible for relaying essential information, organising village meetings to discuss local issues, and for organising labour for the maintenance of village infrastructure.

In the early 1990s a number of villages in the north began to reinstate the systems of village conventions, and these moves were embodied in a resolution of the Party Central Committee in June 1993 and in legislation on Local Democracy that elaborated the need to formulate and implement new forms of village conventions (To Dong Hai *ibid*)⁵. In later sections of this report, we look at how these regulatory mechanisms have been interpreted and incorporated into program activities. However, as noted by Bui Xuan Duc (2003), while the ancient and modern forms of *Huong uoc* are generally similar in their regulating purposes in social life, there are some basic differences. The ancient forms could be considered as ‘charters’ for the administration of villages as a self-managing unit, while in the modern era the village is no longer a formal administrative level. The nature of these village conventions today is restricted to setting out mechanisms through which local people can participate in the management of the State.

2.3 Forms of democratic institutions and participation

The Local Democracy legislation and ‘participatory self-management model’

The principles of self-management continue to be reflected in many aspects of social policy today, representing political theory that blends Marxist-Leninism with these more traditional institutions and value systems. In Vietnam ‘democratic centralism’ continues to be the guiding principle through which people participate in government. As Lenin described it, democratic centralism consists of ‘*freedom of discussion and criticism, unity of action*’. The centralism aspect lies in the Party’s supervision of macro-economic decisions, and ensuring that these policies conform to its socialist principles. The democratic aspect describes the freedom of individuals to participate in decisions through mechanisms of direct democracy (as applied both to local communities and within state agencies) and representative democracy through which elected representatives and members of the political party debate and reach consensus on matters of policy and direction (Tran Thi Thu Trang 2002). It also denotes the power and responsibility given to local government authorities and sector agencies to engage in the decision making process, as reflected in the governing principle ‘*led by the Party, managed by the government, participated by the people*’.

In the contemporary context, Nguyen Van Sau *et al* (2001) suggest that a new level or form of modernized commune and village self-managing capacity needs to be created that they characterize as the ‘participatory self-managing model’ (*mo hinh tu quan tham gia*). They distinguish the form that democratic institutions play in this model from those of the traditional village on the one hand, and from capitalist democracy on the other, in the following terms:

⁵ Directive 24/1998/CT-TTg, (19-6-1998) on the formulation and observance the conventions or rules of villages, hamlets or population groups

- ‘The model of democratic self-management in the traditional Viet villages was based on the principle of the legislative, executive and judicial functions and bodies existing in the same sphere (tam quyen nguyen hop).
- The model of capitalist democracy is based on the principle of separating the legislative, executive and judicial functions through independent bodies (tam quyen phan lap).
- The model of socialist democracy that we have at the moment should be based on the principle of the legislative, executive and judicial functions carried out by independent bodies in the same sphere (tam quyen phan hop).’

This model provides good insight into the way in which different sections of the local community can, in principle, obtain representation and through which the actions of local authorities and individuals are regulated by consensual forms of democracy and horizontal accountability. These principles also underlie the series of legislative measures on Local Democracy that have been introduced in recent years (see Box 2.4 and Annex 3) In this respect, the political and administrative structures and systems of the Marxist-Leninist State can be seen to have been quite effective in accommodating the diversity of village institutions and interests as described in the previous section. These points can be illustrated by looking at the role of the mass associations that have a range of intermediary roles and functions at the local level.

Initially the mass associations were conceived to re-enforce state power and to mobilise people towards centrally defined goals and aspirations, and they continue to have an important role in political education (Le Bach Duong *et al* 2001). All households are expected to have at least one active member in an association, and access to certain resources and services is dependent on membership. The mass associations also provide an avenue for the public education and awareness (for instance with regard to public health and sanitation), and they serve as important intermediaries in service supply (for instance in linking community-based savings and credit groups to the banking sector).

On the other hand, there is also a recognised role for the mass associations in achieving broader based participation. In terms of the local political structure, they provide a number of public offices that can be held directly by community members, through which they can influence local affairs. These roles can be distributed in such a way as to provide space for representatives of different influential groups to participate in commune management. In this regard, the functions of the mass associations are also changing over time. For instance, recent government legislation indicates a more direct role for the Women’s Union in commune level decision-making, and some authors suggest they are increasingly taking on the character of unions in representing the interests of their members.

The participatory self-management model also serves to integrate the co-existence of strong village institutions with strong government. One consequence of this, however, is that strong integration at the grassroots may weaken regulation by higher authorities. This issue is handled in a number of ways. The on-going Program on Public Administration Reform is involving the decentralisation and de-concentration of executive and administrative authority, while at the same time strengthening vertical and horizontal lines of supervision and accountability and emphasising the rule of law (Vasavakul 2001). This is, for example, clearly illustrated in the rationale given for

the accelerated administrative reforms in the Socio-economic Development Strategy for 2001-2010 (CPV 2001, Section VII/2) that includes the following statement:

Box 2.4 The Local Democracy legislation

Decree No.29 stems from the Politburo Directive No.30 (February 1998) on the formulation and implementation of local democracy regulations – the local level being defined as including rural communes, district towns, and urban wards. This Decree sets out the overall goals and main principles of local democracy as follows: (i) to enable local people to participate in decision-making processes – as stated in *Article 2, para. 2* ‘... *direct grass-roots democracy must be practically exercised such that local people are able to have opportunities to discuss and decide on major issues or work that are closely linked to their own interest*’; and (ii) to support the renovation process regarding improvement of policies and administrative procedures – as stated in *Article 2, para. 5*: ‘*The development and implementation of grass-root democracy regulations must be connected to administrative reform activities with necessary review and amendments made to outdated mechanisms, policies and procedures*’.

The Decree and supporting directives outline the actions and steps to be taken by local authorities in order to fulfil these goals. These define what to do and how to do it in practical terms, which includes work related to (i) the information to be provided to people by local authorities; (ii) issues for direct proposals and decisions by local people; (iii) issues for which consultation is required; and (iv) the supervision and inspection of works by local people. There has been a substantial amount of follow-up legislation to Decree No.29. The most detailed areas have been on: (i) the formulation of village and hamlet conventions and regulations, (ii) the mobilisation and utilization of local contributions; (iii) financial publicity; (iv) the implementation of the Decree through sectors and other state organisations; and (v) the procedures for state organisations for receiving citizens.

More recently, further attempts have been made to strengthen the links between the on-going Program on Public Administration Reform and local democracy movement. Resolution No.17 of the Party Central Committee from 2002 and subsequent Government decisions outline a set of clear objectives for the reform of the grassroots administrations in the period from 2002 to 2005:

1. *To clearly determine the functions and tasks of grassroots administrations, and to renovate and raise the efficiency of the People’s Councils and People’s Committees (including provisions on areas such as budget management, capital mobilization, personnel arrangements and management and taxation);*
2. *To build the contingent of, as well as regimes and policies for, grassroots cadres (including salary and incentive regimes for elected and appointed local officials, required qualifications and capacity building);*
3. *To assign the right to financial autonomy to the grassroots administrations and step by step to ensure material foundations in service of various bodies in the grassroots political systems (including provisions related to revenue collection, formulation of investment projects, telecommunications and administrative infrastructure);*
4. *To finalize the regulation on the exercise of local democracy and step by step to perfect the organisation of local communities (based on the principle of democratic centralism by promoting people’s rights with respect to direct and representative democracy);*
5. *To renew the superior authorities’ direction of the grassroots administrations (including the need to enhance direct working sessions with the grassroots and people, together with grassroots administrations settle people’s troubles, and organize the review of fine models of grassroots and people’s initiatives).*

‘On the basis of separation between the State management function and the business function, to reform the State agencies’ organisation, operational mechanisms and work regulations. To strongly decentralize powers within the administrative system coupled with raising the centrality and uniformity in promulgating institutions. To clearly define the responsibilities and powers of each level, organisation and individual. To hold high personal accountability and strictly apply reward and discipline... To separate public authority administrative agencies from public service delivery organisations. To encourage and support organisations that are non-profit and are working for the people’s needs and benefits; facilitate organisations carrying out public services under communities’ oversight such as environmental sanitation, maintenance of local order and security etc.’

The Program on Public Administration Reform clearly articulates the need to promote greater transparency and accountability by separating public and private functions and administrative agencies from service delivery agencies, while at the same time promoting community supervision and the involvement of local organisations. In order to understand how these horizontal and downward mechanisms of accountability come into play, and how effective they are, it is necessary to look at the ‘forums’ in which decisions are made and community development activities are guided at the local level. For example, there is a well-established role for the various ‘management board’ and ‘supervision board’ mechanisms, which are also used to guide and manage local development projects and activities (see Box 2.5).

2.4 The socialisation of services

A second approach emphasises the importance of social discipline and engagement. This is reflected in the policies on ‘socialisation’ (Xa hoi hoa) as applied to social and cultural policy, and the promotion of ‘cultural families’ and ‘cultural villages’ through which the government strives to achieve community development objectives (see Box 3.3). Socialisation is a multifaceted concept in Vietnamese that is not easily translated into English. To western ears, this concept tends to conjure up the idea of ‘the social orientation of the individual to become a good and productive citizen’. While this meaning is to some extent included in the Vietnamese conception – it also has broader meanings associated with the desired interactions between government, society and the individual. This is often overlooked by outside observers because government sponsored programs regulating ‘good behaviour’ and motivating social mobilisation sit particularly uncomfortably with western conceptions of individual liberty.

Socialisation in Vietnamese legislation is applied to education, healthcare, agricultural extension and cultural activities. As stated in a recent Resolution of the Government⁶ it includes dimensions of ‘*the diversification of actors*’ (including both organisations and individuals) and ‘*forms of activity*’, towards ‘*achieving social equity through development of the tradition of mutual assistance*’ through the ‘*contribution of each citizen to society according to the practical capability of each person and each locality*’. This Resolution clearly states, however, that the intention is ‘*not to lighten the responsibility of the State or alleviate the State budget*’ and emphasises that the level of mobilisation should be responsive to the various strata of the population who have different practical conditions and levels of income. At the same time, a number of recent studies have revealed that the high level of different types of financial and labour

⁶ Resolution No.90-CP (dated 21/8/1997) of the Government on the direction and policy of socialization of educational, medical and cultural activities

contributions expected of local people – to commune infrastructure, education and healthcare for instance, can place a heavy burden on poor rural communities and households.

Box 2.5 Commune board structures and integration at the local level

All Government, donor and NGO supported projects and programs in Vietnam operate through management structures and systems that, at the local level, include commune and/or village ‘management boards’, ‘development boards’ and/or ‘supervision boards’. Some donors have questioned the sustainability of such management arrangements. The concern is that they may represent ‘by-pass’ management systems that are not fully integrated with the local government administration or with existing local organisations, or that they suffer from weak accountability mechanisms, either to donors or to the local population.

However, such management and supervision board structures are an integral part of the local government system. In most communes there exist at least 10 or 15 boards. In one commune visited in Vinh Long Province for this study, the Commune People’s Committee Chairman remarked: *“I can’t even remember how many management boards I am on”*. Such boards include administrative boards for finance, land administration, police and militia, culture and information, religion and propaganda, hunger eradication and poverty reduction, infrastructure supervision, and even ‘green summer boards’ to manage voluntary work for university students. Some, such as the reconciliation boards are convened intermittently, while others such as the family planning board are more enduring and have more regular activities. Project management boards tend to last for the duration of the particular project.

An essential function of these boards is to bring the administrative, political, and associational parts of the system together around particular concerns, or the decisions and activities associated with particular projects and programs. They can be seen as the forum or mechanisms through which the vertical and horizontal mechanisms of decision-making and accountability are brought together. They are organised around socio-economic, political or cultural concerns and their sustainability depends on the perceived or actual importance of the concern, and the commitment of the leadership. Although the leadership varies according to function, the same staff are usually involved representing these different interests and sections of the local administration.

This suggests that sustainability, as far as donors are concerned, may not necessarily be a problem. Well-established mechanisms are generally in place to integrate project concerns at least at the level of the commune government administration. The weaker link appears to be between commune and village level. While the Village Heads are sometimes included on these boards, several studies have noted that there is often a bottleneck at this crucial link in the flow of information to and from rural communities.

2.5 Intermediation and negotiation in the local development process

In preceding sections we have touched on some important historical, social and political aspects of state-society relations in Vietnam that underlie the ways in which community development objectives are defined and achieved. The enduring importance of the village and village institutions has been highlighted, and it has been shown that the concepts of ‘participatory self-management’ and ‘socialisation’ have powerful meanings in the Vietnamese context with strong historical origins in Confucian social ethics. Even though these concepts are not spoken about on a day-to-day basis on the street, they play to people’s feelings about proper conduct that include moral beliefs about the sovereignty of the state and the responsibility of citizens to the state and the rest of society. This is a complex institutional context that depends on a strong state and

government system, a high level of organisation at the commune and village level, and good ‘checks and balances’ in order for the system to function effectively and equitably.

In a review of international experience, Evans (1996) identifies several factors and ingredients that appear to influence successful ‘synergy’ in development including: the importance of strategies that effectively span the public / private divide; the presence of coherent, dependable public administrative institutions; a favourable political regime, characterised by political competition that is constrained by mutually accepted ground rules; and a relatively egalitarian social structure. In these terms, Vietnamese society appears to offer fertile ground on which synergy can develop with well-integrated public institutions at the local level in a relatively egalitarian social context.

Effective and accountable provision of services, however, does not just depend on strong local institutions, as these are influenced by historical and socio-economic circumstances and the actions of individuals working in the system (Harriss 2002). As noted in the introductory chapter, difficulties in local governance in Vietnam are amplified in the areas populated by a diversity of ethnic groups, in areas with high in-migration, and in areas with rapid economic growth and development that is resulting in changes in asset ownership and increasing income inequalities.

Mediating organisations

The next theme we wish to introduce in this analysis is the role that is played by local organisations, leaders and officials in ‘mediating’ and ‘negotiating’ these interactions between the local government authorities and rural communities. This also necessitates looking at the ways in which things are decided and acted on at the local level – and it is at this point we can begin to develop links with project planning and implementation structures, processes and procedures. As Fritzen (2000) points out, there is no way to design projects so that local ownership over the development process will automatically occur. But there are approaches that can strengthen the influence of local organisations and individuals as well as creating grassroots demand.

Le Bach Duong *et al* (2001) identify several forms of mediating organisation in the Vietnam context including: (i) the mass associations (e.g. the Women’s Union, Youth Union and Farmer’s Union under the Fatherland Front); (ii) professional associations (many of which are under the Vietnam Union for Science and Technology Associations); (iii) community-based and service provision organisations (such as Water User Associations, Savings and Credit Groups and cooperatives); and social funds and charity funds. During the 1990s there was a proliferation of nationwide and local associations, although many of these can be considered as state affiliations.

The right for people to set up associations was established in the Law on Associations from 1957. This legislative framework has recently been updated in Decree No.88 that covers the organisation, operation and management of associations⁷. Associations prescribed by this decree are understood as: *‘voluntary organisations of citizens, organisations of Vietnamese with the same professions, the same hobbies, the same genders for the common purposes of gathering and uniting members, regular activities, non self-seeking, aiming to protect members’ legitimate rights and interests, to support one another for efficient activities, and contribute to the countries socio-economic development’*. In order to obtain registration, associations need to establish

⁷ Decree No.88/ND-CP (30/07/2003) of the Government providing for the organisation, operation and management of associations

canvassing boards, charters and a list of registered members. For instance, for associations operating within communes, there must be at least 10 signatures of eligible citizens and/or organisations voluntarily registering for participation in the association.

The embedded position and role of local leaders and officials

The importance of influential individuals, who have an enthusiasm for specific projects, in taking-up new policies and promoting new ideas and ways of working is widely recognised (Grindle and Thomas 1991; World Bank 1998). For innovative local development processes to succeed in having a long-term impact they must attract the attention of senior officials at central and local levels. The influence of such people is highlighted in several reviews and studies on participation and community development in Vietnam (Fritzen 2000 & 2001; MRDP 2001). Such individuals are often instrumental in taking initiative and seizing opportunities for adapting project initiated institutional arrangements so they are increasingly incorporated into the government system.

In Vietnam, district and commune leaders and officials are drawn almost exclusively from the localities in which they live and work, and in many cases also farm and conduct their own businesses. As community members they are responsible to the people of their home area on the one hand, and as Party members and representatives of government they are responsible for the implementation of state policies. They can therefore be understood as intermediaries who, rather than directly implementing state policy play an important role in negotiating it with local communities (Sikor & Dao Minh Truong 2001; Pham Quang Minh 2002). This is in contrast to some other countries where low-level bureaucrats are not posted to their home areas and are transferred regularly to avoid the possibility of developing close relationships of this kind. Such policies were often introduced in the colonial period, in order to enable a high degree of control over the lower levels of the administrative system (Harriss 2002).

Some people argue that the over-lapping roles of commune leaders and officials in Vietnam have negative implications for development. This is because local political influences and vested interests can easily influence the selection of projects, investment and procurement decisions, and the degree to which local people are either involved or excluded from these decisions. There is also a risk that the state will lose some of its ability to direct and regulate policy implementation on the ground. This also raises a paradox identified by Fritzen (2003) in the context of anti-corruption programmes, which is that the actors who may be the source of the problem (e.g. in terms of blocking efforts towards greater transparency and accountability) are also those most crucial to its success. On the other hand, one can equally argue that because these officials are so much a part of local society it is difficult to escape censure if they are seen to be performing poorly, and cannot easily ignore representations made to them by local people (Evans 1996).

In this respect, it is important to avoid making general conclusions or assumptions. There are documented cases in which a concentration of power in the hands of a small clique of commune officials and well-connected individuals who dominate associational life has excluded members of the community and undermined the interests of the poor. At the same time, there are many documented examples of situations where strong leadership has contributed to equitable developments. For instance, in a study on the experience of commune and village cadres in managing local development in the northern mountains (MRDP 2001), it was found that ‘trust’, ‘experience’, ‘knowledge’ and ‘integrity’ are frequently cited reasons for why individuals are selected and elected onto leadership and program management positions. This study also

highlights the crucial role that is often played by commune officials and Village Heads in developing networks and relationships outside the community that have positive economic benefits for the community.

2.6 Factors influencing implementation of local democracy on the ground

It is also necessary to look at how these roles are changing – since the administrative reform process and local democracy legislation are giving commune leaders and officials more responsibilities as well as greater executive powers. Tran Tri Thu Trang (2002) has studied the effects of the initiatives to promote local democracy on local politics in an ethnic minority commune in Hoa Binh Province. It was found that institutional mechanisms such as ‘village elections’, ‘village meetings’ and ‘complaint and grievance procedures’ in practice *‘contribute little to local democracy because they are trapped in the actual unequal power structures of the studied commune’*. The findings from this study suggest that these inequalities are the outcome of the greater concentration of power in commune executives resulting from *‘the decentralisation processes and the absence of checks and balance at the commune level’* as well as from *‘differentiated access to information at the commune and village level’*.

Elsewhere, in a study on the impact of the local democracy legislation on people’s participation in several communes in Tra Vinh, Lao Cai and Ha Tinh provinces (Oxfam GB & Institute of Economics 2003), it was found that there have been positive impacts on the quality and capacity of the local administrative and political apparatus, including: (i) the functions and jurisdiction of the government agencies and mass associations and their representatives are more clearly defined and there has been an improvement in attitudes and ways of working; (ii) the mass associations have been more active in sharing responsibilities with the government agencies, in supervision, and in coordinating social management in the villages; (iii) there has been a trend of increasing information provision and consultation with local communities on plans and decisions; (iv) there has been a positive impact on the more equitable distribution of resources for poverty reduction; and (v) the establishment of community-based ‘self-management groups’ has created an important basis for sustainable social development and internal settlement of problems.

This study found, however, that the participation of women, poor households, and ethnic minority households is often still limited (Oxfam GB & Institute of Economics *ibid.*). The study concludes that there are still many constraints related to publicity and transparency – and that these are largely due to the limited capacity of local leaders and officials, and the need for more attention to the mechanisms for actually implementing the legislation on the ground. This is especially in remote communes and villages, and in ethnic minority areas, where the conventional means such as public posting at commune offices, television, loudspeaker broadcast announcements, village meetings etc are either less effective or more difficult to organise.

For local leaders and officials, decentralization can bring added pressures and competing demands. As indicated in previous sections, they operate in a complex institutional environment that involves maintaining vertical and horizontal planning linkages and mechanisms of accountability. The legislation on local democracy enhances the dimension of ‘downward’ accountability to local people. While at the same time the ongoing administrative reforms are placing new tasks and responsibilities on this level. In addition, commune officials are expected to play a greater role in supervising the performance and activities of external agencies, such as contractors responsible for the construction of rural infrastructure (for example, through the Commune Supervision Boards).

This is, in practice, an exceedingly difficult role for commune and village leaders to play, and it needs to be questioned whether the resources are in place to equip them with the skills and incentives to fulfill these expectations. The local democracy legislation outlines a range of consultative mechanisms, but only village meetings are specified with a relatively clear procedure, while the procedures for other means (e.g. voting, ballots, public poll cards, questionnaires) are not specified. Commune officials receive periodic training, and are updated through their regular interactions with the district. But there are very limited opportunities for the Village Heads to improve their management skills, apart from occasional training courses organised in the commune by sector services, and in places where donor or NGO projects are operating that include training activities. A situation exists today whereby the village leadership is re-emerging as an essential link between local authorities and services and rural households in a period of rapid transformation of the economy. They are being expected to take on enhanced roles and functions while there are still very limited opportunities to gain the necessary skills to undertake this work.

3. Rural livelihoods and local institutional change processes

In this chapter we examine some of the ways in which local organisations and institutions have been evolving in recent years in response to the rapid changes and developments in the rural economy and household livelihood systems, and in response to the broader socio-economic reform process. This includes how rural communities and producers have organised themselves around emerging market and employment opportunities, to changes in service supply structures and systems and increasing private sector activity, and in response to new land management policies. Dynamic processes of local institutional change have been underway in all parts of the country, and it is necessary to appreciate the diverse nature of these changes in order to understand how the activities promoted by community development projects are integrated at the local level.

This is a vast topic, and it is not possible for us to fully explore these linkages between household livelihoods and institutional change in a few pages. Rather, we highlight several issues that appear to be particularly important in determining outcomes in community driven development, and which need to be taken into account in the design and approach taken in future programs. We also continue to explore the underlying themes introduced in the previous chapter of the ‘integration’ of policies and services with village institutions and organisational development processes, and the ‘self-management’ of local communities. These sets of issues are as follows:

- Changes in service management institutions in the post-cooperative era and the legality of community-based organisations;
- Institutional responses to environmental and social issues that have resulted from rapid agriculture development and intensification in some regions of the country;
- How are new policies on land are accommodated within traditional institutions with respect to the linkages between household livelihoods and community management of natural resources;
- Patterns of change in traditional village industries and the potential for supporting village industries and small-scale rural business development activities in the future;
- The increasing importance of labour migration in household livelihood strategies in many rural areas and the implications for community development;
- The ‘catalytic’ role played by farmer groups and organisations in assisting producers and local communities to cope with change and take advantage of new opportunities;
- How to build ‘synergy’ in the delivery and integration of services at community level to support sustainable livelihood development.

The macro-economic and micro-economic reforms of the 1980s in Vietnam paved the way for the dramatic increases in agricultural productivity and the reductions in rural poverty that took place during the 1990s. These included the progressive shift away from the former collective means of production to the ‘contract-output’ systems that prevailed during the 1980s, and the subsequent land reform measures of the late 1980s and that sanctioned the allocation of agriculture and forest land to individual households and other production sectors for long-term use. The macro-economic reforms initiated in 1987 liberalized internal trade by introducing market prices for non-essential commodities, and abolishing the rationing system and price regulated systems for purchasing rice and other agricultural commodities. These reforms stimulated demand as well as

supply side factors, promoted the freer circulation of goods, and began to encourage higher levels of internal and foreign investment.

The impressive reductions in rural poverty in Vietnam during the 1990s were achieved, in large part, through the improvements in basic crop production and household food security, combined with a diversification of livestock production that was a key for opening up the cash economy for many small rural producers (VDR 1999). The growth in export markets for food and commodity crops has fuelled sustained growth in the agriculture sector as a whole during this period, and has been particularly important in some regions of the country such as the Mekong Delta and in areas experiencing rapid development of aquaculture industries. However, it was primarily the growth in internal consumption markets resulting from increased spending power in province and district urban centres and cities that stimulated local agricultural production and the widespread reductions in rural poverty. While the agrarian policy reforms of this period have been important, the impact of other factors such as technology development, the rapid development of mass media and increasing access to new sources of information, and social and environmental change has also been significant (Sikor 2001).

3.1 Changes in service management institutions in the post cooperative era

A significant outcome of reforms of the late-1980s was the rapidity with which a series of more-or-less spontaneous and inter-linked changes took place in the structure of the local economy and in the administration of services (in particular, in the grassroots healthcare system, in irrigation management and agriculture extension). The land allocation process brought about profound changes in the institutional relationships between households and service providers, since it put farmers in a totally new situation with respect to the types of information, material and technical support they required. Whereas beforehand planners and service providers interacted through the cooperative and brigade structures, the new situation demanded deeper more responsive service networks that would meet the needs of individual households and producers. The 1990s were an active period in which the local government authorities sought to find and promote new institutional arrangements, combined with which the private and non-formal sectors became rapidly more involved in service provision in many sectors.

These points are particularly well illustrated in irrigation. Evidence suggests that some villages and communes have been more able than others to adapt water management systems and regulations in the post-cooperative period. As described by Le Bach Duong *et al* (2000), following the demise of the cooperatives, smaller scale irrigation systems were generally handed over to the Commune Peoples Committees for management and fee collection. And in many places ‘village irrigation teams’ were set up under the Village Heads to manage the schemes. However, it soon became apparent that it was necessary to strengthen local irrigation management systems and institutions. There has been a trend in some parts of the country for these irrigation teams to evolve into more formal organisations such as Water User Associations (WUAs), Groups or Cooperatives. These efforts to decentralize irrigation management to community-based organisations have been pushed ahead much more quickly in some provinces than in others. The example is given of Tuyen Quang Province where the decision was taken in 1996 to dissolve the Province Irrigation Management Company and transfer irrigation systems previously managed by cooperatives to Water User Associations (see Box 3.1).

Box 3.1 Handing over irrigation systems to Water User Associations in Tuyen Quang*Source: Le Bach Duong et al (2000)*

Before 1996, the Provincial Irrigation Management Company ran 152 medium-sized irrigation systems irrigating 3,800ha. Small irrigation systems (around 1,370 schemes) were operated by state owned cooperatives. The water fee rate was 200kg rice/ha/year as prescribed by the Government, but the total collected was enough only to pay for the salaries of IMC management staff, leaving no funds for maintenance of the irrigation systems. The consequence was that the schemes were seriously deteriorating. In 1996 the Province People's Committee adopted Decision No.142/QD-UB that decided: to dissolve the Provincial Irrigation Management Company; to transfer all irrigation systems run by state management companies and cooperatives to Water User Associations; to set up Irrigation Management Boards and WUAs, giving them the right of use of the irrigation systems; and to increase the water fee rates from 200 kg rice/year to 750kg/year. After 5 years of irrigation management under this system, Tuyen Quang Province has become a good example for Participatory Irrigation Management:

- All 1,368 irrigation systems have been transferred to WUAs or other owners;
- The irrigated area has increased from 22,000 ha/year to 27,000 ha/year;
- Collected water fees have increased from 750 tonnes in 1996, to 3,200 tonnes in 1998, to 5,800 tonnes in 2000;
- 20% of the collected water fees were spent on management and 80% for maintenance, meaning that the schemes are being upgraded;
- In addition to maintenance, 600 km of main canal have been lined;
- Crop yield has doubled in some areas, and farmer's incomes have increased.

The legal basis for Participatory Irrigation Management

National legislation (including the Law on Cooperatives from 1996, the Law on Water Resources from 1999, and Government Decrees on the protection and management of irrigation systems) provides an overall framework for the management of irrigation systems by community-based organisations. Participatory Irrigation Management (PIM) approaches have also been introduced by a large number of donor and INGO supported projects in different parts of the country, with both successes and failures. In general, however, many localities have not been active in providing location specific guidelines and have not allocated sufficient resources to support the widespread adoption of PIM approaches (Hoang Xuan Thanh & Ha Luong Thuan (2002).

Le Bach Duong *et al* (ibid) suggest that the Government's policy on extending ownership of services that were formerly managed by the state has been hindered by inadequate mechanisms for the transfer of these responsibilities to the people and grassroots organisations:

'Being community-based and service provision organisations, WUAs can play an increasingly important role in community development. The social capital created by the WUAs as a grassroots community organisation which complements the public and market capitals, seems to be neglected in the community development activities in the past, and therefore needs to be revitalised... However, the existing regulations have not yet provided a 'legal corridor' for various institutions and organisations to implement the policy on socialising services in rural water supply. The slow penetration of WUAs in

irrigation management is due to the lack of legislation, by-laws and mechanisms for transferring the state owned irrigation infrastructure to WUAs.’

This issue of the legal status of community-based organisations to manage resources, services and infrastructure does not only arise in the irrigation sector. As will be shown in following sections of this report, it also applies in community forest management, commune sub-contracting arrangements, and in the management of commune and village development budgets under donor supported projects and programs. At the same time, individual provinces are able to enact decisions that enable these types of arrangements within the existing legal framework, such as Tuyen Quang Province that did not wait for the promulgation of more specific national policies.

As noted in a review of PIM activities supported in two provinces by Oxfam GB (Hoang Xuan Thanh & Ha Luong Thuan (ibid), if farmers are allowed to participate in the construction or upgrading of irrigation works from the beginning, if they are provided with effective training and detailed instruction manuals and are assisted by technical staff, they will be highly effective in supervising construction work. The PIM model comes with recognized benefits, but there are a number of potentially negative impacts associated with fee collection and management costs, and operations and maintenance (see Box 3.2).

Box 3.2 PIM's potential impacts from farmers' perspective <i>Source: Hoang Xuan Thanh & Ha Luong Thuan (2002)</i>	
Positive impacts	Potentially negative impacts
<ul style="list-style-type: none"> • Ownership of the irrigation constructions. • Transparent decision-making process, and contribution to decision making. • Improved irrigation services. • Better access for people responsible for irrigation. • Better maintenance and repair. • Increased sense of community and equality. • Fewer disputes among water users. • Increased productivity and number of crops, use of new seeds, diversification. • Suitable water usage and water savings. 	<ul style="list-style-type: none"> • Higher irrigation fees and other contributions. • In some cases ineffective Water User Association operations, dependence on local authorities. • Depends on enthusiasm and effectiveness of people responsible for irrigation. • Irrigation management costs and wages for managers too high. • Irrigation fees not enough to cover O&M and upgrading. • Less support from Government in case of natural disasters. • Uncertainty of getting Government support for rehabilitation and upgrading after scheme is handed over. • Upstream households have no benefits. • WUAs unable to solve some disputes due to lack of legal status. • Dependence on external varieties and greater use of fertilizers and pesticides.

3.2 Agriculture intensification and environmental management

New sets of environmental and social issues and concerns have arisen in areas subject to rapid agricultural development. This is clearly illustrated by development trends in the Mekong Delta, where the dramatic intensification and commercialisation of agriculture over the last 15 years has gone hand in hand with increasing pressure on resources and environmental problems. Many of these issues revolve around water use and management, for domestic supply and sanitation, irrigation and aquaculture development, and pollution control. Strengthened policies for

community management of these resources are being introduced into older organisational and institutional contexts in an attempt to deal with these issues.

The period of collective land management in the Mekong Delta was relatively short, in many places only for 2 or 3 years, and was not deeply embedded. In this period, and in former times, irrigation works were underdeveloped and crop cultivation practices adopted traditional methods and varieties. Fertiliser and pesticide use was low, and despite low awareness of the issues, environmental pollution was minimal. Following land re-allocation to the original private owners and the trade reforms of the late-1980s, there was a rapid intensification of agricultural production. This began with rice production, through the introduction of new techniques and short-duration and high-yielding varieties that was supported by a strong research effort. The cultivated surface area, number of crops per year, and overall productivity increased rapidly which led to the emergence of Vietnam as a major rice exporter by the mid-1990s.

This was combined with a diversification of commercial livestock production, in particular the explosive growth in coastal and riverine aquaculture that took place in the second half of the 1990s. This growth has centred on the development of ‘economic farms’ that often integrate livestock and horticulture production (commercial fruit tree and vegetable production). The role of private services is strong in the economic farm sector, whereby private retailers and enterprises are linking the government extension system and material supply companies to rural producers. As noted by Oxfam (2002) with respect to the role of private shrimp service businesses in Tra Vinh Province: *‘These businesses are both friends to local producers (by providing fry and shrimp food on deferred payment, and purchasing shrimp in a business-like manner and even with higher prices than those offered by the Provincial fish processing enterprise), and the target of local peoples complaints (quality of fry and shrimp feed and price suppression)’*.

Agricultural diversification has had positive impacts, but it has come with severe environmental challenges as communities are confronted with increasing quantities of farm and household waste and agricultural chemical residues, and increasing demand on water resources. Growth in the human population has gone hand-in-hand with increasing differentiation between better-off households that have been able to build on these opportunities, and others that have fallen behind (as evidenced in the increasing landlessness in some parts of the delta). Environmental and social issues are therefore inextricably linked in the community management of natural resources.

There have been a variety of institutional responses to this situation. The province authorities in Tra Vinh and Vinh Long, for instance, have intervened with a range of policies designed to raise social awareness and action on the environment, strengthening the regulatory framework, and supporting local organisations in tackling these issues. These measures include:

- Increasing regulation of service and material supply (e.g. quality control of bio-chemicals used in aquaculture and crop production) and marketing systems (e.g. concentration of slaughter houses in areas with adequate waste treatment) by province and district authorities.
- Strengthening ‘self-management groups’ that are based on older forms of association around settlement, whereby groups of households living in close proximity need to cooperate on water management and sanitation. The mass associations are active in supporting these groups.

- Instituting sets of village conventions that reinforce cultural behaviour of the self-management groups (see Box 3.3). Specific conventions have also been established in some areas including stipulations and prohibitions on: the need for animal raising in pens; removing all animal pens from river and canal sides; fluid waste from animal pens to be kept in isolated ponds; restricting the use of ‘helicopter latrines’ over fishponds and promoting the construction of improved sanitation facilities; prohibiting the disposal of dead animals in rivers and canals.
- Supporting the formation of local extension organisations (such as Extension Clubs and Farmer Field Schools) to introduce technologies and practices aimed at better environmental management such as Biogas and Integrated Pest Management (IPM).

Box 3.3 Standards for building the family with cultural life in Vinh Long Province

The movement is initiated by Central Committee of Vietnam Fatherland Front and concretised by Directive No.1 of Vinh Long Provincial Standing Committee of the Party. The objectives of the movement on ‘all people are united to build cultural life’ are as follows: (i) the movement aims at involving people in building a new way of life in families and residential units, and increasing people’s self-consciousness to fulfil responsibilities and obligations of citizenship; (ii) the movement calls for people to bring into full play democracy and to implement well the resolutions of Party and plans of local government for the benefit of each person, each family and society with the aim of achieving a prosperous people, powerful country and equal and civilized society. The guidelines specify that each family should aim to achieve a set of ‘standards’ and ‘results’ according to which they can give marks to themselves on a monthly basis. The head of the ‘self-management group’ invites family representatives for a quarterly meeting to discuss these. And an annual meeting is organised by the self-management group and ‘village mobilisation board’ to calculate the marks and recognise cultural families. These standards relate to having a stable and growing economic life, a healthy and rich cultural life, a clean and safe environment, implementing well Party guidelines and Government policies and laws, and building a strong and clean political system:

- | | |
|--|--|
| • All family members live in a harmonious way | • No family members commit social evils |
| • Husband and wife are faithful | • Ensure clean water use and sanitation and environmental hygiene |
| • Grand parents and parents are good examples | • Each married couple has only one to two children |
| • Children and grand children are pious | • Children are taken good care of in nutrition, health and education |
| • Have good relations with the neighbourhood. | • Children’s schooling is ensured (at least to primary and lower secondary school) |
| • All labourers in the family are diligent | • Each family member participates in at least one mass association. |
| • Be progressive in wealth generation (overcoming poverty and becoming better-off) | |
| • Be active in giving assistance to others | |
| • Willing to pay material and labour contributions to public works | |
| • Fulfill responsibilities and obligations of citizenship | |

3.3 Integration of land management policies with local institutions

The examples given above raise the important question of how national policies on land and natural resource management are interpreted and applied at the local level. This is an important dimension of contemporary change in local institutions that is particularly significant in the Vietnam context. The pragmatic interpretation of national policies by local government

authorities, and informal modification at the commune and village levels by local cadres is crucial in determining the outcomes of rural development programs.

For instance, in a study undertaken by Sikor and Dao Minh Truong (2000), some surprising trends were found in several Black Thai villages in the northern mountains during the 1990s with respect to the interpretation and local adaptation of the policies on land allocation. Villagers were able to balance an improvement in crop production and in living standards, with fairly equitable distribution of land resources and benefits between households, while at the same time forest cover increased. These achievements appear to be attributed to the ability of village institutions to accommodate state policy within the framework of their own priorities and communal land management practices. This study emphasizes that this has been a ‘negotiated’ process:

‘Land allocation in the villages has demonstrated the benefits of negotiation between outsiders and communities. The district demarcated village boundaries, thus strengthening the security of village tenure and improving conditions for better management of the uplands. Village-based land use planning provided an avenue for negotiation between district and communities about the classification of land into agriculture and forestry land. Land allocation, however, interfered little with the distribution of land within villages. Households and villages could continue to negotiate individual and collective rights over land in a flexible way. Land allocation thus serves as an example of a negotiation process that produced the desired outcome – tenure security – on the basis of existing village institutions.’

This study suggests that policy outcomes on the ground depend on the strength of village institutions, the extent to which policy objectives overlap with community interests, and the responsiveness of the local government authorities. In places with strong village institutions and responsive local authorities (such as in these Black Thai villages) policy outcomes can be quite different from the overall national policy. The study suggests that in places where village institutions are weak and local government authorities are far removed from the villages, policy outcomes may resemble the national guidelines to a greater extent.

Recent studies on community forestry in Vietnam, and pilot work undertaken by a number of donor-supported projects, have highlighted the importance of linking household land allocation processes to the communal management of forest resources (Community Forestry Working Group 2000; Pham Xuan Phuong 2001). In many upland communities, for instance, it has been found that while villagers are interested in individual land allocation for more valuable forest resources and forest land closer to settlement areas, communal forms of management (by hamlets or forest protection groups) are often preferred for less valuable and more remote forest areas. However, community management of forest resources has previously been constrained by the regulatory framework, whereby villages and user-groups have not had the legal right to be allocated land.

In this respect, it is notable that the recent revision to the Land Law passed by the National Assembly in 2003 makes greater provision for communal management of resources. According to *Article 9* of the revised Land Law⁸: ‘*Population communities, including communities of Vietnamese living in the same villages, hamlets or similar population quarters having the same customs and practices or the same descents...*’ are included as land users defined by the law. This

⁸ Order No.23/L-CTN (10/12/2003) of the President on Promulgation of the Land Law

change in the legislation is significant because it implicitly recognizes the existence of village institutions and the traditional land tenure and forest management systems of ethnic minority groups. This should greatly facilitate the development of locally adapted land management practices in the future that link household land allocation and livelihood development to community-based natural resource management systems in the uplands.

3.4 Rural industries in transition

Traditional craft villages and production villages have long been an important unit in the rural economy in Vietnam, associated with particular natural resource endowments, artisanal skills and economies of scale built up in an area. These village industries (*lang nghe*) were traditionally strongest in the northern delta and midland regions surrounding the capital. They include agro-enterprises for the production of specialised crop and livestock products and processed food products, raw materials for construction and other industries, and handicraft industries. Historically, rural producers and suppliers in many sectors were strongly linked to urban processing and retailing guilds. As indicated in the previous chapter, these village industries formed an inseparable part of the social and economic structure and identity of the traditional village. The concept of the ‘industrial’ or ‘professional’ village is still actively used today, however, at this point in time many of these traditional industries are going through a period of transition.

Over the last decade there has been a proliferation of household and small-scale enterprises, concentrated in urban and more accessible rural areas, which have accounted for a significant proportion of the growth in GDP. Following promulgation of the Enterprise Law in 1999, around 75,000 existing and new enterprises have been formally registered, bringing the total number of household businesses nationwide to 2.5 million (MPI 2003). It is estimated that the share of total investment nationwide made by household businesses has increased from 19.5% in 2000 to 25.3% in 2002, and that private companies and household businesses have created nearly 2 million jobs over the last four years. This growth in the private and household business sector has major implications for the demand on and provision of services, how service supply and marketing networks operate, as well as on employment. Evidence suggests that a majority of household and small-scale enterprises employ less than 15 people, and that they are strongly bounded in terms of recruiting through social and family networks.

A majority of these newly registered household and small-scale enterprises are in urban and peri-urban areas. This does not mean that a vibrant small-scale private sector does not exist in the remoter rural areas, but that it is still largely non-formal and of a lower order. Evidence suggests that while some traditional industries have seen a marked decline in the demand for their products (for instance, traditional building materials have been widely replaced by favoured modern construction materials) other production villages are actively seeking out new internal and export market opportunities. Three examples of declining and successfully adapting rural industries are given in Annex 4, which reveal the high cultural value that is still placed on the relationships between community knowledge and skills and household economic initiative.

In terms of Community Driven Development programs, there is evidently huge potential for supporting the development of village industries and agro-enterprises in the future. This receives high priority in the Government’s *Comprehensive Poverty Reduction and Growth Strategy*. This is a sector, however, in which inadequate research and development has been undertaken in Vietnam. Experience can be drawn from China, where local authorities have sought to build on the

comparative advantages of locality in the development of Township and Village Industries (TVEs) since the 1970s, which have made a significant contribution to the rapid growth in the rural economy in recent years (Sachs & Wing Thye Wo 2001). This is also taking place in some poorer mountainous regions of China, whereby traditional handicraft industries have gradually formed into specialized production bases involving self-employed businesses and small-goods markets around these production bases.

Small-scale enterprise development in the uplands

In particular, there is a lack of understanding about the current status and development potential of agro-enterprises and private sector service suppliers in the more remote rural areas and in the uplands. There are also few models to draw on with respect to how development projects and programs may promote these areas. Some experience has come from the *Vietnam Sweden Mountain Rural Development Program* that supported a number of small-scale business development ventures in the northern mountains. This suggests that it is not only necessary to adopt good business practice in assessing market demand and financial viability before investments are made. In supporting such ventures in upland areas attention has to be given to actively linking producers with external markets, in building up market understanding and managerial skills, and in ensuring the sustainability of these institutional linkages. This implies a broad approach that encompasses all aspects of the production, processing and marketing cycle:

- Careful identification of ‘niche’ products with potential high market value
- Ensuring that the primary crop is suited to local agricultural conditions, skills and traditions
- Investigation into the sustainability of the primary production and resource base
- Assessment of external demand and market outlets
- Actively linking producers to markets which were not available to producers before
- Assisting in negotiating and formalizing agreements
- Technical, managerial and financial management training for producer groups
- Support provision to producers of technical and market information
- Provision of loans on suitable terms
- Developing a strategy for reducing dependency on donor funding to ensure sustainability.

Household interactions in enterprise clusters

In examining the way in which the village industries and agro-enterprises operate, and their potential for growth and employment generation in the future, it is necessary to look at the relations between different categories of households in terms of production, processing, service and marketing linkages and labour flows. In a study on ‘agro-enterprise clusters’ on the outskirts of Hanoi, Peters *et al* (2002) recognize that given the strong and universal preference for individual household activity, rather than cooperative production or commercial arrangements, it is important to understand how this attitude has shaped the development of the enterprise clusters, and the scope for enhanced inter-household cooperation in the future to build economies of scale and overcome constraints in the production and marketing systems.

Figure 3.1 illustrates these relationships in Lang Ha Village in Ha Tay Province that is involved in the lacquer craft industry. In this village of several hundred households there are two households that have formally registered as enterprises. These enterprises and other households involved in

the different stages of craft production draw on labour and ancillary services from other households. Labour from outside the village is also critical in sustaining the industry. Similarly complex relations exist in agro-enterprise clusters between households involved in primary production (of raw materials), traders, households involved in different categories of processing, and ancillary services (Table 3.1).

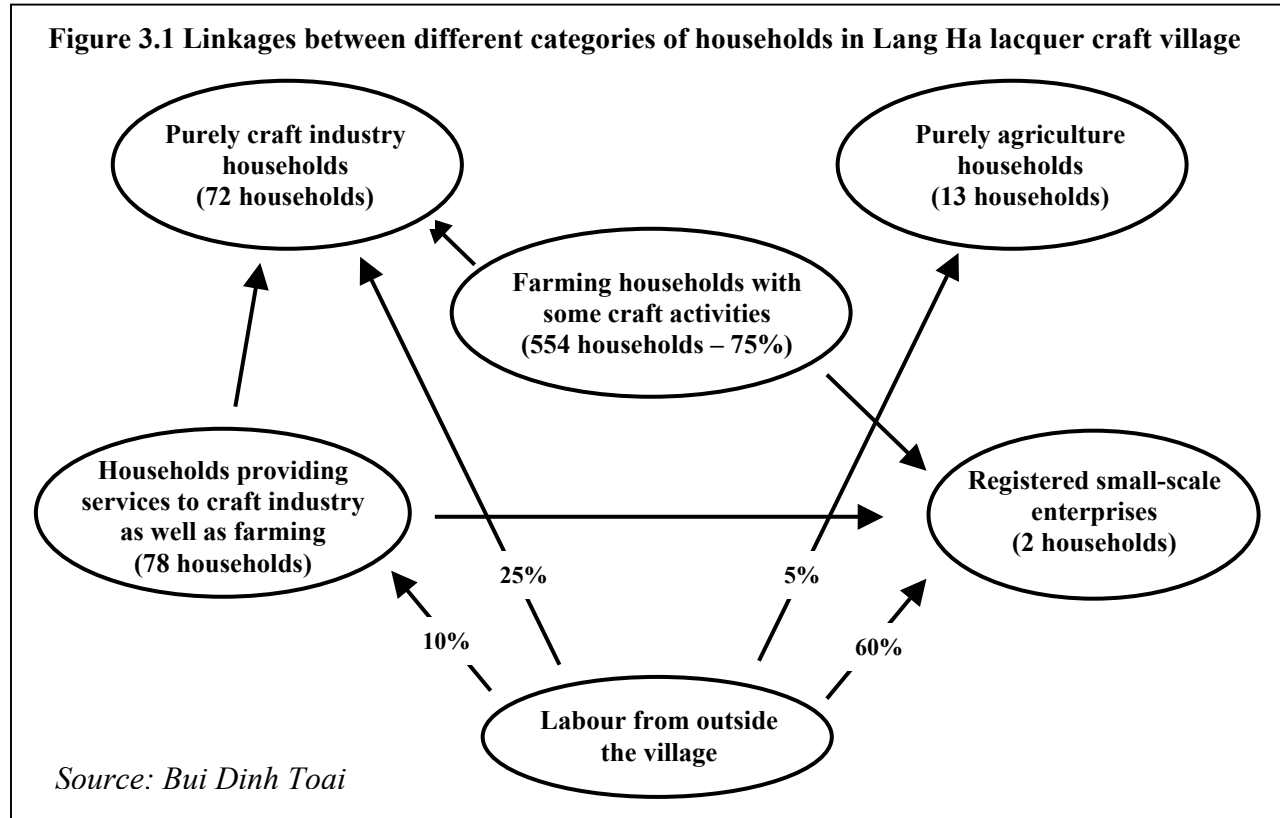


Table 3.1 Frequency of different household enterprises in Dong Lieu

Source: Peters et al (2002)

Household Activity	No. HH	Household Activity	No. HH
Cassava starch processing	630	Processing solid waste trade	11
Canna starch processing	141	Cassava/canna root trade	33
Cassava starch filtering	311	Rice production for maltose	3
Cassava root grating (service)	59	Agricultural labour for hire	201
Canna waste drying for sale	209	Industrial labour for hire	91
Canna waste filtering	32	Green bean processing	15
Maltose production	146	Mushroom production	12
Canna noodle production	65	Pig raising	1409
Sugar processing	2	Alcohol production	21
Rice noodle production	86	Tile cutting	2
Candy production	32	Drying cassava waste (fuel)	432
Tofu production	8	Others (including services)	847
Total number of households: 2193			

3.5 Labour migration and community development

The importance of labour migration as a factor in national socio-economic development and in the livelihood strategies of rural households in Vietnam is increasingly recognised. Based on the 1999 census data, Dang Nguyen Anh (2003a) estimates that between 1994 and 1999 around 4.35 million people (around 5% of the population) moved location, but this figure underestimates the ‘floating population’ of seasonal and temporary labour migration. The VHLSS data from 2003 further indicates that the proportion of rural people over 15 years old who work mainly on their own farm dropped from 64% in 1998 to 47% in 2003 which suggests a fairly rapid development in off-farm employment either locally or through labour migration (VDR 2003). Dang Nguyen Anh (ibid) states that this situation presents a complex set of processes to challenge policy formulation. Recent research has concentrated on the situation of labour migrants in urban areas in terms of their registration status and rights of access to social services. The backward linkages and implications for community development in the source areas – that may be both positive and negative – are less well understood.

In many respects, migration patterns in Vietnam need to be viewed as a collective endeavour as well as being an individual or household livelihood strategy. Historical patterns of planned and spontaneous resettlement have often been through groups of households or entire communities moving together, and community-based social networks between the places of origin and resettlement influence inter-provincial migration (Dang Nguyen Anh ibid). The historical patterns of resettlement over recent decades are complex. For instance, in the Northern Mountain Region these have included: (i) organised relocation of people from the Red River Delta provinces to New Economic Zones in the northern mountains; (ii) organised relocation of people to work under the State Forest and Agricultural Enterprises in the northern mountains; (iii) encouragement of government officials to relocate and work in the mountain areas; (iv) spontaneous resettlement of predominantly ethnic minority households and villages within the region; (v) movement of households from the border communes and districts during the period of conflict with China in the late 1970s; (vi) spontaneous and supported relocation of households and villages from the Northern Mountain Region to the Central Highlands; and (vii) resettlement of households and communities from major infrastructure works.

As noted by Dang Nguyen Anh (2003b), labour migration patterns also need to be viewed in terms of how extended families allocate their labour resources over dispersed locations to maximize their opportunities:

‘Through migration, family members pool and share their incomes. In this way, the flow of remittances is not a random by-product of individual migration... Strong ties with family, extended kin and friends often underpin migrant networks. At the same time, in Vietnam family ties and the kinship system are important institutions of social exchange and a lifelong source of dependence, assistance and obligations; as such, they play a key role in migration, and the contribution of migration to livelihoods’.

There is evidence to suggest that some rural communities actively organize themselves around seasonal or temporary labour migration to urban areas. An interesting example of how people from a Dao ethnic minority village from Yen Bai Province in the northern mountains have made

use of labour opportunities on the outskirts of Ho Chi Minh City is given in Box 3.4. Inadequate research has been done on how rural communities are adapting to increasing levels of out-migration, but it is likely that this type of arrangement is quite widespread.

Box 3.4 Labour migration from a remote Dao ethnic minority village in Yen Bai

Source: Vo Thanh Son (personnal communication)

The search for off-farm labour in Dong Hao village has led many of its young people to seek work in factories as far away as Ho Chi Minh City. The first household that sent their son to work in the south in 1998 had a distant relative living there. On his holiday back to the village, he informed his friends and villagers of the good income and the living conditions there. Several youngsters followed him to Ho Chi Minh City. These young people usually work in garment factories in the Export Processing Zones. They pay for the training course on basic sewing techniques with their own money and, once accepted as workers in the factories, their average salary is VND 800,000 (equivalent to USD 50) per month. On average, each of them can save from VND 300,000 to 600,000 per month. They say it is much more than what they can get from planting rice at home.

They rent and share accommodation and have formed a small community of people coming from the same village or commune there. Some couples have formed a family and have their parents or younger brother and sister coming to help them in taking care of the children while they are at work. The parents and younger brothers and sisters may take turns to go back to the village to take care of the crops at home. Each time they make the trip back to Ho Chi Minh City, they accompany some more young people. They informed each other informally about the opportunities and help the newcomers to settle down in the new environment.

Dang Nguyen Anh (ibid) suggests that in addition to integrating migration issues and awareness more fully into the poverty alleviation strategies of the Government, there is a particular need to fill gaps in understanding on how remittances are, or can be used, for spurring economic development. On the other hand, increasing labour migration will alter the age-labour profile of rural households and communities in different possible directions. For instance, while the movement of young female labourers to urban and peri-urban industries from lowland provinces is quite high, from more remote provinces it is likely to be predominantly male labour migration. Such factors have implications for education and agriculture extension policies and strategies. The potential for better-educated young people from remote upland communities to move away from these areas is also an obvious cause for concern, with implications for future leadership in these remote communes. As an increasingly important factor influencing household and community decisions on how to manage their available resources, taking account of labour migration in community driven development initiatives therefore appears to be particularly important.

3.6 Building synergy in services to support livelihoods

A critical question with respect to service provision in the context of Community Driven Development is – how do different services fit together at community level to provide maximum benefits for local people? The Government places high priority on improving the complementarity between services and service agencies. For instance, the *Program on Hunger Eradication, Poverty Reduction and Job Creation* aims to coordinate and target extension, credit, training and healthcare components on poor groups. The need for diversified forms of public and private service delivery is highlighted in the *Program on Public Administration Reform* and in the CPRGS. And there is a well-established role in many government and donor programs for the

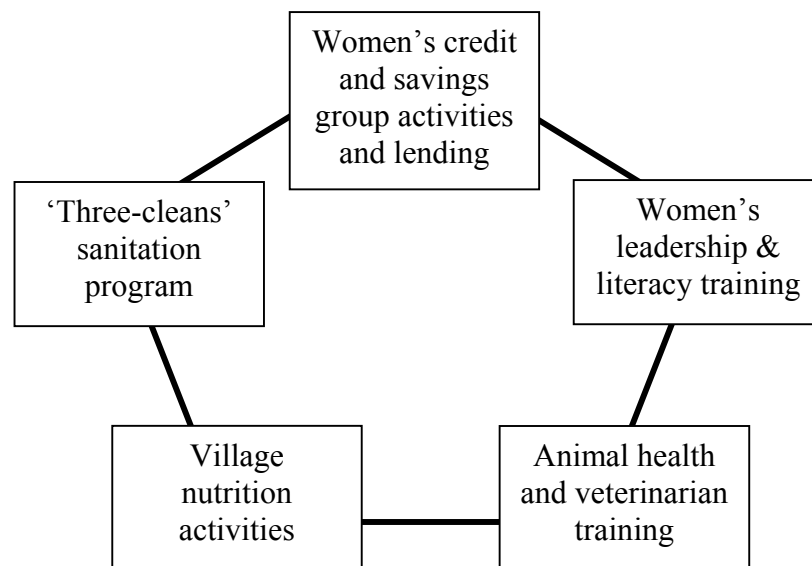
mass associations to act as intermediaries and to help integrate service provision at community level (for instance, in primary healthcare, family planning, and savings and credit programs).

Although service agencies may target the same groups of people, they often do not collaborate effectively to ensure that the support has the maximum impact on the intended beneficiaries (Casely 2000). This is particularly the case in the more remote rural areas, where service capability and capacity are currently weakest. Building stronger synergies in service provision in these areas implies a number of things:

- Identifying the most important areas of linkage that are likely to have the greatest benefit and impact on livelihoods in any particular area or socio-economic context;
- Looking at how the content of these services – including the delivery mechanisms and the sequence of delivery – can be made to complement each other more effectively;
- Developing stronger collaborative relationships between different agencies, including public and private sector service providers and various intermediary organisations;
- At community level, building the capacity of local organisations and individuals to receive and integrate these services in an effective way.

Useful models are available on how this can be done. One is the Integrated Poverty Alleviation Model (IPAM) that was developed out of the experience of the UNICEF/CEMMA Ethnic Minority Development Project in Lai Chau Province (UNICEF 2000). IPAM consists of five inter-linked areas of activity at community level (see Figure 3.2 and Annex 5). The rationale for bringing these particular components together is because of the predominance of first-time loan utilization by poor rural households for small livestock production; the need to increase the ability for ethnic minority women to access and manage loans from the bank; the need to ensure the survival and good health of livestock and hence returns on the household investments; and to link these aspects to household nutrition, healthcare, sanitation and water use.

Figure 3.2 Components of the Integrated Poverty Alleviation Model



Under this model women's savings and credit groups serve as the vehicle for the integration of these services at community level. For this, a step-by-step and inter-linked sequence of training is considered essential for the groups as well as for key individuals (group leaders, village veterinarians, mid-wives, village healthcare workers). This approach differs from other socio-economic development models tried in upland areas because it depends on building stronger partnerships between different agencies (in this case the Women's Union, the Bank for the Poor, the District agriculture extension and veterinary services, and the Commune Health Centre).

An evaluation of this model in Lai Chau Province reported a significant improvement in livelihoods of the households involved and improved access to services (Casely 2000). It provided opportunities for women to overcome their social and cultural isolation and take a more visible role in the governance of their communes. It also had a significant impact on the capacity of commune, district and provincial Womens Union and bank staff to provide new knowledge and loans to ethnic minority women living in remote areas. A prerequisite for this type of collaborative arrangement, however, is to have the necessary budgetary flexibility. While this project was designed to fit within government organisational structures and funding capacities, and relies on making the most use of existing human resources and expertise, greater leeway in budgetary mechanisms and allocations is necessary to facilitate these types of linkage.

3.7 The catalytic role of farmer organisations

In recent years, many donor and NGO projects have been supporting 'local organisational development' processes – out of which have emerged a wide range of more or less formal organisations such as farmer extension groups, village management groups, farmer field schools, savings and credit groups, and irrigation management and water user groups etc. The Government extension system also has a widespread program of supporting farmer extension clubs, and the Law on Cooperatives from 1996 has the stated objective to: *'...bring into play the important role of the cooperative economy, create the legal basis for the organisation and operation of cooperatives in the multi-sector commodity economy in accordance with the market mechanism...'*

Differing viewpoints are expressed on the sustainability of these organisations, but it is evident that they can play an important catalytic role in helping producers and local people to take advantage of new economic opportunities and increasing access to services and markets. Experience has shown that such groups usually start out with a few activities and an informal structure based on mutual interests, that may expand over time and more formal organisational structures are adopted as they respond to new needs and opportunities (MARD 1997). While formal cooperatives are still active in parts of the country, these tend to focus on input supply, on particular lines of production or on infrastructure services, rather than on marketing. This is not to suggest that producer-marketing associations do not exist, but rather that producers in many areas and sectors still generally favour non-formal mechanisms of cooperation and linkages to the private sector.

In the Mekong Delta, for instance, patterns of self-organisation amongst farmer groups have been comparatively strong. Fforde & Nguyen Dinh Huan (2001) suggest that because the accumulation of profits from the agriculture economy in this region has been through the structures that channel rice and other commodities to state businesses, this has left farmers comparatively free to organize themselves around production objectives. In research conducted in Long An Province, these authors found two main types of producer groups: (i) *economic cooperation groups* that have the

potential for growth to become formal cooperatives; and (ii) *association groups* such as capital assistance and labour exchange groups. In many cases the Mass Associations played an important role in supporting these groups and helping them to obtain registration with the local authorities.

The Government extension system and a number of INGOs working in the Mekong Delta (including Oxfam GB, CECI and FADO/FOS) have also been supporting the formation and activities of Farmer Extension Groups and Extension Clubs. The objectives of such groups are generally geared towards introducing new technologies and obtaining the benefits of scale of working together (Nguyen Thi Kim Nguyet 2002). The activities may include training on crop production techniques and household economic management, organizing input supplies and introducing new varieties, introducing technologies and practices aimed at better environmental management (such as Biogas and IPM) and training for group managers.

There are examples where Extension Clubs in the Mekong Delta have developed into registered cooperatives (Nguyen Thang Long 1997). However, it appears that many do not make this shift and the activities weaken after external support is withdrawn. The sustainability of such groups, and their potential transition to more formal status, depends on the recognition and adoption of ‘economic linkage activities’ between the groups members such as: (i) joint management of water resources; (ii) joint purchasing of input supplies; (iii) construction of productive infrastructure (such as dike construction for flood control around orchards); (iv) joint marketing of products (seeking and negotiating with buyers); (v) group savings and lending activities; and (vi) becoming involved in farmer participatory research activities. Groups with such linkage activities tend to be more attractive to farmers and group maintenance is stronger.

Elsewhere, a study on Extension Clubs in Yen Bai Province in the northern mountains found that they are mainly a mechanism for improving the outreach capacity of the Government extension system to local communities (Vo Thanh Son 2001). They have been effective in serving as a meeting point between extension staff and farmers, however, to many commune officials and local people the clubs are seen as part of extension system (and are primarily financed by the system) even though they are voluntary local organisations. They have enabled the members to gain new skills and relationships that can further enhance their opportunities for improving their livelihoods.

However, this study found that the Extension Clubs often lack a pro-poor focus. Even though the rhetoric used by District extension staff is to help the local poor, in reality the membership is primarily more progressive farmers. The rationale is that only progressive farmers have resources to implement the extension models promoted by the system, from which poorer households can then learn. However, diffusion often occurs only within the ‘knowledge sphere’ of the better-off households that are members of the clubs. Another common weakness is that the Extension Clubs continue to focus on input supply and production techniques, but give limited attention to marketing issues that are currently a crucial concern for farmers, especially those engaged in commodity crop production. The need for extension to focus much more on marketing issues is also highlighted in the recent poverty assessment from 2003 (VDR 2003).

4. Experience from Government Program 135

This chapter reviews the experience that has been gained from Government Program 135 – on socio-economic development of communes facing special difficulties. This program currently operates in over 2,300 communes in 49 provinces nationwide (Box 4.1). A majority of these communes are situated in the uplands and in border areas of strategic importance, while a smaller proportion are located in coastal or riverine areas subject to frequent environmental disturbance such as flooding. Program 135 was launched in 1998 with the current phase lasting to 2005. The overall objectives of the program were established as follows:

‘To quickly improve the material and spiritual life of the ethnic minority people in the mountainous, deep-lying and remote communes with special difficulties; to create conditions for these areas to overcome poverty and under-development and integrate themselves into the overall national development, thus contributing to the maintenance of social order and safety, national security and defence’⁹.

The program is assigned five main tasks and components: (i) the construction of productive and social infrastructure (including roads, small-scale irrigation, domestic water supply, electrification, schools, clinics, markets etc); (ii) agriculture extension in association with product processing and marketing; (iii) planning and construction of commune cluster centres; (iv) re-settlement activities where these are necessary; and (v) training for commune and village cadres. Funding comes from the State budget and local resources, and communes receive a fixed annual budget allocation of 500 million VND (around 32,000 USD). It is estimated that around 70% of the total investment has been in commune and village infrastructure, a further 20% in the commune cluster centres, with around 1% allocated to cadre training (UNDP 2003). At national level, the program is coordinated through an inter-ministerial Steering Committee led by the Committee for Ethnic Minorities (CEM). At province level, the program is managed by the Province People’s Committee as a separate part of the socio-economic development plan of the province, with the management units variously under the Department of Planning and Investment (DPI) or the Department of Agriculture and Rural Development (DARD).

Program 135 bears similarities to community driven development approaches to the extent that it adopts an area based and decentralized planning and management focus, as well as promoting the active participation of local communities in the construction and management of infrastructure works. It is intended that the Commune People’s Committee should be the investment owner with responsibility for procuring and managing small-scale infrastructure works wherever possible. In reviewing the experience from this program, we do not aim to assess its results or physical achievements. Rather, our intention is to examine program implementation issues in light of the broader institutional and policy context in which the program operates.

We begin by identifying strategic concerns that have shaped Government policies on socio-economic development of the remote upland and ethnic minority areas of the country over recent decades. This background understanding is necessary since Program 135 represents a continuation

⁹ Decision No.135/QD-TTg (31/7/1998) of the Prime Minister approving the program on socio-economic development in mountainous, deep-lying and remote communes with special difficulties

of well-tested strategies of geographical targeting combined with fiscal transfers from the national budget to support disadvantaged areas, implemented through multi-component programs and locally specified planning processes.

Box 4.1 Geographical coverage and targeting in Program 135

Commune selection under Program 135 is based on the classification of Zone III communes (i.e. those facing the greatest difficulties) according to criteria developed by CEMMA that includes: (i) remote and isolated location (over 20km from growth centres); (ii) with temporary or weak infrastructure; (iii) poor social conditions and weak services (in health and education); (iv) difficult agricultural production conditions (a lack of paddy land and extension services); and (v) high levels of household poverty (over 40% of the population falling below the MOLISA poverty line). The program initially targeted 1,000 communes out of 1,715 communes classified as belonging to Zone III; a majority of which were in provinces of the Northern Mountain Region. In 2001 an additional 447 communes were included in the program, which together with the division of some communes brings the current total to 2,325 (or 23% of communes nationwide). A larger proportion of these recent additions are in provinces of the Central Highland and Central Coastal regions. The program now covers some 1.1 million households and 6 million people (Do Xuan Hoa 2002).

Secondly, we examine the way in which the guidelines on exercise of local democracy are interpreted and applied in Program 135 on the ground. The program provides a good focus for examining the application of Decree No.29 for several reasons. First, the process of program implementation relates directly to many of the concerns the Government aims to address through the local democracy legislation – regarding people’s participation in the selection and planning of commune works, the supervision of works, and the use of local people’s contributions. And second, this program represents the major public sector investment in these communes and is hence a main point of interaction between District and Commune authorities and local communities. In this respect, we identify the strengths and weaknesses of the program, and the experience from Tuyen Quang Province is used as an example of one province that is widely regarded to have successfully implemented the program according to its original objectives.

4.1 Strategic concerns and approaches underlying Program 135

The high priority given to Program 135 reflects a renewed concern on the part of the Government to address the widening gap between the remote upland and ethnic minority areas and the more prosperous regions of the country. At the same time, Program 135 emerged out of a long series of programs targeted on these regions that began with the first fixed cultivation and settlement programs in the late 1960s. A common feature of all these initiatives is that the Government has consistently strived to adopt an integrated approach – that is, to integrate sector policies through multi-component implementation programs. A majority of the programs have combined infrastructure development with resettlement and support for agriculture development. During the 1990s the content of the programs broadened – for instance, by including household lending schemes, and began to focus more explicitly on poverty reduction. Nonetheless, despite significant shifts in macro-economic policy during this period – from national unification, through the era of collectivisation, to the economic reforms of the 1980s and 1990s, these programs have shown a great deal of consistency in their basic strategy and approach.

Many policy statements over the years have highlighted the need for basic infrastructure as a pre-condition for economic take-off in these areas. Thus, in a Party resolution from 1963 it was

recognized that *'the development of infrastructure (communications, transport, local processing industries) and the market structure are basic objectives of the agricultural policy'*¹⁰. Thirty years later the 5-year Plan for Socio-economic Development of the Northern Mountains (1996 to 2000)¹¹ echoes these viewpoints: *'...first of all to develop infrastructure, in which the planning and mobilizing of all resources for building road systems is the central and foremost task... The development of communications infrastructure must be carried out one step ahead to serve as basis for the planning and construction of other technical and social infrastructure...thus promoting and ensuring socio-economic development, and security in the mountainous areas.'*

Policy statements have also repeatedly emphasised the incremental nature of agricultural transformation in these areas, and how planning processes and program content must be locally specified and adapted¹²: *'...The immediate task... is to support incremental change in the socio-economy of mountainous areas in order to effectively exploit the huge potentials of forests, industrial crops, fruit trees, pharmaceutical crops, commercial livestock production... together with agro-forestry product processing, intensive crop production... In every commune, there must be specific recommendations and provisions including capital assistance and new seed supplies for production...Each branch must clarify the plans, and the ways to provide guidance to different localities to set up local projects...and from the experience on the ground to recommend suitable structures and policies...'*

Another strategic concern with all these programs has been towards national unification and securing the border areas, combined with the integration of the remote regions of the country into the mainstream economy. This is reflected in the objectives, targeting strategy and allocation of resources under Program 135. And the regional development priorities identified in the Socio-economic Development Strategy for 2001 to 2010 continue to assert these politically important linkages between national defence, resettlement, infrastructure development and agricultural modernization in the uplands.

The fixed cultivation and settlement programs and Program 327

Efforts to stabilize swidden farmers from the high mountain areas to the valleys were initiated in the early 1960s and were formalized in 1968 in the first Fixed Cultivation and Settlement Program (see Eeuwes 1995 & Nguyen Van Chinh 2001 for a review of these programs). In the 1970s these programs were combined with the relocation of Kinh people from overcrowded provinces of the Red River Delta to New Economic Zones (NEZs) situated primarily in the more accessible midland districts within the Northern Mountain Region, and subsequently in the Central Highlands. This was first necessitated by the war situation, including the evacuation of people from sensitive areas, and in order to release population pressure from the critical paddy growing areas to feed the war effort. The relocation of labour to the midlands and uplands also enabled the state to open up valuable forest resources, and it is during this period that the substantial land holdings of the State Forest Enterprises were established. It is significant that migration during this

¹⁰ Resolution of the 5th Plenum of the Party Central Committee (1963)

¹¹ Decision No.960-TTg (24/12/1996) of the Prime Minister on the long-term orientation and the 1996-2000 five-year plan for socio-economic development of the northern mountainous provinces

¹² Directive No.525-TTg (2/11/1993) of the Prime Minister on some directions and ways for the continuation of mountainous socio-economic development

period was not only confined to the rural population, as large numbers of officials, students and army personnel were also relocating to the upland provinces and districts.

Over the years, large sums have been invested through the fixed cultivation and settlement and NEZ programs in the construction of roads and social infrastructure, administrative centres, and in forestry and agriculture. During the 1990s the most significant of these targeted programs was Program 327 (1992 to 1996). The stated objectives of this program were initially broad and ambitious – covering improved land utilization (in agriculture, forestry, fisheries) as well as support to the fixed cultivation and settlement program, with a strong emphasis on household economic development. In Decree 327¹³ it was stated that: *‘...all economic sectors are to participate in the projects on the use of vacant lands, bare hills and mountains, and forests, to set up the projects and make use of all land... to regard households as production units... Establishing a close relationship between households and communities and with other state and collective economic units in the region, in order to strongly develop production, and ensure the benefits for every household.’*

As originally conceived Program 327 was not specifically a forestry program. However, a majority of the approved sub-projects were channelled through forest sector agencies and most of the investment was allocated to forest plantation and protection activities. This highlights an on-going tension that exists between broad-based poverty alleviation efforts in the uplands, and the need for concentrated sector investments. In 1995 the decision was taken to narrow the focus of Program 327 onto the preservation and restoration of forest resources, that has continued in the 5 Million Hectares Reforestation Program. The broader socio-economic objectives of the Government for the remote areas were subsequently reformulated in Program 135.

The commune cluster program

A second major initiative in the late 1990s was the program on commune cluster development (1997 to 2005)¹⁴ which concentrates on improving access to and building up infrastructure at the headquarters of a cluster of 3 or 4 upland communes. There are a total of 500 commune and village clusters under this initiative. Here again, the stated aim was to *‘...integrate the local programs to build the essential infrastructure...with a view to creating a motive force for accelerating the process of socio-economic development in areas inhabited by ethnic minorities and mountainous areas’*, and to *‘...stimulate socio-cultural activities...and facilitate exchange relations.’* The services included under this program were as follows:

- An access road system and power supply for the commune cluster headquarters
- Water supply and drainage system at the headquarters
- Administrative area and offices of the People’s Committee and its agencies
- An educational area (primary & secondary-boarding schools)
- Service area (shops, post office, agricultural bank, extension office)
- Processing area (market, smithy, carpenter shops)
- Area for social, cultural and information activities (radio / TV relay stations).

¹³ Decision No. 327-CT (15/9/1992) of The Chairman of The Council of Ministers on directions and policies for the use of vacant land, bare hills and mountains, forest land, coastlines and water surfaces

¹⁴ Decision No. 35-TTg (13/1/1997) of the Prime Minister approving the program of building headquarters of commune clusters in mountainous and upland areas

After Program 135 began in 1998 it was merged with several of these pre-existing programs focused on broadly similar objectives¹⁵. These include the infrastructure components of the fixed cultivation and fixed settlement program, the project on establishment of commune cluster centres, and the project on training of commune and village cadres in remote and ethnic minority areas.

As noted above, the Government's stated rationale for adopting a multi-component approach through these programs is in order to '*concentrate and focus resources*', to '*increase efficiency*' in areas where service capacity is low, and to reduce the '*points of contact*' for local officials and local communities. However, this raises a number of issues with respect to the coordination and operational linkages between the program management structures and systems and other sector services and technical departments. The integration of the national programs into local government systems is often weak (Fritzen 2000; Pham Hai 2002a). In some provinces the management unit for Program 135 has been situated in the Fixed Cultivation and Settlement Section (under DARD). However, the capacity of a sub-department such as this to effectively coordinate a program involving several province departments is limited. This in turn raises questions about the sustainability of the infrastructure and services provided. The issues related to effective service provision in the remote uplands, and inter-sector coordination and targeting, are only partly addressed through these program management arrangements.

4.2 Resource redistribution to support disadvantaged areas

These targeted programs, however, need to be viewed alongside a wide range of preferential policies and the redistribution of both fiscal and human resources to the uplands that have been another consistent feature of national policy for many years. The importance of fiscal transfers to poorer provinces and districts to enable them to support a higher level of service delivery is highlighted in the Public Expenditure Review conducted in 2000 (GOV/Donor Working Group 2000). Nationwide, per capita provincial expenditures are more evenly distributed than per capita revenue collection, primarily as a result of these cash transfers. However, the PER concluded that the size of these transfers is only weakly related to the depth and incidence of poverty, suggesting there is room for better targeting both on a regional basis and within sectors. These re-distributive mechanisms and preferential policies include the following:

- *Routine administrative expenditures of local authorities.* These are critically important for upland district and commune administrations. However, in many cases these funds do little more than cover basic salary expenditures, after which the capacity of local authorities to maintain service standards is dependent on mobilizing their own resources, including local contributions (GOV/Donor Working Group *ibid*). Nonetheless, this is one of the main relatively stable sources of cash flowing into these areas, combined with pensions paid to veterans and retired cadres (CRES/EWC 1995).
- *Directed personnel policies and incentives.* Efforts are also made to concentrate human resources on these areas. For example, schoolteachers and health staff from lowland areas are encouraged to work in upland communes and villages for a number of years. Province and

¹⁵ Decision No. 138/2000/QĐ-TTg (29/11/2000) of the Prime Minister on integration of the project on fixed cultivation and fixed settlement, the project on establishment of commune cluster centres, and the project on socio-economic development of communes facing greatest difficulties

district officials and technicians are also assigned to work in upland communes for the specific purpose of assisting them in planning and implementing poverty reduction efforts. Incentives include salary top-ups and soft loans for government employees. Set against this, cost norms for routine management expenditures (e.g. travel allowances) are generally not differentiated to cover the increased opportunity cost of working in these areas. Under Program 135, for instance, no additional management allowances are available to encourage staff to move out of office and devote their time to program activities in the remote communes (Pham Hai 2002a).

- *Subsidies and incentives to promote trade and commerce.* These measures include: (i) building up the infrastructure base for markets; (ii) land and income tax exemptions for traders, enterprises and cooperatives operating in these areas; (iii) exemption from tuition fees for training of employees of state enterprises; (iv) price and transport subsidies for essential commodities such as iodized salt, crop seed, kerosene, schoolbooks, medicines, fertilizers and insecticides; and (v) preferential capital lending for commercial State enterprises¹⁶.
- *Exemptions and tax concessions for poor households and villages.* These include exemptions from education and health costs for poor households, and preferential / subsidized credit through the Bank for Social Policy and the *Hunger Eradication, Poverty Reduction and Job Creation Program*. Many upland villages also receive agricultural tax concessions.
- *Social support activities of the army.* The army plays an important role in the socio-economic development of mountainous areas, including Program 135. In addition to the involvement of army construction companies in rural infrastructure works, army personnel in remote areas are frequently engaged in social welfare activities such as literacy training and healthcare.
- *Mobilizing public opinion and support.* As far back as 1975, more prosperous provinces and cities were directed to provide support to development projects in strategic districts bordering China for the construction of schools, health centres and government offices (CRES/EWC 1995). The first Government bond issue in 1999 was aimed at raising revenue for poverty reduction efforts in the uplands. And a range of poverty reduction funds have recently been mobilized by the Fatherland Front, the trade unions, and the Ho Chi Minh City authorities amongst others to support disadvantaged people and communities.

While the downstream benefits of the exploitation of renewable natural resources in the uplands – including timber and hydro-electricity, have direct benefits for the national economy, achieving consistent and effective re-distributive policies is inherently more difficult to realize. Central to this dilemma is that concessionary policies towards poor people living in disadvantaged areas – such as widespread agricultural tax concessions for upland villages, combined with limited other sources of local government revenue, reinforce commune and district dependency on external sources of financing and reduce their responsiveness to locally perceived needs and priorities.

Specifically, the highly ‘targeted’ nature of most of the core fiscal transfers and program funding to these areas makes it difficult for local authorities to alter expenditure allocation within and between sectors and expenditure categories. This lack of transferability in local government budgets becomes critical with respect to covering the costs of introducing more decentralized

¹⁶ Decree No.20 ND-CP (31/3/1998) on developing commerce in mountainous areas, on offshore islands and in ethnic minority regions.

administrative, planning and management systems, as there are high costs attached to achieving this especially in the early years, and especially in these remote upland areas, in terms of staff overheads, incentives and human resources development. Yet most upland districts have little excess cash that can be redistributed to this effect, and it is not established practice to build in additional human resource requirements into regular local government budgeting forecasts.

4.3 Local democracy and Program 135 guidelines¹⁷

The planning objectives of Program 135 at province level are to focus resources on the major objective of poverty reduction, to integrate central and local funding resources to make the program stronger and to increase the efficiency of implementation, and to avoid duplication of activities. The plan, at province level, is to be understood as a framework (assigned tasks, budgetary allocation, selection criteria etc.) for further elaboration at district and commune levels.

At commune level – according to the official guidelines – the approach to involving local people in planning and implementing program activities is highly consistent with the provisions for community consultation and supervision that are set out in Decree No.29 on Local Democracy (outlined in Annex 3). The first step involves information provision, through which the Commune People’s Committee reports the planning guidelines to the People’s Council and together with the Fatherland Front they will carry out information dissemination to people in the commune. The guidelines state that project activities and the infrastructure works for investment should be discussed and decided at commune level – that is, from the suit of investment options determined by the selection criteria. Local people should be consulted on the content of the plans, and their level of community contributions, before approval takes place. An example of the way in which the investment decisions were made in one commune in Ha Tinh Province is given in Box 4.2.

Box 4.2 Ranking of Program 135 priorities for investment in Huong Lien Commune

The commune in this example ranked the priorities for investment by using a voting method. The People’s Committee reported that they organised a meeting with all the village leaders, commune officials and mass association representatives. People were asked to make their own priority list and the options were ranked according to the number of votes. According to the Chairman, 100% of voters selected the first two priorities – a road and small-scale irrigation project, and 60-70% of votes were given to the third and fourth options. No villagers were involved in the meeting, but the Chairman explained “*we consider the village leaders to represent the villagers, so they speak on their behalf*”. The People’s Committee said they asked all village leaders to organise village meetings in order to inform local people about the Program and to discuss with them the priorities for investment. They were informed that 11 out of 14 villages did organise meetings. However, interviews with people in several villages revealed that no such meetings were held. *Source: Truong Van Am (2000)*

Experience shows that the extent to which local people are directly involved in decisions about which schemes or activities to undertake varies considerably from place to place. The extent to which commune officials and village heads have the capacity or incentives to fully consult with local people is also dependent on a number of variables. These include the trade-offs that need to

¹⁷ The following sections draw on the findings of a number of review papers on Program 135 (Pham Hai 2002a; Do Xuan Hoa 2002), and case studies on program implementation undertaken in Phu Tho (Pham Quang San 2000), Hoa Binh (Nguyen Dinh Hoan 2000) and Ha Tinh Province (Truong Van Am 2000), as well as fieldwork conducted for this study in Tuyen Quang Province.

be made between planning levels (i.e. district infrastructure priorities vis-à-vis commune and village priorities), the time available for village meetings, and their personal commitment.

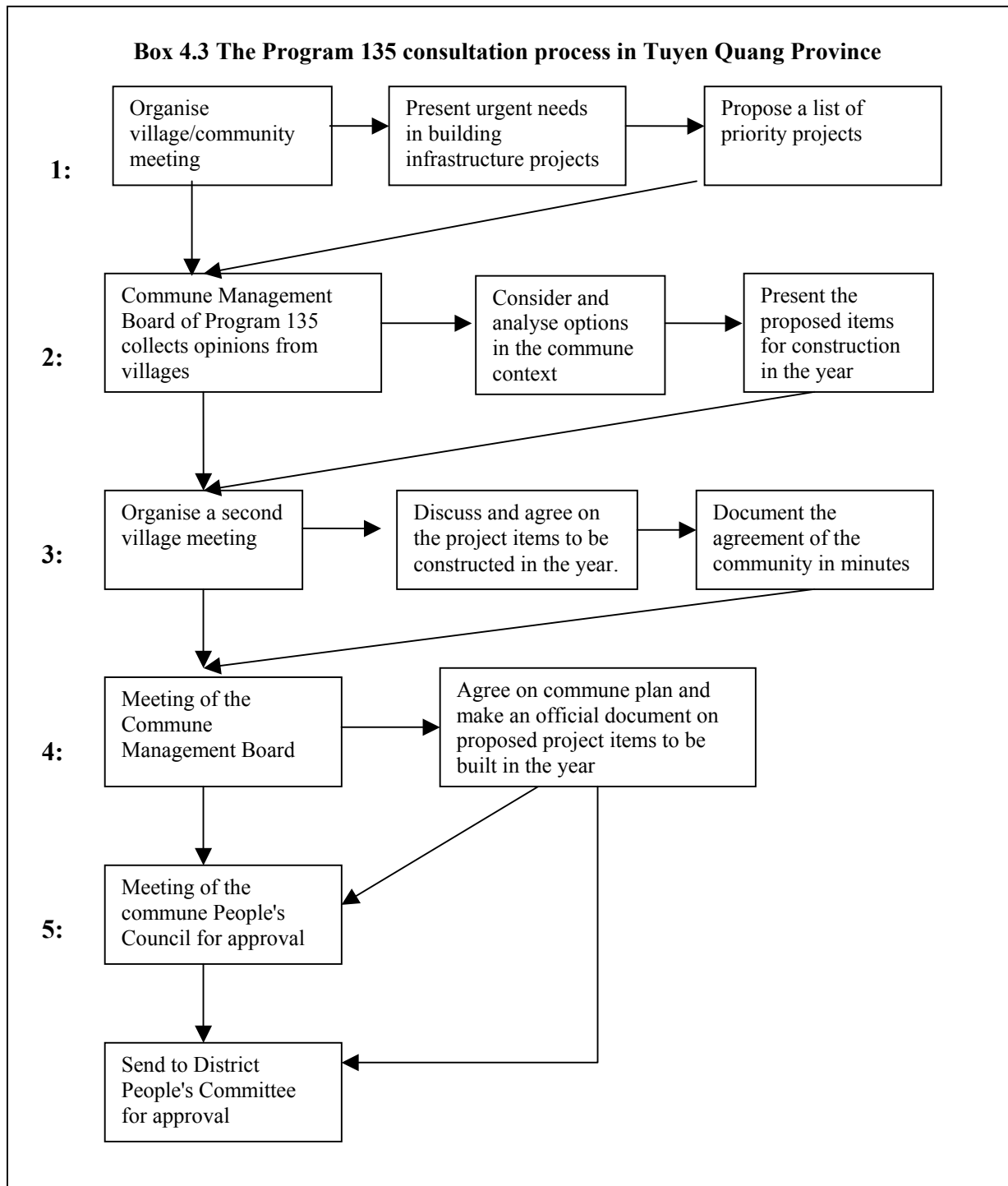
Budgetary limitations also prohibit a completely open prioritisation and selection process with all villages involved. A case study from two communes in Phu Tho suggests that it is difficult for commune officials to achieve this because the demands are many but resources are limited, and because people tend to pull projects to their own localities (Pham Quang San 2000). For this reason, the People's Committees decided on the list of priority schemes before discussing it with local people or making the proposal to the People's Council. In some communes in Tuyen Quang Province, a more thorough consultation process was reported (Figure 4.3). However, commune officials noted that this takes a considerable amount of time to cover all villages, it involves repeated commune and village meetings, and places particular demands on the village heads.

In the original guidelines for Program 135 two categories of investment scheme were envisaged. It was intended that the Commune People's Committee should act as the investment owner with responsibility for procuring and managing small-scale infrastructure works, together with financial management through the commune treasury accounts. The district would manage larger works such as commune and inter-commune roads, larger school buildings etc. However, in a majority of provinces, such powers have not been delegated to the communes. The investment ownership has been retained at district or province level, and the degree of local participation in the infrastructure planning and implementation cycle has been limited.

The reason commonly given for this is because of the limited managerial and technical skills of the commune cadres. In Joint Circular 416¹⁸ it is stated that, in the intermediate future, the districts because of insufficient commune capacity will manage the projects. Under this arrangement the project proposals are elaborated at commune level, the districts then manage the procurement and construction process, after which the schemes are handed over to the commune authorities for operations and maintenance. In subsequent guidelines issued in 2001, it is stated that management training should be strengthened for the commune authorities to prepare them for the role of project investment owner. However, in a majority of provinces this transfer of management responsibilities has not yet taken place.

The responsibility of the Commune People's Councils in deciding on program investments, mobilizing local labour contributions and material resources, and the supervision of works is clearly stated in the program guidelines. However, this potential is also often not fully realized. While Commune Supervision Boards have been established in most places (variously made up of representatives of the People's Council, mass associations, village heads and/or commune technicians) the capacity and powers given to these supervision boards are in many places quite limited. In areas where there has been active organisation of the Commune Supervision Boards, however, they have been well received by local people as a mechanism for ensuring the quality of construction works (see Box 4.4).

¹⁸ Joint Circular No. 416/1999/TTLT/BH-UBDTMN-TC-XD guiding the management of investment and construction of infrastructure works in communes in remote and deep-lying areas with extreme difficulties



4.4 Transparency, equity, efficiency and sustainability

Reviews of Program 135 are unanimous on its strengths and advantages over previous programs. These include the more transparent selection of communes and budget allocations; the concentration on small-scale infrastructure in remote areas; the intention to decentralize program management and to increase the involvement of the People's Councils and village communities in the investment decisions and supervision; and the availability of paid labour opportunities for local people where these have been provided. At the same time, a number of common weaknesses and

constraints in program implementation have been identified. Pham Hai (2002a) usefully categorizes these according to transparency, equity, efficiency and sustainability principles, to which we add the findings from a number of review studies.

Transparency

In many places there is limited information provision and consultation. No standard guidelines exist for providing information on program activities to local communities, and several studies have found that villagers are often not fully aware of the plans or budget of the program, or about who signs the contracts and supervision roles and responsibilities etc. This lack of information is compounded by communication difficulties including low levels of literacy and the large size of many upland communes. Limited consultation in the selection and design of schemes has been linked to a passive involvement of local communities in the program, and consequently to low efficiency of many of the investments (Do Xuan Hoa 2002). However, as will be argued in later sections of this report, it is essential to maintain realistic expectations on the level of community consultation that is possible on a large scale, and that different levels of involvement of local people and user-groups in the planning and design process are required for different types of social and productive infrastructure.

Simplifying investment procedures can reduce transparency. In response to slow initial disbursement and bottlenecks in Program 135 implementation, steps were taken in 2001 to improve the efficiency of investment planning and construction of works¹⁹. This enabled small works (valued under 1 billion VND) to be processed with a simpler approval process (whereby separate Investment Reports are not required and works are approved on an annual plan basis by the Province People's Committee) and through appointed contracting procedures. While this may speed up implementation, it can also reduce transparency and the opportunities for effective consultation with local communities. The decision taken in most provinces to keep the management focus and investment ownership at district level has also resulted in a situation whereby the selection of schemes and investment decisions are often not based on the priorities of communes and villages (Do Xuan Hoa *ibid*).

Leakage of investments. It has been noted that Program 135 procurement and contracting procedures are often conducted 'behind closed doors' which makes it difficult for the communes to adequately supervise the works (Pham Hai 2002a). The potential for corruption and leakage under the program is of evident concern to the Government at this point in time. Press reports on a recent investigation of 700 schemes in 23 provinces by the State Inspectorate indicate a number of widespread inefficiencies in the program stemming from poor technical design of works, loopholes in the accounting and payment procedures, and low capacity of local authorities.

Equity

Commune targeting and budget allocation. The equity and effectiveness of the system of fixed sum commune budget allocations has been questioned on a number of grounds (UNDP 2003). Communes with a large population end up with significantly smaller per capita allocations than smaller communes. Neither does it take into account poverty differences between communes, and

¹⁹ Inter-Ministerial Circular No.666 on the guidance for investment management and construction of infrastructure works under Program 135

differences in the cost of investments between remote and less remote areas. In the recently revised guidelines for Program 135, it is stated that the commune budget allocation is indicative, and that funds should not necessarily be equally spread but distributed according to the prioritised needs and the capacity of the communes. Nonetheless, performance criteria are not formally used in the province planning process, and their introduction could disadvantage more remote communes where capacity is weakest. A differential budget allocation based on the degree of remoteness and the number of villages and households in a commune has been advocated in a number of reports.

Addressing the needs of remote villages and vulnerable groups. The Program 135 targeting mechanism also does not ensure that investments reach the poorest and/or most remote villages within a commune, or address the needs of particular vulnerable groups including smaller ethnic minority communities and women (Pham Hai *ibid*). In addition, according to official classification developed by CEM, it is estimated there are well over 5,500 Zone III villages nationwide that are situated in less difficult Zone I & II communes. The situation of these poor or isolated villages in more prosperous areas has been highlighted in a number of reports, since they commonly receive neither the program investments or tax concessions that are afforded to Zone III communes (Shanks 2001).

Limited paid labour opportunities. While in principle the Government promotes the provision of paid labour opportunities for local people on public works, in practice these are limited. A recent study by MPI/UNDP (2003) found that contractor obligations to hire local labour under Program 135 and many donor projects are frequently not specified or enforced in contract agreements, and that there is often confusion between the provision of paid labour and community contributions. This is an important issue that needs resolving in many projects by making a much clearer and more transparent distinction between the types of schemes under which either paid or voluntary labour should apply.

Efficiency

There is a tendency to prioritise larger-scale investments and schemes. While on paper Program 135 targets small-scale community infrastructure, pressures exist during implementation to favour larger infrastructure works such as inter-commune roads, fixed settlement schemes, and the construction of administrative offices. These pressures come from different sources. As noted by Pham Quan San (2000), local officials frequently say that schemes that bring the most benefit will get first priority, and that giving priority to roads is essential to help reduce the cost of transporting materials for other works. For district project managers – as well as for contractors – it is also administratively easier to concentrate on fewer larger schemes. Experience has shown that many contractors are disinclined to bid for schemes involving numerous, scattered small works at village level. The tendency to concentrate on larger commune infrastructure also leads to a situation where there is a frequent in-balance between scheme cost and the available capital, resulting in poor quality or delayed completion of works. These are fundamental problems that beset many community driven development projects working in the uplands, for which creative solutions are required. In particular, it needs to be questioned whether larger schemes should be handled by this type of program or whether it would be more appropriate to put them under sector projects.

Less attention is given to supporting livelihood improvements. While construction schemes have been undertaken in all Program 135 areas, less emphasis has been given to supporting agriculture

production and income generation activities (Do Xuan Hoa *ibid*). This problem is also encountered in many donor-supported projects that attempt to combine commune infrastructure with livelihood components. The more difficult, time-consuming and less visible ‘software’ components such as agriculture extension and capacity building for local officials and community groups tend to get left behind, while there is frequent over-spending on infrastructure components.

Sustainability

Training is limited and not focused on essential tasks and skills. Although training for commune officials and technicians is included as a separate component of Program 135, it only accounts for a small proportion of the total expenditure (around 1%) and this remains one of the main weaknesses of the program. Training tends to be *ad hoc* (for example, often conducted in conjunction with large meetings held in the district at the beginning of the planning cycle) rather than through a comprehensive program of capacity building. Several studies have found that training mainly focuses on the distribution of Government decrees and guidelines, and does not really help to improve the technical and managerial skills of commune staff in topics such as the preparation of investment plans, project management, technical supervision, and methods of local participation (Nguyen Dinh Hoan 2000; Truong Van Am 2000). The Village Heads have a critical role to play in programs such as this. However, in many areas they receive almost no training and support in critical aspects such as promoting local democracy and technical supervision of works.

Technical supervision and monitoring is weak. There are several aspects to this. First, as indicated in Box 4.4, although Commune Supervision Boards have been established in most communes, they often lack basic technical skills that would enhance their capacity to effectively monitor works in progress. The capacity of district staff to undertake technical supervision of a large number of small works in remote areas is also limited. The lack of effective technical supervision has been linked to a rapid degradation of many infrastructure schemes after the contractor’s obligation period has expired (Do Xuan Hoa *ibid*). There are no easy solutions to these constraints, given the limited staff numbers and the distances and difficult conditions involved. However, technical supervision and monitoring is one of the critically important areas for further capacity building. It has been noted that overall monitoring and auditing of the program is also weak (UNDP 2003).

Future operation and maintenance requirements are not addressed. This is a major issue under both Government and donor-supported projects and programs. Over the last few years a huge amount of new infrastructure has been constructed and is planned for the remote upland communes and villages. A large proportion of this infrastructure is being handed over to the commune authorities and villages for operation and maintenance (O&M). Yet in a majority of these programs inadequate attention is given to assessing and planning for future O&M requirements, responsibilities and sources of funding. In particular, the expectation that O&M for all categories of local infrastructure should be covered by voluntary community contributions (in labour and/or fees) should be reassessed. During this study, it was found that in several Program 135 communes in Tuyen Quang Province, people have ‘advanced’ their community contributions for several years in advance to cover the construction of new infrastructure. The potential high demand for community contributions to O&M in the future could place a very heavy burden on these communities, and would be particularly detrimental for the poorest category households.

Box 4.4 Commune Supervision Board activities in Thanh Son District, Phu Tho Province

The Chairman of Tam Thanh People's Committee confirmed that they are able to act as the project owner for construction works in Program 135. District staff rarely come down to commune, and then only when they need undertake technical checks after completion of various stages of the project. The presence of the Commune Supervision Board makes the implementing agency more responsible and local people feel happier about the quality and quantity of materials. The Chairman of People's Council, who is the head of the supervision board, says that the Government should provide technical training for the board members. During the construction local people sometimes visit the site and if there is something wrong they inform the supervision board. They have asked the contractor company to change materials on several occasions.

In Kiet Son Commune, the Head of the Veterans Association who is a member of the supervision board said they know nothing about the technical aspects of the project. They only make records of material deliveries. They found some bricks of bad quality and asked the company to change them. When asked about allowances for members of the supervision board, people said they consider it as social work and therefore do it voluntarily. The Vice Chairman of the commune says that if the materials are of bad quality they can stop the construction. On technical supervision and design they rely on district technical staff, but they only come occasionally. The greatest difficult is the capacity of commune officials. They proposed that the Government should organise training on supervision and basic technical knowledge so that they can read and understand technical designs. *Source: Pham Quang San (2002).*

4.5 Progressive approaches to program implementation

The weaknesses and constraints identified above are not unique to Program 135, and will be familiar to many people working on similar types of rural development program. In most provinces and districts, decision-making powers and resources have not been delegated to commune level to the extent envisaged in the design of Program 135. This reflects a strong tendency to maintain control over decisions and resources by higher management levels. As noted by Pham Hai (2002a), decentralized planning and management is much easier to achieve in better-off provinces that have more favourable geographic and human resource conditions. There are also difficult trade-offs to achieve between increasing local capacity and participation on the one hand, and improving the speed and efficiency of investment planning on the other. As noted above, simplifying approval, design and bidding procedures can make it much more difficult to build in greater transparency and more effective consultation mechanisms with local communities and user groups. The question is – how can these objectives be matched?

It is notable, however, that some provinces have taken a more progressive approach to Program 135 implementation and local capacity building than others. This is the case in Tuyen Quang Province, for instance, that is widely regarded to have successfully implemented the program according to the original intentions. Based on the fieldwork undertaken for this study, it appears that several factors underlie the more progressive approach taken in this province.

Policy interpretations

- First and foremost, it appears that strong province leadership and control has gone hand-in-hand with the effective introduction of more decentralized approaches to program

implementation – spoken about by province and district officials in Tuyen Quang as “*a more open way of management*”. To outsiders this may appear contradictory. However, this approach is consistent with the principles Communist Party and the objectives of the Program on Public Administration Reform that advocates strong decentralization through the administrative system combined with raising the centrality and uniformity of the promulgatory agencies. Elsewhere, Tendler (2000) has suggested that the success of community driven development approaches may in many cases depend on the existence of strong (central) regulating institutions that are able to ensure adherence to the principles of such an approach.

- For instance, Tuyen Quang Province is noted for its comparatively strict administration, with regard to its control over corruption, frugal use of public resources, and close supervision of staff at all levels. This suggests that different styles of political leadership are also an important factor in determining outcomes in community driven development.
- Close links have been made between the provisions of the Local Democracy legislation and Program 135 implementation procedures. Specific local policies and guidelines have also been developed from the national Program 135 guidelines and investment regulations, reflecting the capacity of the province authorities to interpret national legislation in different ways.

Implementation mechanisms

- From the beginning of Program 135 in Tuyen Quang the communes were made the formal investment owners and have directly managed the program budgets, and this is one of the few provinces to have done this on a large scale. As described by one District Chairman: “*we adopted a learning by doing approach*”. This appears to have instilled a quite different type of relationship between the communes and district staff and technical sections. For example, efforts have been made to introduce more demand led use of district technical support capacity, whereby the communes contract district technicians to support the design of small works that will be locally constructed.
- Innovative mechanisms have also been introduced to increase accountability to local people and the direct involvement of local artisans, cooperatives and community-based organisations in the construction of works. For example, at the beginning of the planning cycle village meetings are held to decide which schemes they can deal with themselves, and which schemes they propose to the districts for contracting to companies. A clear distinction is made between different types of works – simple works being put to community sub-contracting and complex works going to companies. Community sub-contracting methods have been used for works such as village kindergardens and schools, furniture making, and small water systems.

Capacity building

- Underpinning these achievements, the province has a strong commitment to building local staff capacity to a greater degree than in some other provinces. As stated by one District Vice-chairman: “*Cadres should not make mistakes due to lack of understanding*” and “*if you invest in capacity building, then you build expectations that the staff will do a good job*”.

- An intensive education and training program for commune staff has been introduced. It is planned that by 2005 all cadres should have at least certificate level qualifications, and 2 or 3 people from all communes are being sent on part-time degree courses (in subjects such as agricultural economics and construction). This includes younger people as well as existing cadres. The province has also equipped members of the commune management and supervision boards with the technical skills to manage the program (e.g. in basic works design & construction, financial management, contracting methods) to a greater extent than other provinces under Program 135. Tuyen Quang is unique with respect to the number of experienced village heads (many ex-military service) who have skills in areas such as labour mobilization, works management etc.
- Lastly, it appears that confidence amongst province leaders that the communes can manage such programs has been partly created through experience with long running IFAD and Sida funded projects in the province, for instance, in participatory planning methods introduced since early 1990s. The province has also legitimised village management structures – including Village Management Boards and Water User Associations that were introduced under these projects, and which play an important role in Program 135 implementation.

5. Experience from donor supported projects

In this chapter we turn to look at the experience that has been gained through selected donor and NGO supported rural and community development projects. This is by no means an exhaustive or fully comprehensive review. Rather, we concentrate on identifying promising approaches that can be built on in the future, as well as particularly important issues that need to be addressed in the design and implementation of future programs. While Chapter 3 focused on rural livelihoods, in the chapter we concentrate more on commune and village infrastructure, and targeting, financing and procurement methods. This begins by tracing the introduction of participatory approaches to commune and village development planning as promoted by many of these projects during the 1990s, and factors that influence scaling-up within the government system. Leading on from this, we examine the following aspects:

- The experience that has been gained with direct financing of commune and village development budgets and funds;
- Aspects of participation and community management in the infrastructure cycle, and the use of community contributions, paid labour, cost recovery and fees;
- Issues surrounding the management of domestic water supply as a private good and/or public resource;
- Recent attempts to introduce multi-level targeting strategies to address the needs of remote communities as well as those of poor and vulnerable groups;
- Managing large-scale investments in community development, conflict and complementarity between community-based and sector specific projects, and decentralization in procurement methods.

In assessing this experience, it is important to bear in mind that prior to 1990 there were only a limited number of international donors and NGOs operating in Vietnam (Sida, Save the Children, UNDP, WFP and Bread for the World among them) of which only a few had established presence and working relations with rural provinces and districts outside Hanoi. It was also not until the mid-1990s that the first large-scale loan-financed projects supporting rural development started at province level with the IFAD projects in Tuyen Quang and Ha Giang. This situation is unique to Vietnam, such that a majority of local government leaders and officials have only comparatively recently been exposed to internationally used development concepts and methodologies, and to the procedures of the major lending agencies. Over the last 10 years, however, there has been a rapid proliferation of new projects and programs in all sectors and regions of the country. This change has exposed government officials to new ideas and sources of information, combined with which there has been a rapid expansion of media and information technology during this period.

5.1 Scaling-up participatory planning approaches

Participatory approaches have been promoted through donor and NGO supported projects since the early 1990s. This experience initially came from projects working in farm forestry, agriculture extension and land use planning, and to a lesser extent in health. Early initiatives focused on the introduction of PRA and village development planning methods, rather than on the broader aspects of community development. In many of those provinces and districts where such projects have been working longest and most intensively (primarily in the northern and central coastal

regions), there has been a substantial investment in in-service training in participatory methods for local staff and piloting these approaches at community level²⁰. In addition, the *Integrated Pest Management Program* has gained considerable experience and success in introducing the Farm Field School (FSS) approach in many parts of the country.

By the mid-1990s, lessons from this pilot work were beginning to be shared through national seminars, training events and publications (MARD 1997a; MARD 1997b). The first loan-financed projects in Vietnam that were under formulation in the mid-1990s also adopted participatory planning approaches, but on much larger scales of application. For example, the IFAD financed *Participatory Resource Management Project* in Tuyen Quang that made an ambitious attempt to apply PRA based planning across hundreds of villages, the ADB *Forest Sector Project*, and the World Bank *Forest Conservation and Rural Development Project*. These projects also began to apply such approaches to rural infrastructure components.

Regarding the sustainability of these approaches, it appears that few agencies have fully addressed the wider institutional context, and opportunities and constraints that exist on scaling-up these participatory approaches within the government system. An exception is the *Song Da Social Forestry Development Project* supported by GTZ (Foerster & Kirchman 2002). Following a period of testing Village Development Planning in two districts, this project subsequently developed a strategy for integrating this approach into the curricula of the provincial agro-forestry training schools, as well as working with the province authorities to introduce wider applications through the government system and under larger-scale investment projects. The experience from this project reveals that scaling-up requires a substantial investment of time in developing these training strategies and working with local authorities to mainstream new approaches.

One problem frequently raised by local officials is that of the high cost of adopting more intensive consultative planning methods. In practice, the direct monetary costs of participatory planning can be substantially reduced once a required skills base has been built up (Box 5.1). The more critical constraint remains the lack of skilled community facilitators, and a lack of flexibility in local government budgets and financing mechanisms that limits capacity to respond to diverse demands from below. There are, however, real costs in terms of time – both for district staff and for commune and village leaders. While there are no immediate solutions to this difficulty, there is much that can be achieved by simplifying participatory planning processes, focusing on improving basic facilitation skills, and developing complementary approaches between programs.

In recent years, attempts have been made to more systematically develop institutional training capacities. This includes the work of the SDC/Helvetas supported *Social Forestry Support Program* that worked with forestry colleges and universities nationwide to develop curricula and courses in new approaches to people-centred forestry development. The follow-on *Extension and Training Support Project for Upland Agriculture and Forestry* has the objective of drawing

²⁰ If we look at the Northern Mountain Region, for instance, many initiatives have been introduced through NGO supported projects. This includes work undertaken by CIDSE (in Thai Nguyen), ActionAid (in Son La), OXFAM GB (in Lao Cai), SNV (in Son La and Lai Chau), GRET / FADO (in Vinh Phuc), and Helvetas (in Bac Kan, Cao Bang and Hoa Binh). Participatory approaches to village development planning and extension were also introduced through donor projects including the *Vietnam Sweden Cooperation Program* and the *Song Da Social Forestry Development Project* in particular. This is by no means a complete listing of all the agencies that have been working on such approaches even within this one region.

together experience from different projects to develop more systematic linkages between training and extension for different stakeholder groups in: (i) participatory land use planning and land allocation; (ii) forest protection and management options and organisations; (iii) participatory technology development and dissemination; and (iv) agro-forestry product processing and marketing.

Box 5.1 The costs of participatory planning

Experience from the *Vietnam Sweden Mountain Rural Development Program* suggests that with experienced local facilitation a two-day annual village development planning exercise in a remote village can be carried out at a direct cost of around 75 USD (assuming few outsiders are involved and excluding external consultant fees). Direct costs include travel, meals, allowances and materials. For a large-scale project, such as the *Northern Mountains Poverty Reduction Project* that works in 362 communes, the overall costs are nonetheless substantial. If we take an average of 10 villages per commune, this would amount to around 300,000 USD per annum, or 1.5 million USD over the life of a 5-year project. Adequate budgets for annual participatory planning exercises such as this are rarely built into project budgets or counterpart fund allocations, and are not available in regular local government budgets in upland provinces and districts.

5.2 Direct financing of commune and village development budgets

By the mid-1990s it was becoming apparent in several longer running projects that financing constraints were prohibiting the full adoption of such demand driven approaches (Shanks & Bui Dinh Toai 2001). While participatory planning has a strong role to play in allowing local people to articulate their demands, and these planning approaches were generally well-received by local officials and communities, most communes and villages were still limited in their ability to implement local projects since they had little direct access to funding.

Partly in response to this, from 1996 onwards several programs began experimenting with direct financing of Commune and/or Village Development Budgets. These include the *Rural Infrastructure Development Fund (RIDEF)* in Quang Nam Province (Dong Thi Bich Chinh 2002; UNCDF 2003), and the *Vietnam-Sweden Mountain Rural Development Program*, and the IFAD rural development projects (see Box 5.2). The experience from these projects was subsequently fed into the design of the new World Bank community driven development projects – the *Northern Mountains Poverty Reduction Project* that includes a substantial Commune Development Budget component, and the *Community Based Rural Infrastructure Project* that is modelled on RIDEF. Reviews of this experience (MARD & MRDP 2002; MPI & UNDP 2003b) have highlighted a number of overall lessons:

- Local development funds and budgets can play an important role in improved service delivery and poverty alleviation in remote areas. Designing appropriate local planning mechanisms, and giving communes and villages control in decision-making can also be an important tool for putting into operation the Decree on Local Democracy. However, clear pro-poor targeting mechanisms, both area-based and activity-based need to be specified in the design stage.
- The legal framework provides opportunities for commune management of funds. However, village level should receive more focus and attention in planning and selecting activities, and

the possibilities for allowing villages to open bank accounts without having to register as cooperatives should be explored²¹.

Box 5.2 RIDEF and MRDP approaches to commune and village development budgets		
Project	Vietnam Sweden Mountain Rural Development Program (MRDP) 1996 to 2001	Rural Infrastructure Development Fund in Quang Nam (UNCDF/RIDEF) 1996 to 2002
Type of fund	Commune and Village Development Budgets	Commune Infrastructure Development Funds
Targeting mechanism	Targeted on Zone III communes and villages, with funding amount according to the number of villages and households, and length of time involved in the project.	Prioritisation and selection of communes, and differential fund allocation according to a ratio between per capita income (<100 USD/year), population size and existing levels of infrastructure.
Scope of activities	Agricultural production inputs, construction and repair of village infrastructure, furniture, natural resource management, communications, training and management.	Construction and upgrading of rural roads, bridges, drainage systems, domestic water supply, irrigation, schools, clinics, electricity supply, training and management.
Funding level	Average annual allocation of around 1,000 USD for commune budgets, and 1,750 USD for village budgets.	Average commune allocation of 25,000 USD over a two-year period (covering all villages).
Management groups	Commune Management Boards and Village Management Groups.	Commune Development Boards.
Financial management	CMBs are the direct fund manager, through commune accounts held at the District Treasury or Agriculture Bank. VMGs handle village funds (through advance payments) according to approved plans.	Communes not initially appointed as the investment owner. Disbursement from project account based on requests from the CDBs and later through commune accounts held at the District Treasury.
Methods of procurement	A majority of goods purchased directly by communes and villages and small works undertaken by community groups.	All sub-projects contracted through public bidding procedures managed by the CDBs with project support.
Local contributions	Variable, local materials and voluntary labour contributions for village infrastructure.	At around 8% through voluntary labour contributions and infrastructure user fees.

- There are different models being tried in different contexts. There may also be different regulations depending on the origin of funds, type of funds and management structure. Flexibility in design is therefore necessary, and no blueprint model can be applied. Increased attention needs to be paid to revision of local financial and technical regulations and specifications in order for this level of decentralization to be realized.

²¹ Differing viewpoints are expressed on this issue. The commune is the lowest tier in the administrative system that has the right to handle public financial resources, to open treasury or bank accounts, and to sub-contract cooperatives, enterprises and companies to undertake works etc. Many people think that the commune should therefore be the focal point for managing the development budgets. However, in many respects the village is the most important level for effective planning for community driven developments activities. This has important implications for the way in which these schemes are designed and managed. Some projects (such as the new Sida supported *Poverty Alleviation Program* and the IFAD projects) are continuing to experiment with Village Development Budgets.

- Transparency, good information exchange and a clear division of responsibilities between district, commune and village levels are critically important factors contributing to success (see Box 5.3 on the kinds of issues that can arise in this regard). Emphasis should be given to developing local accountability rather than complex vertical reporting procedures.
- Concentrated efforts on capacity building at village and commune level in participatory planning and leadership skills, financial management, procurement, and monitoring and evaluation are also essential. Implementation should only take place after appropriate capacity has been developed.

Box 5.3 Planning linkages and local accountability in commune development budgets

When introducing new approaches to local area planning – especially ones that involve changes in the way in which funds are allocated and managed, it is to be expected that there will be bottlenecks and resistances in the planning system that need to be resolved. This is as people at different levels adjust to the new requirements and new responsibilities. Introduction of the Commune and Village Development Budgets not only requires changes in the way in which commune and village cadres work through the increased responsibilities that are put on this level. It also necessitates changes in the way in which staff of District and Province departments respond to the plans made at the local level. In particular, it needs to be ensured that the plans made together with villagers are not altered at higher levels without adequate consultation. If villagers know about the plans and budgets, and these are changed without explanation it can put commune and village cadres in a difficult situation whereby they can lose the confidence of villagers. As described by Mr Hin, a Village Head from Nam Lanh Commune in Yen Bai:

“Villagers made the plan and then submitted it to commune and district level, but then the plan was changed, and it was difficult to handle the receipt issue. No money showed up but the plan just kept changing. It was difficult to explain to villagers why we received materials instead of money while money was in the plan, somebody else came and put it into practice, and we could not have anything under control. Then the villagers got to be suspicious... We sometimes feel that we have lost the faith the villagers have for us. The Village Management Group members can manage and we do not mind working hard with the Village Development Budget, but it should really be transparent between the different levels when it comes to the plans and money issues otherwise no one can accept these changes.”

Mr Tin from Tan Dong Commune in Yen Bai says that when villagers know about the budget, they ask more questions about what the expenditures have been:

“Sometimes, when it was not yet time for a meeting, they came and asked me about this issue. Villagers know the amount of money in general, but they also want to know about the details on how money has been spent. I have records and books to show them how the money has been spent. We inform villagers about this matter at the end of the month usually, or after some item of the plan is completed. We have to be transparent on this issue, because that’s what villagers want.”

Source: MRDP (2001)

Financial regulations and accountability in commune development budgets

A larger number of projects are now introducing commune and village development budgets including IFAD, World Bank, Sida and GTZ financed initiatives. Separate financial management

regulations have been formulated and approved by the Ministry of Finance for each of these projects. Government regulations exist for the planning and management of commune budgets utilizing local financial contributions²²; however, as yet no such standard guidelines exist for commune management of public or ODA financed schemes. This will be important in the future in order to establish a solid legal foundation for continued introduction.

In a paper on the mechanisms for integrating the RIDEF model into local government planning systems in Quang Nam, Pham Hai (2002b) stresses the importance of integrating participatory planning and decentralized management systems at this point in time. For commune level in particular, this should involve written decisions to the effect that commune authorities can be the investment owner of projects within their territory. Specifically, this would empower communes: (i) to sign contracts with consulting agencies, contractors and community groups for project implementation, and to directly organize acceptance and make final payments for projects owned by the commune; (ii) to actively set up and manage commune budgets and bank accounts; (iii) to organize the local participatory planning process; and (iv) to own invested projects and arrange and manage operations and maintenance.

With respect to financial management regulations, and ways to build accountability in the use of commune development budgets, some main recommendations are as follows:

- *First, it is easy to make such systems almost impossible to work in remote upland areas by placing excessive financial reporting demands on the communes.* Procedures are often far too complicated. For example, requirements for official invoices and receipts for all goods (such as bags of nails and timber bought from a local shop) and services (such as motorbike taxi fares) are unrealistic in these areas. Accounting and reporting requirements should be kept simple and minimal including single entry based systems and signed statements of expenditure for small items and services procured locally (MPI & UNDP 2003b).
- *Second, there are important multiplier effects in the local economy that can be generated by enabling communes to purchase small goods and services from within the local area* (for example, procuring furniture from local artisans) and the regulations need to endorse and promote this for certain categories of expenditure. Enforcing too strict procurement and financial reporting procedures can mean that communes are forced to go outside the local area with a loss to the local economy.
- *Third, building up horizontal and downward mechanisms of financial accountability and monitoring are as important as external auditing.* By this we mean introducing rigorous and transparent systems of budget and expenditure disclosure at community level. As noted in previous chapters, because commune officials are drawn from the communities in which they live and work, it is in most cases difficult for them to escape censure for financial irregularities provided that this basic information is widely publicized. Auditing levels of 100% by the local community, and no more than 10% by external authorities are appropriate for smaller schemes.

²² Decree No. 24/1999/ND-TTg (16/4/1999) of the Prime Minister promulgating the regulation on organizing the mobilization, management and use of people's voluntary contributions for the constructions of infrastructure of communes and district townships

- *Fourth, there should not be any fixed requirements for community contributions.* These should be separately negotiated for each schemes and activity in relation to the nature and size of the schemes and beneficiaries ability (MPI & UNDP *ibid*).

5.3 Multi-level targeting strategies

An overall lesson that emerges from the this analysis is the need to develop more refined targeting strategies that address the needs of poor areas and communities, as well as those of particular vulnerable groups. The targeting approach taken by the IFAD and Sida co-financed *Rural Income Diversification Program* in Tuyen Quang Province provides some useful directions in this regard. This project includes four overall components and a number of sub-components in: (i) *food security and income diversification* (including micro-finance and micro-enterprise development, livestock production and animal health services, forest resource management, and improved technical and vocational training opportunities); (ii) *gender and women's livelihoods*; (iii) *village infrastructure development*; and (iv) *project management*.

The main targeting mechanisms under this program are described in Box 5.4. The interesting thing about this is the way these project components and a range of different financing mechanisms are brought together in a multi-level targeting strategy. This combines overall geographical targeting of poor communes (according to the CEM criteria) with targeting of poor and hungry households in these communes (according to the MOLISA criteria) and local identification of vulnerable and destitute households.

The project includes different financing mechanisms (including the Village Infrastructure Development Funds, the Women's Livelihood Funds, and credit and savings) that are under local control and management, but which are diversified to suit the needs of different areas and particular groups. The Village Infrastructure Development Funds, for instance, are allocated to commune on the basis of the number of households in the commune and distance from the district centre, thus providing more resources to more remote and/or larger communes. The Women's Livelihood Funds include special provision to support women's group activities, as well as the needs of destitute households, and education support for girls. These livelihood funds are managed separately from regular household savings and credit activities and the Village Infrastructure Funds. The project also targets young people by improving vocational training opportunities as another means for reaching the overall objective of promoting rural income diversification.

5.4 Community participation and management in the infrastructure cycle

Several important messages emerge from this study with respect to how infrastructure schemes are handled in community driven development programs. Our findings confirm those of a number of other recent studies on this topic (Hoang Xuan Thanh & Ha Luong Thuan 2002; MPI/UNDP 2003a). Many programs adopt a fairly uniform approach: (i) consultation with local people and user groups is often regarded as a 'one-off event' at the selection stage through commune and village planning exercises; (ii) participation is promoted primarily through standard requirements for community contributions (in the form of voluntary labour or materials amounting to between 5% and 20% of the total cost) that are often applied uniformly to all types of schemes; and (iii) there is a tendency to assume that commune authorities and communities can and should bear full responsibility for the O&M of all types of schemes.

Box 5.4 Targeting and financing mechanisms under RIDP in Tuyen Quang	
Overall geographical targeting	<ul style="list-style-type: none"> Poor communes in Tuyen Quang following the Government's criteria (i.e. Zone III communes in the classification made by CEMMA)
Targeting village infrastructure funds	<ul style="list-style-type: none"> Commune managed (i.e. Commune Peoples Committee as the 'investment owner') Village Infrastructure Development Funds. Fund allocation per commune based on a ratio of the number of villages and households in a commune and the distance from the District centre (range from 52,000 USD to a maximum of 266,000 USD). Funds allocated to villages according number of households in the village. Designs will adopt labour intensive methods, with priority given to poor households for wage-labour opportunities, backed by a mandatory clause in all construction contracts. Community contributions made through a 10% reduction in salary for the work done thereon.
Targeting income diversification	<ul style="list-style-type: none"> Development of Savings & Credit Groups (SCGs) as strong community-led financial institutions that can reliably respond to the credit needs of members. Provision of matching grants to Savings & Credit Groups after 6 to 12 months of successful operations. Provision of incremental credit to the Bank for the Poor (VBP) for providing loans for the development of households and group micro-enterprises.
Targeting women's livelihoods	<ul style="list-style-type: none"> Commune managed Women's Livelihood Funds to finance self-identified needs. Overall funding level depends on the number of households in the commune. Funds allocated to villages according number of households in the village. Special categories and targeting criteria within the fund mechanism include: <ul style="list-style-type: none"> Activities that will benefits <u>groups of women</u> within the village (maximum of 50% of fund allocations); Support to <u>destitute households</u> or 'hungry' households in MOLISA poverty criteria; Provision of <u>education support for girls</u> for poor and hungry households in MOLISA poverty criteria.
Targeting vocational skills	<ul style="list-style-type: none"> Provision of scholarships for eligible students from project communes to participate in technical and vocational training. Particular emphasis placed on the development of course options for women.

Source: IFAD (2001)

There is an urgent need for more clearly enunciated and differentiated strategies for community participation and management in commune infrastructure (MPI/UNDP *ibid*). This implies a number of things (see Box 5.5). First, it is necessary to look at these aspects across the full cycle of infrastructure provision – from initial scheme selection and planning, to detailed design, procurement and construction, and O&M, and not just at the initial planning stages. Combined with this, it is necessary to differentiate much more between different types of social, transport,

and productive and service infrastructure. The type and level of community consultation, contributions and management required varies for different types of schemes, and in particular according to whether the beneficiary groups include the wider community, particular users groups and/or individual households. The type of service agency – community linkages that are required for O&M and technical supervision also vary considerably for different categories of infrastructure.

Box 5.5 Community participation and management in different types of infrastructure			
Aspect	Domestic water supply	Small-scale irrigation (PIM)	Commune roads
Beneficiary groups	Individual household supply or joint schemes.	Households and irrigation user groups.	The wider community.
Scheme selection and planning	Intensive participatory planning required determining type and location of schemes and beneficiary groups. Information dissemination on the terms of installation, user fee systems (if they apply) etc are essential at this stage.	Intensive participatory planning required determining current status, demand and scale of upgrading irrigation schemes. Water User Associations (WUAs) should be identified and formed at an early stage, and future management arrangements discussed in detail during planning. Consultation also required with upstream and downstream users.	Selection depends on district road network planning as much as on local priorities. Consultation and information dissemination required on location, land acquisition and compensation, labour opportunities and expected contributions.
Detailed design and costing	Involvement of Supervision Boards and local technicians (who will be responsible for O&M) at the design stage to increase effective supervision and sustainability.	WUAs need to be directly and actively involved in detailed design and costing. This should include developing user group regulations and agreement on fees, and the amount and type of people's contributions to construction.	Commune Supervision Boards should be kept informed of the design of schemes and implications for land acquisition and community contributions.
Procurement and construction	Company contracting required for more complex gravity-fed and piped water supply systems. Voluntary or paid labour opportunities may apply on some works. Active involvement of Supervision Boards essential.	Depending of the size of scheme either company or community sub-contracting methods may be appropriate. Voluntary labour contributions and supervision from WUA members. Active involvement of Supervision Boards essential. Technical training of WUAs on construction, supervision and management.	Company contracting normally applied. Paid labour opportunities should be given priority over voluntary labour for these schemes. Active involvement of Commune Supervision Boards is essential.
Operation and maintenance	Continued active involvement of external service agency essential to maintain most types of scheme. Combined with technical training of commune technicians to provide on-going supervision and maintenance.	WUA management, operation and maintenance through user-fees or voluntary contributions.	Different options may apply. Potential in some areas for developing the capacity of local road maintenance teams who could be sub-contracted to maintain commune road systems.

5.5 Paid labour, contributions, cost recovery and user fees

It appears that many commune infrastructure programs fall prey to this competing set of objectives. The rationale for seeking voluntary community contributions is to increase local ownership over schemes. This is strongly endorsed by Government and by donors and, according to international experience, is regarded as an essential element of community driven development approaches. The need to prioritise paid labour opportunities for local people on public construction works is also a stated objective of the Government, as a way of increasing the benefits accruing to the local economy. Introducing cost recovery and user fee mechanisms has the equally valid but longer-term objective of moving towards more sustainable systems of service delivery and O&M.

Yet in practice these objectives and mechanisms can conflict with each other in a fundamental way. Bundling them together in one project or type of scheme can also make it exceedingly difficult to put transparent and effective management systems into practice, and can make it hard for commune staff to clearly explain to local people what the terms and conditions of the system are. Many programs face implementation difficulties over these issues.

A number of recent studies have revealed that the high level of contributions expected of local people on new infrastructure schemes can place a heavy burden on rural communities and poor groups. This is especially the case in situations where two or more projects may be operating in the same commune with limited coordination. These infrastructure contributions come over and above existing social labour contributions, taxes, and payments to the health and education system. Given that these concerns have been raised from various sources – and in view of the fact that the number of programs and the level of investment in rural infrastructure is set to increase – it is essential that future programs look into this set of issues very carefully.

In this respect, a recent study by MPI/UNDP (2003a) gives a number of useful recommendations for future programs (see Annex 6). The most important consideration is to move beyond blanket 5%, 10% or 15% community contributions. This would in turn allow: (i) more sensitive poverty targeting; (ii) greater adaptation to local circumstances and capacities; (iii) a clearer distinction between the types of schemes for which voluntary contributions are appropriate and those for which paid labour opportunities should be prioritised; and (iv) a clearer distinction between the types of service infrastructure that should be community managed, and those for which introducing user fee systems would be the most appropriate option for ensuring sustainability.

5.6 Managing water supply as a public and/or private good

The issues described above are particularly apparent and critical in rural water supply. The past experience from many – project-built and delivered – domestic water supply schemes that are intended for community management has not been positive in Vietnam. Simply handing over complex water supply systems (such as gravity-fed piped water supply systems in the uplands, or pumped water supply in the lowlands) to communities to manage has often led to rapid deterioration of the infrastructure. Good technical supervision and adequate financing is required for sustainable O&M of these systems. However, this is one of the weakest sectors in many provinces and districts in terms of staffing and technical outreach capacity. In water supply and sanitation there are also difficult issues to address in how to integrate individual household access with wider community management of water resources.

In this section we touch on the experience of the domestic water supply and sanitation component of the World Bank financed *Mekong Water Resources Development Project* (MWRDP) that operates in several provinces of the Mekong Delta. This project aims to develop economically sustainable rural water supply systems in the longer-term perspective, while prioritising the needs of poor communities and households in the more immediate future. For this, the project incorporates a rather complicated mixture of financing and implementation mechanisms including: (i) revolving capital grant allocations to extend the coverage of schemes; (ii) mandatory community contributions either as labour or household payments for installation; (iii) introducing cost recovery and user fee systems; (iv) intended exemptions and cost reductions for poor households; and (v) in some places, performance related employment terms for local technicians.

Box 5.6 Financing mechanisms and management issues in the MWRDP				
Financing mechanism	Type of scheme			Community participation & management issues
	WS	WJ	HL	
Revolving capital grant allocations to extend the coverage of infrastructure	•		•	For both WS & HL it is unclear whether the revolving funds are meant to operate at: (a) commune level – as part of a commune development strategy; or (b) through province level (the government treasury account of the Provincial Water Supply and Sanitation Centre) as part of a strategy to develop a sustainable province service. In the latter case, a lack of information provided to commune staff (e.g. the Women's Union representatives dealing with latrines) on future allocations to the commune makes it difficult for them to conduct open selection processes.
Mandatory community contributions applied either as labour or direct payment for household installations.	•	•	•	There is an underlying discrepancy between the expectation of upfront household contributions, and attempts to introduce user fee systems. The danger is that households may end up paying in excess for installation of services. Some poorest category households have limited capacity for making contributions and cannot afford to pay for instalment connection, let alone more difficult user fees.
Introducing cost recovery mechanisms including phased installation repayments and/or through user fees.	•	•	•	Pressure on commune staff to ensure cost recovery can result in a situation whereby they pre-select better off households. At the same time there is pressure on them to ensure open and fair consultation and selection processes. This can be a difficult balance to achieve.
Exemptions and cost reductions for poor households.	•	•	•	At present there is no clear policy on reduction or exemptions in contribution for the poor, in difficult areas, creating conditions for them to get access to the service.
Performance related employment terms for commune technicians according to the number of households brought into the system.	•			A high pressure on the site manager created by the potential contradiction because of low uptake of supply schemes in some places compared to design capacity, due to low awareness of local people, and maybe because of high requirement for contribution and the water user fees

Types of scheme: WS – pumped water supply systems; WJ – water jars; HL – household double vault latrines.

During fieldwork for this study these issues relating community participation and management, financing and cost-recovery in were discussed with province and commune officials (Box 5.6). What emerges from this example is the discrepancy that can arise between achieving community development and poverty reduction objectives on the one hand, and efforts to develop sustainable

systems of service delivery on the other. This is apparent in the pressure put on commune staff to ensure cost recovery which can result in a tendency to pre-select better-off households, and which may restrict the extent to which they are willing or able to conduct open consultation processes.

Underlying this is an ideological tension that exists between viewing water supply as a ‘public’ utility or a ‘private’ good – and the extreme difficulty with water supply is that it is essentially both at the same time. In our discussions with Province leaders in both Tra Vinh and Ving Long, they asserted that access to clean water is a basic right of all households and therefore needs to be subsidized for the poor. For this reason they did not expect these systems to achieve full cost recovery in the near future. Combined with this – given the unique fluvial environment of the Mekong Delta – water has to be treated as a community management issue since polluting of the system by one group of household will have detrimental impacts for the entire community.

The experience from MWRDP also shows that for service related infrastructure such as this it is essential to combine aspects of community management with strengthened technical supervision and maintenance by the sector service agencies. In contrast to some previous domestic water supply programs that have simply handed over works to local communities for management, MWRDP is working to ensure that the technical capacity of commune site managers employed by the Provincial Water Supply and Sanitation Centres is increased.

5.7 Procurement methods for community driven development

Investment projects such as the World Bank supported *Northern Mountains Poverty Reduction Project* (NMPRP) and the *Community Based Rural Infrastructure Project* (CBRIP) aim to support community development initiatives over a large area – covering several provinces and in hundreds of communes and villages. The big challenge for such projects is how to design and put into effect project implementation mechanisms and procedures that are sufficiently uniform and simple, but which can be adapted to the tremendous socio-economic and institutional diversity that exists at the local level in different provinces and regions of the country.

A second major challenge relates to the management of large-scale investments to support a very large number of small-scale commune and village construction schemes and ‘software’ activities that are geographically scattered. This is in terms of devising operational guidelines (for financing and procurement etc) that ensure that the principles of commune level management and control are maintained in project implementation and which help to ensure accountability to local people. This becomes more difficult when working in the remote upland districts and communes where current capabilities and capacities are weaker, and where the range of public and private sector service agencies to work with is limited.

World Bank documents on Community Driven Development explicitly recognize that simplified procurement and contracting procedures need to be adopted for these types of projects. For instance, in one document it is stated that:

‘...The Bank’s procurement and disbursement procedures were originally prepared for large investment projects and, although these have been simplified...they still appear cumbersome to allow effective and speedy implementation of numerous small localized programs by new types of actors’ (Guptal 2001).

Elsewhere, it is noted that in many existing Community Driven Development projects supported by the World Bank around the world, communities have:

‘... taken the lead in planning, organizing, selecting and contributing to the sub-projects. However, in many of these projects, the participatory approach often stops short when it comes to contracting. Government agencies and project staff often control the contracting process... As a result, suppliers become accountable to the projects rather than to the communities, even though the communities are ultimately responsible for owning and managing the schemes’ (de Silva 2000).

In this section, we examine to what extent such issues are of concern in the Vietnam context, and if so how they might be resolved. This discussion focuses mainly on procurement issues, and on World Bank projects, but many of the principles are of wider relevance to Government and other donors. In Chapter 4 we have seen how in many provinces under Program 135 the ‘investment ownership’ for commune works has been retained at district and province levels, while some provinces have taken a more progressive approach to capacity building and devolving responsibilities to the commune authorities. At the same time, we have argued for a more differentiated approach to commune infrastructure investments in particular – whereby not all types of schemes are necessarily suitable for full commune management.

Conflict or complementarity between ‘sector specific’ and ‘community driven’ projects

Province and district authorities and departments are in many cases managing multiple Government and donor supported projects and programs, many of which have different procurement regulations, methods, thresholds and procedures. The management issues that can arise in this situation are particularly evident with respect to the competing objectives, and differing financing and procurement mechanisms that may be applied in sector specific vis-à-vis community driven development approaches and projects.

For instance, the World Bank finances several sector specific projects in Vietnam which overlap with CBRIP and NMPRP in either the geographical areas in which they work, or in having similar project components and investments. Several other sector projects also include components that have a community management focus (for example, in on-going projects on water supply and sanitation, forestry conservation and community development, and coastal wetland rehabilitation).

The recently started *Primary Education for Disadvantaged Children Project* (PEDCP), for example, will work in 36 provinces and 189 districts (targeting districts with high household poverty incidence). Some of these will overlap with NMPRP and CBRIP geographical areas, and have similar components (e.g. construction and equipping of village satellite schools). However, the procurement mechanisms under these projects differ (see Annex 7). Under PEDCP the procurement will be managed at central or provincial levels, and includes higher-order procurement thresholds and methods such as National Competitive Bidding (NCB). While under NMPRP, village schools and furniture will be procured primarily through Small Works Contracts or even Community Sub-contracting methods. There is a risk, therefore, that similar types of investment, in this case financed by the same donor, may be made in the same districts (even possibly within the same communes), but using very different methods of procurement.

This is not simply a question of management coordination. An underlying issue is the need to balance planning and management approaches that give choice to local communities (to prioritise, select and manage schemes) and approaches that build up viable and sustainable networks of infrastructure and services on a wider administrative level. This balance must, of course, be achieved by the local government administrations. However, there is much that donors can do to assist with this. The Harmonization Group is currently looking at ways to increase the complementarity between the lending instruments of some donors and Government procedures, but at a higher order. It is also critically important to look at this question of harmonization on the ground – in the approach and specific practical regulations and procedures that are developed for program implementation at district and commune levels.

The centralizing influence of implementing procurement regulations

There is a strong centralizing influence in the process of implementation of procurement regulations (such as those of the World Bank) that tends to favour the adoption of higher order procurement methods. This can work against effective introduction of commune-managed procurement and contracting, and effective community participation and supervision. This centralizing influence comes about for a variety of reasons, including: (i) ease of management for higher management levels; (ii) contractor preference for larger or ‘packaged’ schemes; (iii) the inexperience of smaller local private contractors to understand and negotiate their way through the procurement procedures; and (iv) the tendency to prioritize external and upward mechanisms of accountability rather than downward accountability to local communities.

Both CBRIP and NMPRP give provision for community sub-contracting/participation methods for of small infrastructure schemes. The procurement options under both projects are various and adaptable. However, under neither project are estimates given of the expected level of investment or proportion of schemes that will be procured through these community sub-contracting/participation methods vis-à-vis higher order procurement methods such as Small-Works or NCB. This is left to the discretion of local project managers. However, this does not ensure these methods will be used in situations where they are appropriate and possible. Under Program 135 in Tuyen Quang Province, these decisions have been shifted partly to community level – whereby villages and communes decide and propose to the district which schemes they can manage locally and which should be put to company contracting (see Section 4.6).

Experience from many projects has shown that local/domestic private contractors are often disinclined to bid for the design or construction of small-scale scattered works. The alternative, which has been adopted by some projects, is to package these works, and to tender them through higher-order procurement methods. While this increases the efficiency for the investment owners, and can make it economically more attractive for contractors, it can take the management focus away from local government and community level, which in turn may reduce the accountability to local people. This is the case, for instance, in the water supply and sanitation component of the MWRDP that shifted the focus of procurement management after the project began (Box 5.7).

In many of the more remote districts, there are a limited number of eligible local private companies which have the necessary *knowledge of the procurement regulations* or the *human and financial resources* to bid for these packaged schemes that require more complicated and lengthy bidding arrangements and necessitate communication with national level management agencies.

This can also exert a strong centralizing influence, by favouring better-resourced and better-connected companies that operate at national level, rather than the local private sector.

On the other hand, several studies carried out in Vietnam have suggested that commune authorities, and local people, often favor the use of local contractor companies for commune works. This is because local companies are more easily contactable, and communes can exert more control over them through the administrative system. It is, for instance, very difficult for people in a remote upland commune to gain recourse to a company that operates out of another province. This was a point made strongly in several places during the community consultations on the draft CPRGS in 2002 (Shanks & Turk 2002).

Box 5.7 The shift in procurement management under MWRDP

As noted in the MWRDP Project Appraisal Document, in the project preparation process commune managed contracting was originally proposed for the water supply and sanitation works, but this option was rejected because of concerns over the weak management capacity of the communes. In the Project Appraisal Document, it was therefore designed that these works would be managed by province agencies (the Provincial Centre for Rural Water Supply and Sanitation) through either community-participation schemes, or that works under 50,000 USD (but on average around 5,000 USD per contract) should be procured by attracting local companies through price quotation methods (Small Works). However, after commencement of the project, it was found that few local companies were interested in bidding for the many small works. Responsibility for procurement was subsequently transferred to central level, and works were packaged for NCB by the Central Project Management Unit.

This raises important questions regarding appropriate accountability mechanisms in community driven development schemes. The procurement regulations of the World Bank, and many other donors, tend to emphasize ‘upward’ and ‘outward’ accountability (i.e. bidding arrangements that are ‘opened’ beyond the administrative areas and systems in which the scheme is managed, through qualification requirements, and through external prior-review and auditing). These intentions are entirely valid. However, this needs to be matched by building stronger ‘horizontal’ and ‘downward’ accountability mechanisms to local communities at various ‘checkpoints’ in the selection, design, construction, handover and management of works.

Assessing the costs and benefits community or higher-order procurement methods

This is a complicated set of issues that demands more thorough consideration in future community driven development programs. In this respect, it would be informative to undertake a more detailed investigation of the costs and benefits – and the comparative transaction costs – of commune managed procurement vis-à-vis higher-order procurement methods. This should be looked at in monetary as well as efficiency terms. In the short term, packaging schemes and using higher-order procurement may simplify and increase the efficiency for the managing agency, while there are significant costs in the higher company overheads. For commune procurement, more resources are initially required to build the capacity of commune authorities and the local private sector. However, it is necessary to look beyond the ‘procurement and construction phase’ to take into consideration downstream costs associated with operation and maintenance, and the benefits that investing in local capacity building may have on the sustainability of schemes.

6. Future potentials and priorities

This final chapter looks towards the future – and explores the prospects and potential options for supporting community driven development initiatives in the remote rural, upland and ethnic minority regions of the country over the next few years. This begins by assessing the extent to which the strategic approach to poverty reduction that is applied through the targeted Government programs such as Program 135 continues to be of relevance today. And we assess the potential for increasing the complementarity between the Government programs and donor financed initiatives.

Leading on from this – and drawing on the evidence and experience given in previous chapters – proposals are given for the possible direction, approach and content of such programs in the future that concentrate on rural livelihoods and commune and village infrastructure. As stated in the introductory chapter, these are not formulated as firm conclusions or recommendations. Rather, our aim is to summarize the ‘priority issues’ and ‘promising approaches’ in a form that can be used to take the analysis and discussions forward.

Throughout this study the over-riding importance of capacity building in community driven development efforts has been highlighted again and again. The final section draws these strands together, by identifying approaches that can be taken to build the technical and managerial skills of commune and village cadres and community groups, and identifying critical institutional capacity building priorities with respect to: (i) main-streaming capacity building for commune cadres in the province training systems; (ii) capacity building to promote local democracy; (iii) non-formal skills and vocational training for poor households and communities; (iv) building infrastructure in remote rural areas with local people in a training role; and (v) bringing in a wider range of private sector stakeholders at the local level.

6.1 The Government target programs

It is evident that fiscal transfers from the national budget to poorer provinces, districts and communes will be maintained in the future, and that targeted programs will continue to be one of the preferred mechanisms of the Government for integrating national and local resources and focusing them on poverty reduction and the needs of poor areas and vulnerable groups. Under the Program on Public Administration Reform and recent revisions to the Budget Law, however, province authorities will have increasing discretion in how to allocate and use these resources. In this respect, an important policy issue at province level is how the overall strategies for growth and poverty reduction set out in the CPRGS will link to the administrative reforms on the one hand, and to the design and content of these targeted program interventions on the other. This will be a priority over the next few years, particularly with regard to the planned revision of Program 135 and the Hunger Eradication, Poverty Reduction and Job Creation Program.

The CPRGS explicitly recognizes the role of the target programs as a vehicle for implementing the overall poverty strategy, and identifies the need for continued decentralization of program management; enhancing the role and accountability of local agencies; identifying concrete measures to mobilize participation; simplifying and increasing the efficiency of investment and administrative procedures; as well as unifying the scope of the national target programs (SRV 2002: Part III page 113). The CPRGS also identifies specific components that need to be expanded

in disadvantaged areas including: irrigation in the Central Highlands and Central Region; improving residential infrastructure in the Mekong Delta and upland regions; and terraced agriculture and commodity crop production in the uplands.

Options for increasing the complementarity between Government and donor programs

It has been noted in several reports that generally weak linkages exist between donor supported initiatives and implementation of the main poverty reduction programs of the Government (Fritzen 2000; Pham Hai 2002a; Do Xuan Hoa 2002). These reports also note that the mobilization of different funding resources to create an aggregated impact at grassroots level, and the use of central funds to lever and increase the efficiency of local resources is often not effective. This is clearly an area in which there is a need for better coordination, and through which donors can influence the implementation of policies on the ground.

While some donors (such as UNDP and GTZ) are providing technical assistance to the national target programs at central level and in some provinces, an outstanding issue is how large-scale donor investments are integrated at the district and commune levels of program operations and implementation. Options for increasing the complementarity and integration between Government programs (such as Program 135 referred to here) and donor support may include the following:

- Possible donor co-financing of investments and technical assistance to strengthen particular ‘software’ components of Program 135 such as district and commune capacity building and training, and monitoring and evaluation.
- Possible direct financing by donors of Program 135 investments in particular provinces, districts and/or communes, combined with technical assistance, increasing transparency in investment and procurement procedures and mechanisms of accountability.
- Another option would be to use Program 135 resources as the counterpart funds to donor financing in order to ensure effective integration at the most critical level of commune implementation of schemes.
- Agreeing on a more common set of procurement thresholds and bidding arrangements in order to reduce the burden on province, district and commune administrations and management units and to increase complementarity between Government and donor supported initiatives. As noted above (Section 5.6) many provinces and districts are operating several Government and donor projects side-by-side in the same sectors and/or geographical areas that have very different procurement regulations and procedures.
- Strengthening existing local government mechanisms to ensure accountability and good supervision of works. This includes the People’s Councils, Commune Supervision Boards, and technical supervision agencies that are assigned this responsibility in the provinces. For example, in Phu Tho Province a Centre for Supervision has been established that provides technical monitoring of local investment projects and is responsible to the Province People’s Council and Province People’s Committee for different schemes. Similar bodies exist in other provinces. There is potential for strengthening and making greater use of such agencies in the

supervision of donor projects, or for twinning these agencies with external or national technical supervision and auditing agencies.

6.2 Approach and content of future programs in poor commune areas

Infrastructure and appropriate technology development

In the past, Program 135 (and associated Government and donor programs), have concentrated on building up access to basic social and economic infrastructure in the remote upland communes. It is to be recognized that these needs will be increasingly fulfilled over the next few years. A majority of upland communes now have basic vehicular access, health and secondary school infrastructure, and renovated administrative offices etc. – and the medium-term priorities in this regard should increasingly be on ensuring sustainable operations and maintenance systems. It is also important to note that the capacity of the relevant sector departments, services and projects to provide these categories of infrastructure in the upland areas is also increased.

There is a strong demand and justification for continuing with ‘integrated’ programs that concentrate on small-scale community infrastructure to support household livelihood development in the most remote communes and villages. However, the tendency in existing programs to prioritise larger works (based around settlement areas and commune roads) has been noted in previous sections of this report. Existing targeting mechanisms also do not ensure that infrastructure investments reach the poorest and/or most remote villages and hamlets within a commune, or address the needs of particular vulnerable groups of households. The need for more sensitive or ‘multi-level’ targeting strategies has also been identified above.

Based on the analysis made in this study, we suggest that in the present day situation the focus and approach of such programs with respect to commune and village infrastructure may need to change in a number of directions:

- Firstly, the impact of such programs will be enhanced if they really do concentrate on small-scale infrastructure schemes to fulfil basic community and household needs (water, sanitation, light, housing, and food security). We suggest that future community driven development programs should increasingly concentrate on those types of schemes that can be planned, procured and managed by the commune authorities, villages and user-groups themselves to meet these basic livelihood needs.
- These would be implemented primarily through Commune (and possibly Village) Infrastructure Budgets and procured mainly through community sub-contracting methods or company contracting for small works. The experience from the IFAD projects shows that it is beneficial to clearly separate financing and management of ‘commune infrastructure budgets’ from funding mechanisms to support household or group livelihood activities (e.g. the ‘women’s livelihood funds’ under *Rural Income Diversification Project* in Tuyen Quang).
- In particular, this would imply an increasing focus on infrastructure for upland water management (for small-scale irrigation, domestic water supply and sanitation) closely integrated with intra-commune and village level transport infrastructure (paths, small bridges, check-dams etc). In the irrigation sector, much good experience is available on Participatory

Irrigation Management (PIM) from some provinces and NGO and donor projects. However, institutional capacities and the legal basis for PIM and community-based Water User Groups and Associations need to be strengthened. In domestic water supply, there is a critical lack of technical service supervision in a majority of upland districts and communes and this is a major priority for capacity building.

- While it is anticipated that most communes will be connected to the national electricity grid in the next few years, there is an important role for such programs in supporting community-based organisations and households to extend this outreach for domestic purposes as well as enterprise development. For both electrification and water management, developing commune and village infrastructure should be combined with the development of appropriate technology options for domestic appliances, for production and processing technologies, and household and community sanitation.
- It is suggested that larger and more complex infrastructure schemes (such as inter-commune roads) that require higher levels of technical design and supervision and contractor involvement, and social infrastructure (such as commune secondary schools and health clinics) would, in general, now be better provided and managed through sector specific projects and services rather than through community driven development programs.

Community-based natural resources management

- Placing greater emphasis on water management would require the introduction of improved approaches to ‘integrated micro-watershed area management’. This is a very high priority in many upland (and remote delta) areas, and will increasingly become so in the future. Vietnam has much to learn from other countries that have more experience with these approaches.
- Closer linkages need to be established between household livelihood improvements and forest management and protection. In many upland (and some coastal) communes, legally designated forestry land occupies a large proportion of the land area (frequently over 70% in many upland communes). Forest resources and products are an essential source of livelihood support for poor households in these areas. In addition, some of the major production sectors in which the uplands have a comparative advantage over lowland areas (such as buffalo raising and beef cattle production) are, in many cases, dependent on multiple forest land-use systems. In general, however, the linkages between livelihood development, forest protection and management, and bio-diversity conservation are not well articulated in the implementation of either the forest sector programs (such as the 5 Millions Hectares Reforestation Program) or in community development programs.
- The legal status of villages, hamlets and community groups to be allocated and manage forest resources has been unclear in the past. However, this situation has changed in the recent revision to the Land Law passed by the National Assembly in 2003, which now provides a better enabling framework for the development of locally adapted land management practices that link household land allocation with community-based natural resource management. Considerable experience has been gained through pilot projects on community forestry planning and management, and in participatory forest land allocation, and there is clearly scope for scaling-up these approaches in the future.

Household livelihood improvement

- With respect to agriculture extension – more emphasis needs to be given to adapting extension technologies and methods to the diverse conditions found in upland areas. Experience has shown that existing mainstream approaches to extension often do not meet the needs of upland producers both in terms of content and approach. Standard approaches to agricultural demonstration models are often not suited to the resource conditions of the poorest category households in particular. And there is a need for more adaptive research on upland farming systems in general. In recent years, a considerable amount of experience on participatory extension methods and technology development has been gained through NGO supported projects working in uplands (see, in particular, MARD 2002). However, there are still constraints on integrating this learning into the Government extension system, and into larger-scale loan financed projects.
- Combined with this, more emphasis should be put on marketing, and small-scale processing and enterprise development managed by households and producer groups. This is given high priority in the CPRGS and MARD sector policies. As indicated in Section 3.4, there is in some rural areas quite high potential for supporting the development ‘village industries’ based on either agricultural or non-agricultural production lines, through the introduction of improved mechanisms of capital investment, appropriate technology development, strengthening business management skills and marketing capacities. Some recent projects, such as the IFAD supported *Rural Income Diversification Project* in Tuyen Quang Province, have begun to focus on these aspects which should yield valuable experience in the next few years.
- Improving access to appropriate forms and sources of investment capital is essential for promoting livelihoods and enterprise development. Financing of savings-and-credit schemes and activities may or may not be included in such programs, but there is increasing justification to mainstream donor assistance in this sector with the banking system and to not support stand-alone schemes. However, there is an important role to be played by community driven development programs in helping to integrate financial services at community level – for example, by supporting C&S group formation and intermediation, training in literacy for women and ethnic minority groups, training in business development skills, and in strengthening linkages to extension, animal health and environmental sanitation.
- Livelihood support also requires giving attention to the ‘quality of daily life’ for upland people and for vulnerable groups in particular. Women in many upland communities still face arduous workloads due to the long distances that need to be covered to collect fuel and water, cooking on open fires, use of poor quality tools and equipment etc. Children from poor households suffer hardship from a lack of warm winter clothes, and a lack of food and materials to attend school. Innovative and culturally appropriate social welfare mechanisms for vulnerable households managed by community-based organisations, and renewed attention to the development of appropriate technology, would be essential components of a future program.

6.3 Human resource and institutional capacity building priorities

There is still a strong tendency, in some quarters, to assume that commune leaders and technical staff and village heads in the poor communes cannot take full responsibility for planning, implementing and managing small-scale infrastructure works and other development activities because they lack the capacity. Yet this is a self-defeating argument. And it appears that entrenched attitudes in this regard – especially towards local capacity amongst some ethnic minority groups – is becoming an impediment to future developments.

The experience from a number of longer running projects and programs working in these areas clearly suggests otherwise. That through well thought out, practical, on-the-job training programs and adequate coaching these capacities can be built up. But the experience from these programs also shows that capacity building is not simply about training. It is more to do with bringing organisational development processes, policy interpretations, implementation mechanisms, and improved human resources together in effective strategies for supporting local area development.

Main-streaming capacity building for commune cadres in the province training systems

Over the years, a huge amount of experience has been built up by NGO and donor supported projects on the methods and content of training and capacity building for commune and village cadres, extension workers, and leaders of farmer organisations etc. Yet most of this has taken place outside the regular government training systems. As indicated in Section 5.1, only a few projects have systematically addressed the issue of scaling-up in the government system and integrating the methods developed under project work into the curricula of the province training organisations (such as the Provincial Technical and Economic Training Schools that have the main responsibility for cadre training at commune level). There is a tendency for projects to draw on ad-hoc contracted training services which – while filling short-term needs and being lucrative for the consultants involved – does not address the fundamental long-term challenge of how to build sustained managerial and technical capacities in these remote communes and villages.

This is a critically important issue that needs to be looked at more carefully in the design of future programs. It is also a key element of the Government's Program on Public Administration Reform. To reach these remote communes, there is really no alternative to working through the province training organisations and services and this is necessary for effective integration. National training organisations and consultants cannot be expected to provide the type of follow-up training and regular coaching required to build the core skills (in management, technical supervision, financial management, and local democracy) required by commune and village cadres. The *Community Based Rural Infrastructure Project* and the *Northern Mountains Poverty Reduction Project* both include substantial capacity building and training components for commune staff that are to be implemented through regional and provincial training organisations (for example, NMPPR is working through the Province cadre training schools) and it is to be expected that valuable experience will come from these projects. However, in future programs consideration should be given to more direct and concentrated support for these capacity building components.

Capacity building for community facilitation and to promote local democracy

As also indicated in earlier sections of this report, a particularly important aspect of capacity building is to strengthen the mechanisms for implementing the legislation on local democracy at

commune and village levels, and especially in ethnic minority areas. In these areas the conventional means such as public posting at commune offices, television, loudspeaker broadcast announcements etc. can be less effective or more difficult to organise (Oxfam GB & Institute of Economics 2003). Experience has also shown that stand-alone training in leadership and facilitation skills and methods can be not very effective. Improving these capacities needs to be integrated with technical skills training and as applied to specific work contexts, tasks and responsibilities, as well as to functional literacy training in ethnic minority areas.

Non-formal skills and vocational training for poor households and communities

The poverty assessment studies carried out under the Poverty Task Force have shown there is a huge demand amongst poor people in rural areas for more and better vocational and skills training opportunities²³. It appears there is great potential for strengthening institutional capacity to provide this especially in upland areas. In recent years, some donors (such as ADB and SDC) have been active in supporting the vocational and enterprise training sector. However, access to formal vocational training is skill dependent on secondary school qualifications and language requirements and is hence prohibitive for a majority of poor people in the uplands, especially those from ethnic minorities. Consideration should be given under new programs to introducing innovative and appropriate approaches to non-formal community-based education and skills training for upland people that are not dependent on qualification requirements and that are geared to small-scale income generation opportunities.

Building infrastructure in remote rural areas with local people in a training role

Many of the more remote upland communes do not currently have the technical capacities on-hand within the community to construct, operate and maintain certain forms of infrastructure. So the question is – how to build teams of local people, and to train them 'on the job' (for instance, in road stabilisation, culvert making etc.) so that these capacities will be developed? This is essential both to ensure sustainability in operations and maintenance of these schemes, and to maximise the benefits of program resources going to the local communities.

For instance, one way to do this would be to link commune works more closely to community-based vocational training programs (proposed above) and 'youth employment' schemes. This would involve creating teams of local people and training them in technical and supervision skills as part of the construction cycle. In the future, these teams could then be contracted for road maintenance, and if successful, could develop into small-scale enterprises or other forms of cooperative so that they can be contracted to undertake routine road maintenance. This type of arrangement could provide a solid training for local people in the most disadvantaged areas, but based on real construction work and beneficial activities for their communities.

²³ For example, the local consultations on the CPRGS in Lao Cai found that the high demand for vocational skills training appears to be indicative of a growing awareness amongst a broader section of rural society that education and skills are essential for making one's way in the modern world. The demand is not just for agriculture related topics and skills, but also in a wide range of vocational trades and skills. For instance, the range of skills mentioned by participants from the four commune discussion groups in Lao Cai includes: infrastructure design and construction, agricultural production and processing, tailoring, carpentry, handicrafts, radio-cassette maintenance, business management, forest product processing, civil electricity, literacy, motor vehicle repair, livestock food processing, veterinary medicine, and computing.

Bringing in a wider range of private sector stakeholders at the local level

At the same time, attention should be given in future programs to finding ways to increase the capacity and involvement of local private businesses, enterprises, cooperatives, as well as local artisans, through community sub-contracting methods. This needs to be combined, however, with ensuring that procurement and contracting procedures are sufficiently simplified, and that appropriate incentives exist to encourage the local private sector. The experience from Program 135 in Tuyen Quang shows that this can be done. In the scheme selection process in this province, villages are consulted on which schemes they consider they can manage locally, and which schemes need to be sent out for company contracting. These are recorded in formal minutes of the village meetings that are sent to the commune and district for approval. Community sub-contracting may take a number of forms, including contracting teams of local people, cooperatives, or artisans (for example, bricklayers or furniture makers) from in the commune or neighbouring communes. These types of arrangements have been used successfully, for instance, in building village schools and kindergardens and equipping them with furniture, and for small-scale irrigation works.

References

- Alkire, S., A. Bebbington, T. Esmail, E. Ostrom, M. Polski, A. Ryan, J. Van Domelen, W. Wakeman, and P. Dongier, 2001. *Community Driven Development*. Washington: World Bank.
- Bui Xuan Duc, 2003. Ancient 'Huong uoc' and new 'Huong uoc': differences and similarities, in *Vietnam Law and Legal Forum*, Volume 10 No.109: 29-31.
- Casely, J., 2000. *Evaluation of the Linking Bank Credit Model Implemented by the Vietnam Bank for the Poor and Women's Union in Lai Chau Province*. Committee for Ethnic Minorities in Mountainous Areas, Vietnam Bank for the Poor, Lai Chau Women's Union, UNICEF.
- Christoplos, I., 1997. International trends in the Context of Extension Services of Relevance to Vietnam. *Proceedings of the National Seminar on Agriculture and Forestry Extension in Viet Nam*. Ministry of Agriculture and Rural Development, Hanoi, November 1997. pp 214-227.
- Evans, P., 1996. Development Strategies across the Public-Private Divide. *World Development* 24:1033-1037.
- Community Forestry Working Group, 2000. *Proceedings of a Workshop on Experiences and Potential for Community Forest Management in Vietnam*. Ministry of Agriculture and Rural Development & National Community Forestry Working Group, Hanoi, June 2000.
- CRES/EWC, 1995. *Development Trends in Vietnam's Northern Mountain Region*. Centre for Natural Resources and Environmental Studies, East-West Centre, National Publishing House, Hanoi.
- Do Xuan Hoa, 2002. Program 135 and implementation experience on democratic management and utilization of funds at commune level. *Proceedings of the national workshop on commune and village managed funds for poverty alleviation in disadvantaged areas*. Ministry of Agriculture and Rural Development, Vietnam Sweden Mountain Rural Development Program, 15-16th May 2002, Hanoi.
- Dong Thi Bich Chinh, 2002. Rural Infrastructure Development Fund, Quang Nam Province and Da Nang City. *Proceedings of the national workshop on commune and village managed funds for poverty alleviation in disadvantaged areas*. Ministry of Agriculture and Rural Development, Vietnam Sweden Mountain Rural Development Program, 15-16th May 2002, Hanoi.
- Eeuwes, J., 1995. *The formal fixed cultivation and settlement program (1968 to 1990)*. Literature review, Institute of Modern Asian History, University of Amsterdam.
- Farrington, J., I. Christoplos, R. Blench, K. Ralsgard, S. Gossage, A. Rundqvist, 2002. *Area Development Projects, Poverty Reduction, and the New Architecture of Aid, Volume I: Synthesis Report*. Sida Evaluation Report 02/14, Swedish International Development Cooperation Agency, Stockholm.
- Fforde A. & Nguyen Dinh Huan, 2001. *Vietnamese Farmers' Organisations*. Preliminary report, unpublished.
- Foerster, E. & K. Kirchmann, 2002. Decentralized planning – how to get started? Experiences from the Song Da Social Forestry Development Project in Son La. *Proceedings of the National Workshop on grassroots democracy and decentralized planning*. GTZ, CIEM, SFDP, 14-15th November 2002, Hanoi.
- Fritzen, S., 2000. *Institutionalising Participation: Lessons Learnt and Implications for Strengthening Viet Nam's National Programs*. United Nations Development Programme, Hanoi.
- Fritzen, S., 2001. *Donors, Local Development Groups and Institutional Reform over Vietnam's Development Decade*. Vietnam Update Conference, 2001.
- Fritzen, S. 2003. The 'Misery' of Implementation: Governance, Institutions and Anti-corruption in Vietnam. Conference on *Governance, institutions and anti-corruption in Asia*, New Zealand Asia Institute, 2003.

Government of Vietnam / Donor Working Group, 2000. *Vietnam, Managing Public Resources Better: Public Expenditure Review 2000*. Joint report of the Government / Donor Public Expenditure Review Working Group, Hanoi.

Guptal, G., 2001. *Procurement and Disbursement Manual for Projects with Community Participation*. World Bank Discussion Paper No.312.

Grindle, M., and J. Thomas, 1991. *Public Choices and Policy Change: The Political Economy of Reform in Developing Countries*. Baltimore: John Hopkins University Press.

Hoang Xuan Thanh & Ha Luong Thuan, 2002. *Mid-term Review of Farmer Participatory Management (PIM) Program by Oxfam GB in Vietnam*. Oxfam GB, Hanoi.

IFAD, (2001). *Appraisal Report: Rural Income Diversification Project in Tuyen Quang Province*. International Fund for Agriculture Development.

Jamieson, N. L., 1994. *Understanding Vietnam*. Berkeley, Los Angeles, London: University of California Press.

Joshi, A., & M. Moore, 2002. Organisations that Reach the Poor: Why Co-Production Matters. *Making Services Work for Poor People*. World Development Report 2003/04 Workshop, Eynsham Hall, Oxford, 4-5th November 2002.

Le Bach Duong, Khuat Thu Hong, Bach Tan Sinh and Nguyen Thanh Tung, 2001. *Civil Society in Vietnam*. Unpublished version.

MARD, 1997a. *Proceedings of the National Seminar on Agriculture and Forestry Extension in Viet Nam*. Ministry of Agriculture and Rural Development, Hanoi, November 1997.

MARD, 1997b. *Proceedings of the National Workshop on Participatory Land Use Planning and Forest Land Allocation*. Ministry of Agriculture and Rural Development, Hanoi, December 1997.

MARD, 2002. *Proceedings of the National Workshop on Participatory Extension Methodologies*. Ministry of Agriculture and Rural Development, Hanoi, February 2002.

MARD & MRDP, 2002. *Proceedings of the national workshop on commune and village managed funds for poverty alleviation in disadvantaged areas*. Ministry of Agriculture and Rural Development & Vietnam Sweden Mountain Rural Development Program, 15-16th May 2002, Hanoi.

MPI, 2003. *Summary report on the implementation of the Law on Enterprises*. Report of the Ministry of Planning and Investment to the Consultative Group Meeting for 2003, Hanoi.

MPI & UNDP, 2003a. *Best practices in rural development projects: design and implementation*. Ministry of Planning and Investment, United Nations Development Program (Project VIE/01/023), Hanoi.

MPI & UNDP, 2003b. *Community Contributions in Rural Infrastructure: a case study in four provinces*. Ministry of Planning and Investment, United Nations Development Program (Project VIE/01/023), Hanoi.

MRDP, 2001. *Building the Bridges for Village Development: the experience of commune and village cadres in managing local development in the northern mountains*. Report on an oral testimony survey, Vietnam Sweden Mountain Rural Development Program, Ministry of Agriculture and Rural Development, Hanoi.

Nguyen Dinh Huan, 2000. *Research on Implementation of Program 135 in Noong Luong Commune and Cun Peo Commune, Mai Chau district, Hoa Binh Province*. Case study report prepared for the UK Department for International Development, Hanoi.

Nguyen Thanh Long, 1997. Phu Loi Extension Club in Can Tho: establishment, organisation and activities. *Proceedings of the National Seminar on Agriculture and Forestry Extension in Viet Nam*. Ministry of Agriculture and Rural Development, Hanoi, November 1997. pp 88-92.

Nguyen Van Chinh, 2001. Sedentarisation and poverty reduction in Vietnam. *Workshop on the National Poverty Reduction Strategy*, Ministry of Labour Invalids and Social Affairs, 14-16th March 2001, Hanoi.

Nguyen Van Chinh & Duong Bich Hanh, 2001. *Small ethnic minority groups, their vulnerability and challenges for sustainable development in the northern mountain region*. Report prepared for preparation of the Northern Mountains Poverty Reduction Project, Hanoi.

Nguyen Thi Kim Nguyet, 2002. Establishment and Maintenance of Farmers' Groups. *Agricultural Extension Network Updates*, Volume 5, No.1.

Ninh Viet Giao, 2001. From Village Codes to Regulations in Present Day Society, in *Vietnam Law and Legal Forum*, Volume 7 No.84: 26-27.

Ostrom, E., 1996. Crossing the Great Divide: Co production, Synergy and Development. *World Development* 24:1073-1087.

Oxfam GB (2002), *Local Consultations in Tra Vinh Province on the Government's Poverty Reduction and Growth Strategy*, study undertaken for the Poverty Task Force, Hanoi.

Oxfam GB & Institute of Economics, 2003. *Report on the impact of democracy regulations at commune level and the impact of people's participation for rural development in Vietnam* (draft version). Oxfam GB, Hanoi.

Peters D., C. Wheatley, G. Prain, J. Slaats and R. Best, 2002. Improving Agroenterprise clusters: root crop processing and piglet production clusters in peri-urban Hanoi. *Symposium on Local Agrifood Systems: products, enterprises and the local dynamics*. October 16-18th 2002. CIRAD, Montpellier, France.

Pham Hai, 2002a. Poverty Alleviation and Community Policy and Mechanism. *National Workshop on Commune and Village Managed Funds for Poverty Alleviation in Disadvantaged Areas*. Ministry of Agriculture and Rural Development, Vietnam Sweden Mountain Rural Development Program, 15-16th May 2002, Hanoi.

Pham Hai, 2002b. *Formulating mechanism for integrating the RIDEF model into the planning process in Quang Nam Province*. Presentation at the seminar on integrating the RIDEF model held in Quang Nam Province, October 15th 2002.

Pham Quang San, 2000. *The Implementation of Program 135 in Kiet Son and Tam Thanh Communes, Thanh Son District, Phu Tho Province*. Case study report prepared for the UK Department for International Development, Hanoi.

Pham Van Bich, 1999. *The Vietnamese Family in Change; the case of the Red River Delta*. Richmond: Curzon.

Pham Xuan Phuong, 2001. Review of the forestry policy framework related to community forest management in Vietnam. *National Workshop on A Policy Framework to Support Community Forest Management in Vietnam*. Community Forestry Working Group, Ministry of Agriculture and Rural Development, November 2001, Hanoi.

Pan Dai Doan, 2001. *The commune and village in Vietnam: some economic, cultural and social aspects*. National Political Publishing House: Hanoi.

Phan Dai Doan & Bui Xuan Dinh, 2001. Three Periods of Huong Uoc's Development, in *Vietnam Law and Legal Forum*, Volume 7 No.82: 26-27.

Nguyen Van Sau, Ho Van Thong, Le Van Ly, Nguyen Van Manh, Luong Xuan Khai, Luu Dat Thuyet, Nguyen Trong Dieu, Nguyen Sinh Cuc, Dinh Van Tu, Vu Van Toan, 2001. *Vietnam Village-Commune Community Today*. National Political Publishing House: Hanoi.

Sachs, J. & Wing Thye Woo, 2001. China's transition experience, re-examined. *Transition Newsletter*, The World Bank, Washington DC.

Scott, J. C. (1998). *Seeing Like a State: How Certain Schemes to Improve the Human Condition have Failed*. New Haven and London: Yale University Press.

Shanks, E. & Bui Dinh Toai, 2000. Field based Learning and Training in Participatory Approaches to Natural Resources Management and the Challenge for Formal Education. *Regional Workshop of Forestry Education*, Helvetas, RECOFTC, Australia National University, April 2000, Sa Pa.

Shanks, E., 2001. *Vietnam: Local Government in the Northern Mountains*. Background paper prepared for the Northern Mountains Poverty Reduction Project, Hanoi.

Shanks E., 2002. *Agriculture and Forestry Extension and Sustainable Livelihoods in the Uplands of Vietnam*. Issues paper prepared for the Swiss Agency for Development and Cooperation, Hanoi.

Shanks, E. and C. Turk, 2002. *Policy Recommendations from the Poor, Vietnam Local Consultations on the Draft Comprehensive Poverty Reduction and Growth Strategy (Volume II: Synthesis of results and findings)*, World Bank together with SCUK, ActionAid, CRS, Plan in Vietnam and Oxfam GB for the Poverty Task Force, Hanoi.

Sikor, T., 2001. Agrarian Differentiation in Post Socialist Societies: Evidence from Three Upland Villages in North Western Vietnam. *Development and Change* 32:923-946.

Sikor, T., and Dao Minh Truong, 2000. *Sticky Rice, Collective Fields: Community-based development among the Black Thai*. Centre for Natural Resources and Environmental Studies, Hanoi Agriculture University, Hanoi.

Silva, S. d., 2000. *Community-based contracting: A review of Stakeholder Experiences*. Washington: World Bank.

Silva, S. d., 2002. *Communities Taking the Lead: A Handbook on Direct Financing of Community Subprojects*. Washington: World Bank.

Socialist Republic of Vietnam, 2002. *The Comprehensive Poverty Reduction and Growth Strategy (CPRGS)*. Hanoi.

Tendler, J., 2000. Why are Social Funds so Popular?, in: Y. Shahid, W. Wu and S. Evenett (eds) *Local Dynamics in the Era of Globalisation*, pp.114-129, Oxford University Press / World Bank.

Tran Duc, 1998. *Economic farms in mountainous zones*. Statistical Publishing House: Hanoi.

Truong Van Am, 2000. *Case Study on Program 135 in Huong Khe District, Ha Tinh Province*. Case study report prepared for the UK Department for International Development, Hanoi.

To Dong Hai, 2001. "Huong Uoc" (Village Code) – a distinctive method of community management by the Viet people," in *Vietnam Law and Legal Forum*, Volume 7 No.80: 26-27.

To Dong Hai, 2001. Three Forms of Huong Uoc, in *Vietnam Law and Legal Forum*, Volume 8 No.86: 26-27.

Tran Tri Thu Trang 2002. *Politics in Vietnam: Local Democracy or Local Autocracy?* Paper Presented at the Vietnam update Conference on Local Government and Authority in Vietnam, 2002.

UNDP, 2003. *Budget allocations for the HEPR-JC and 135 Programs: findings and recommendations*. United Nations Development Program, Hanoi.

UNCDF, 2003. *Giving Life to Grassroots Democracy in Vietnam - The UNCDF Approach to Local Development*. United Nations Capital Development Fund, Hanoi.

UNCDF, 2003. *RIDEF - Lessons for Decentralised Planning, financing and Delivery of Public Infrastructure in Vietnam*. United Nations Capital Development Fund, Hanoi.

UNICEF, 2000. *The Integrated Poverty Alleviation Model Guidelines: how to plan and implement in mountainous areas*. UNICEF, Hanoi.

Vasavakul, T., 2002. *Rebuilding Authority Relations: Public Administration Reform in the Era of Doi Moi in Vietnam*. Asian Development Bank.

Vietnam Development Report, 1999. *Vietnam: Attacking Poverty*. Joint Report of the Government of Vietnam, Donor, NGO Poverty Working Group presented to the Consultative Group Meeting for Vietnam, December 1999.

Vietnam Development Report, 2003. *Poverty*. Joint report prepared for the Consultative Group Meeting by ADB, AusAID, DFID, GTZ, JICA, SCUK, UNDP and the World Bank, Hanoi, December 2003.

Vo Thanh Son, 2001. *People's participation in extension clubs: two case studies in Tran Yen District, Yen Bai Province, Vietnam*. Masters thesis presented to the Faculty of the Graduate School, Ateneo de Manila University.

War on Want, 2003. *World Bank in Stormy Waters*. War on Want Press Release.

World Bank, 1998. *Assessing Aid: What Works, What Doesn't and Why*. Oxford: Oxford University Press.

World Bank, 1999. *Project Appraisal Document for the Mekong Delta Water Resources Project*. Rural Development and Natural Resources Sector Unit (EASRD), East Asia and Pacific Region, World Bank.

World Bank, 2000. *Lessons on Community Driven Development*. World Bank 12.

World Bank, 2000. *Project Appraisal Document for the Rural Energy Project*. Energy and Mining Sector Unit, East Asia and Pacific Region, World Bank.

Annex 1. Glossary of CDD and related terminology

Asset Based Community Development (ABCD): ABCD emphasises the power of community-based associations have in driving the community development process and drawing in support and entitlements. ABCD is a version of an argument that suggests ‘existing (but often unrecognised) assets’; particularly ‘social capital’ are the keys to sustainable development. However, ABCD tends to be weak on the significance of external power structures and very critical of state involvement in community development. (See also Needs-Driven Development)

Community Based Organisations (CBOs): Defining community has been a problem for development practitioners for a number of years. The fact that there are both rich and poor people within communities means that it can be difficult to reach the poorest villagers if the ‘community’ is targeted as a whole. CBOs are normally defined as membership organisations whose members have joined together to further common interests. The World Bank suggests that they work best if they are accountable and include the poorest people among their members. However, not everyone will necessarily share a common interest and sometimes groups that have a specific purpose to help the vulnerable (for example women’s groups, trade unions) can be a powerful force for change.

Community Driven Development (CDD): CDD gives control of decisions and resources to community groups. Like ABCD it considers poor people and their relationships within the community to be ‘assets’ which can be mobilised for development purposes. The emphasis is on forming partnerships through which community groups, which include poor and marginalized people, can be strengthened. The idea is that if poor people understand all the rules and have access to all the information and support they need, then they can organise themselves to get the goods and services that meet their immediate priorities.

Complementarity and Embeddedness: The conventional view is that the possibilities for community participation in development are threatened if public agencies become too closely involved in community affairs. Finding the right balance so that the community and the state “complement” each other’s activities is extremely important. Where this balance occurs, public/community relationships are said to have ‘synergy’. However, another view of synergy focuses on "embeddedness". This argument builds on the assumptions of CDD, but goes on to ask if public and private spheres really are separate. Trust and productive informal networks are not only a property of civil society but act across the public-private divide (Evans, 1996)

Co-Production: Supports of this concept argue that development outcomes are seen as the result of efforts of individuals who are not in the same organisation. It shares theoretical roots with Community Driven approaches because it requires an active participation from citizens as joint producers of development outcomes, not simply as recipients of development support (Ostrom 1996).

Demand Driven (or Demand Orientated) Development: Ensures that communities’ priorities are central in development planning. It works best when people are offered a range of options and information and where people have to demonstrate their commitment to the project through labour or cash. However, poor people often struggle to make their voices heard and well-organised and better off groups are often able to get more benefits. Demand Driven development is opposed to Supply Driven development.

Livelihoods Orientated Development: Livelihoods approaches stress the multidimensional nature of poverty. It is similar to Community Driven and Asset Based development approaches because it suggests that the management of different kinds of assets – social, natural, human and physical – as well as financial are central to finding ways to escape poverty. All these approaches emphasises the importance of the individual (or ‘person’) in building on the strengths of their assets. However, livelihood approaches tend to take a broader perspective that also addresses the importance of an environment where poor people’s rights are respected and supported.

Mediating Organisations: Vietnamese people active in the public sphere do not generally see themselves as asserting civic power against state power. Rather they prefer to infiltrate the state, find informal allies and build networks that may conceivably be seen as fulfilling state, public and private objectives at the same time. Thus organisations active in Vietnam can be considered as ‘mediating organisations’.

Needs Based Development: Needs based development is opposed to asset based development. Needs based approaches are criticised by supporters of ABCD because they argue that it focuses on needs, deficits and inability and often builds dependencies on the part of the participants. The needs based / demand based opposition shares some features with the demand driven / supply driven opposition such as a shared concern with community participation. However, demand driven approaches leave more room for state involvement while ABCD places more emphasis on community self-development.

Public-Private Partnerships (PPP): Is a partnership between the public and private sectors for the purposes of delivering a project or services normally associated with the public sector. PPPs tend to be very formal, with clear terms and contracts, and are therefore different from more informal relationships as described by terms like co-production.

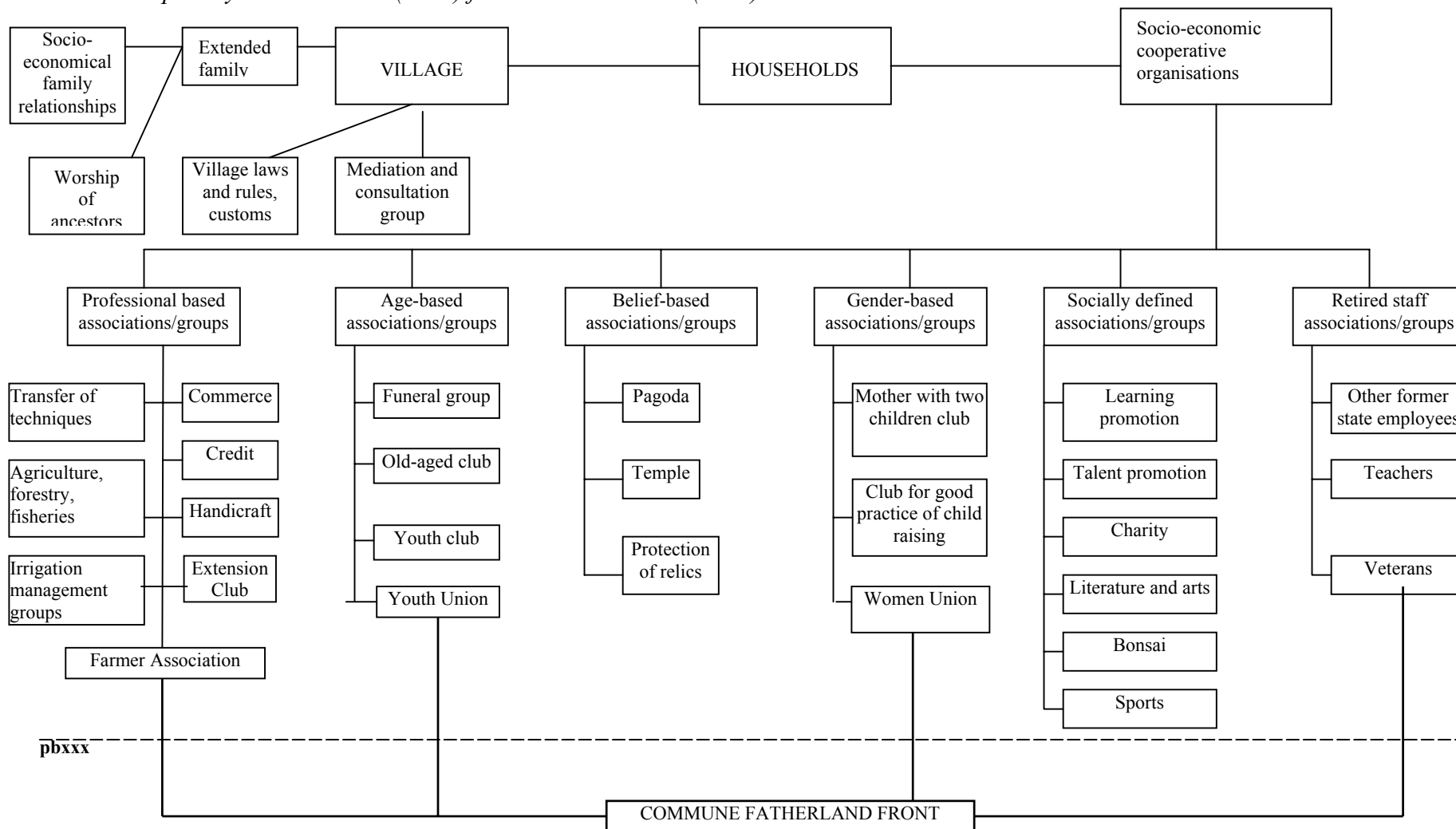
Social Capital: Social Capital is not an easy concept to define. It refers to the idea that social relations between people can be a resource that makes development more successful. Studies around the world have demonstrated that better developed communities have high ‘social capital’, often measured in terms of trust and participation in community groups and associations. These observations have made the development of social capital a key objective in approaches like CDD. However, some authors have warned against over-enthusiastic use of the concept because it distracts from the importance of social and political context. The key issue may not be one of ‘constructing social capital’ but rather one of establishing contexts in which more people are able to realise the potentials of their ‘social capital’ (Harriss, 2001).

Social Funds: Originally emerged as a safety net against the social problems that emerged as a result of structural adjustment policies in the 1980s. They are intended to fund community development activities aimed at poverty reduction. Like CDD, they are often managed by fairly autonomous bodies and follow a demand driven approach.

Supply Driven Development: Supply driven development is considered the opposite of demand driven development. It exists where governments supply resources and infrastructure to communities. Supply driven schemes tend to be very good at targeting poorest areas, but are weaker when it comes to mobilising community support.

Annex 2. Rural civil society structure in Viet Nam

Source: adapted by Vo Thanh Son (2002) from Phan Dai Doan (2001)



Annex 3. Summary of the Local Democracy legislation

Decree No.29²⁴ stems from the Politburo Directive No.30 (dated February 18th 1998) on the formulation and implementation of local democracy regulations – the ‘local’ level being defined as including rural communes, district towns, and urban wards. This Decree sets out the general orientation, overall goals, and two main principles of local democracy as follows:

- To enable local people to participate in decision-making processes – as stated in *Article 2, para. 2* “ ... *direct grass-roots democracy must be practically exercised such that local people are able to have opportunities to discuss and decide on major issues or work that are closely linked to their own interest*”.
- To support the renovation process regarding improvement of policies and administrative procedures – as stated in *Article 2, para. 5*: “*The development and implementation of grass-root democracy regulations must be connected to administrative reform activities with necessary review and amendments made to outdated mechanisms, policies and procedures*”.

The Decree and supporting directives²⁵ outline the actions and steps that should be taken by local authorities in order to fulfil these goals. These define what to do and how to do it in practical terms, which includes work related to the information to be provided by the authorities to local people, the content and mechanisms for consultations, and supervision and inspection to be carried out by local people.

On the information to be provided to people by local authorities. This includes information on government policies and laws, administrative procedures, the content of socio-economic development plans and land use plans, annual commune budgets, local contributions for infrastructure and public facilities, policies and plans for hunger alleviation and poverty reduction, and resolutions and decisions of the People’s Council and Committee etc. Such information should be provided by written documents, public posting, public-address systems, and through annual and semi-annual meetings and reviews of the People’s Council, the Father Land Front and People’s Committees. Elsewhere it is recognized that special attention needs to be given to disseminating information on policies and laws in mountainous and ethnic minority areas²⁶.

On issues for direct proposals by local people. This includes proposals for the use of local contributions for infrastructure, public works (roads, schools, health centres etc.), mobilization and management of public funds, formulation and observance of village regulations, and setting-up supervising boards for the utilization of public funds and people’s contributions. Such discussions and decisions should be made through open votes or secret ballots in village meetings.

On issues for which consultation is required with local people. This includes consultation on socio-economic development plans and land use plans, plans and schemes on residential areas and economic zones, mobilization and utilization of local contributions for infrastructure development, plans for implementation of national programs on health, clean water supply and environment, and plans for compensation of ground clearance. Such consultations should be done through questionnaires, village meetings, meetings of mass associations, or mailboxes.

²⁴ Decree No 29/1998/ND-CP (11/5/1998) of the Government promulgating the regulation on the exercise of democracy in communes

²⁵ Directive No.22/1998/CT-TTg (15/5/1998) of the Prime Minister on the implementation of the regulation on the exercise of democracy in communes

²⁶ Joint Resolution No 01 (7/9/1999) of the Ministry of Justice, Ministry of Culture and Information, Ministry of Agriculture and Rural Development, CEMMA, Vietnam Farmer’s Association on the dissemination and education of laws for cadres and ethnic minority people in the remote, deep-lying and mountainous areas

On the supervision and inspection of works by local people. This includes the implementation of resolutions and decisions issued by the commune authorities, settlement of citizens' complaints, utilization of commune budgets, and utilization of funds and local contributions. Supervision and inspection should be done through people's making proposals, complaints, denunciations against wrong doing, through people's representation at formal meetings, and through the mass organisations and people's inspection boards.

Related and follow-up legislation to Decree No.29

There has been a substantial amount of follow up and related legislation to Decree 29. The most detailed areas have been: (a) on the formulation of village and hamlet conventions and regulations, (b) on the mobilization and utilization of local contributions, (c) on financial publicity, (d) on the implementation of the Decree through sectors and other state organisations, and (e) on the procedures for state organisations for receiving citizens.

On the formulation of village conventions and regulations²⁷

These guidelines are particularly detailed and far reaching, with potential applicability across a wide range of local government issues from the operation and maintenance of rural infrastructure, to social protection, common property resource management and so on. It is evident that through this legislation the party and government is seeking to build on the long tradition of rural conventions that existed in many rural areas in the past. Decree No.29 lays the general provision for the elaboration of rural conventions, while the follow up legislation provides more detail on (a) their content and forms of expression, (b) procedures for compiling, adopting, ratifying and implementing the rural conventions, and (c) the responsibilities assigned to different units. The mandate and function of the village leaders is defined in terms of acting as a coordinator and a facilitator in the process together with the mass association leaders: *'Village or hamlet meetings shall be organised once every six months or extraordinarily with the participation of all voters or household heads. They shall be convened and presided over by the village or hamlet chiefs in co-ordination with the local Fatherland Front's working board and mass organisations...'*. The functions of the Commune PC are defined as follows: *"The commune-level PC shall be responsible for directing and assisting villages, hamlets and population groups to draft conventions or rules with diversified and practical contents complying with current provisions of laws and Party's and State's undertakings and policies and submit them to the district-level PC for approval. The commune-level PC shall regularly supervise the organisation of the observance of the conventions or rules within their territories"*.

On the management of local contributions and commune finances²⁸

Decree No.24 is specifically concerned with the management and utilization of local funds mobilized chiefly through local contributions. The decree outlines the consultation and planning process and specific planning steps that should be undertaken for local investment in construction, upgrading and/or repairing communal infrastructure projects. It clearly states, for instance, that the project cost estimate and related dossier should include a plan for balancing capital sources arranged for the project, including people's contributions and the contribution level set for each family household, and it defines the procedure for organizing the collection and management of these contributions. The decree also outlines the role of the Commune Management Boards that should be set up for this purpose: *Article 9 para. 1 "... The project*

²⁷ Directive 24/1998/CT-TTg, (19/6/1998) on the formulation and observance the conventions or rules of villages, hamlets or population groups. And Joint Circular No.03/2000/Ministry of Justice, Ministry of Culture and Information, Standing Board of the Central Committee of the Fatherland Front (31-3-2000) guiding the compilation and implementation of rural conventions and rules of villages, hamlets and population clusters.

²⁸ Decree No. 24/1999/ND-TTg (16/4/1999) promulgating the regulation on organizing the mobilization, management and use of people's voluntary contributions for the constructions of infrastructure of communes and district townships

management board shall perform the following tasks: (a) to organise and supervise the construction of the project in strict compliance with the ratified cost estimate, design and implementation tempo; (b) to manage the project supplies, properties and investment capital; (c) to make final account settlement of the project in time and in strict compliance with the regulation". Creating job opportunities for local labourers in the implementation process is also prioritised in this Decree. Circular 29 (dated 13th March 1999) gives further instructions on the financial publicity regarding the utilizations of people's contributions²⁹.

On implementation of the Decree through sectors and other state organisations

This includes a wide range of follow up legislation in different sections of government. The main focus of this legislation is on (a) the roles and responsibilities of the leaders and public employees within these organisations, (b) the information to be made available including budgets and plans, (c) matters for regular discussion and consultation with the employees, and (b) supervision roles of public employees including the establishment and functions of the inspection boards.

Legislation linking grassroots democracy to the Program on Public Administration Reform

In 2002, further measures were made to bring these different areas of legislation closer together, arising from Resolution No.17 of the Party Central Committee and subsequent Government decisions³⁰ that outline a set of clear objectives for reform of the grassroots administrations for the period to 2005:

1. *To clearly determine the functions and tasks of grassroots administrations, and to renovate and raise the efficiency of the People's Councils and People's Committees* (including provisions on areas such as budget management, capital mobilization, personnel arrangements and management, and taxation etc.);
2. *To build the contingent of, as well as regimes and policies for, grassroots cadres* (including salary and incentive regimes for elected and appointed local officials, required qualifications and capacity building);
3. *To assign the right to financial autonomy to the grassroots administrations and step by step to ensure material foundations in service of various bodies in the grassroots political systems* (including provisions related to revenue collection, formulation of investment projects, telecommunications and administrative infrastructure);
4. *To finalize the regulation on the exercise of local democracy and step by step to perfect the organisation of local communities* (based on the principle of democratic centralism by promoting people's rights with respect to direct and representative democracy);
5. *To renew the superior authorities' direction of the grassroots administrations* (including the need to enhance direct working sessions with the grassroots and people, together with grassroots administrations settle people's troubles, and organize the review of fine models of grassroots and people's initiatives).

²⁹ Circular No.29/1999/TT-BTC (19/3/1999) of the Ministry of Finance on guiding the implementation of financial publicity with regard to fund's having revenue from people's contributions

³⁰ Decision No.85/2002/QĐ-TTg (28/06/2002) of the Prime Minister promulgating the plan on renovating, and raising the quality of political systems in communes, wards and townships

Annex 4. Examples of traditional rural industries in transition

1) “Palm tree craftsmen fear end of an era is at hand”

Source: Bao Nong Thon (Monday, July 1st 2002)

For centuries, Phu Tho Province in the hilly regions of northern Viet Nam was defined by a rather unlikely symbol – the palm tree. The province’s ingenious locals found a use for even the smallest part of this ubiquitous plant. Palm trunks supported the province’s houses, and palm leaves provided shelter from the elements. Drainage pipes, food containers, arts and crafts – you name it, the palm tree was used for them all. And that’s not even including its potential as a source of food and edible oils. Today, the palm tree is at the centre of a very different trend – the loss of traditional expertise in the face of technological and social change. With palm prices in a state of steady decline, most locals are resorting to other crops to make ends meet. As a result, a rich store of local history and knowledge is under threat. Sy and Luot’s story is just one of many that illustrates the palm’s fading fortunes. Some years ago, the couple left their home district of Thanh Ha in Hai Duong Province, and settled on a small farm in Tay Coc Commune, Doan Hung District. With 4ha of fertile land and over 2,000 palms, their future seemed bright. But times were changing. By 1999, modern materials had all but replaced palm products in housing construction. Sy and Luot had no choice but to abandon a livelihood that had sustained people in the area for centuries. They cut down most of the palms and replaced them with litchi. Now, only 100 palm trees remain. Nearly every family in the area has a similar tale to tell, and as a result, the landscape of Phu Tho Province has been radically transformed. With litchi fetching ten times the price of palm products, hundreds of orderly litchi farms now dominate an area once covered in dense, rich-green palm forests. Yet a few families still endeavour to preserve the ways of the past in a rapidly changing world. Nguyen Thi Hoa in Tieu Son is one of these determined craftswomen. Her family produces much sought-after palm blinds all year round. Ironically, however, Hoa and her fellow artisans are forced to import palm leaves from neighbouring provinces like Tuyen Quang, Yen Bai and Thai Nguyen. And although the provincial government has recently stepped in to help, it seems that rising material costs and falling product prices will eventually sound the death knell for many of these traditional industries. So for the people of Phu Tho Province, the palm tree is a sign of the changing times. Its practical uses were once indispensable at almost every level of daily life. Now, its only value seems to be symbolic, a nostalgic reminder of the way things were.

2) “New life breathed into dying craft”

Source: Vietnam News (Monday, December 29th 2002)

QUANG TRI — Viet Nam’s traditional crafts revival has claimed another beneficiary. Tham Khe Village was once known along the central coast for its handmade fishing nets, but from a peak of 200 looms last century, the craft had virtually died out. This is where the Hai Lang District People’s Committee stepped in. Three years ago, the district committee lent money and provided training to 32 families to try to inject life into the craft. "In the past, most people went fishing but there were not enough fish for them to earn their living," chairman of the People’s Committee, Tran Duc Tam, said. "By reviving the village’s traditional craft, the district hopes to generate jobs to reduce unemployment and improve living standards." Le Thuong’s six-member family has devoted itself to weaving the nets. About half the newly trained families have adopted the craft full-time. The others make the nets from October to July, when they are not out fishing. "Like other families doing the trade year-round, we earn VND20-25 million (US\$1,300-1,600) each year," Thuong said. This compares with 50-year-old Nguyen Huu Son who has kept up the craft for the past 34 years but only weaves for four months of the year, netting him an annual VND6-7 million. Thuong is also an old hand at the trade. His grandfather taught him how to weave nets 40 years ago, when he was just 15. Over the years he has seen more and more families stop weaving, but although he too has felt disappointed and tempted to give up, he has held on to his skills. "Its decades-long existence comes to mind whenever I think of quitting the craft," he said. The villagers sell their nets to fishermen along the central coast as well as markets in the south and north of the country. The financial success of the net

weaving has translated into more houses being built along the village's new roads. And Tam said the committee is not finished with its craft revival strategy for Tham Khe. "We hope that by the end of 2004, all 80 households in the village will be making fishing nets."

3) Foreign horizons expand for Vietnamese rattan producers

Source: Vietnam News (Monday, December 29th 2002)

DA NANG — Two Vietnamese rattan exporters are weaving positive stories and providing good examples for other exporters ahead of the country's possible entry to the World Trade Organisation. Artex Duy Thanh Ltd Co has earned US\$700,000 exporting rattan products this year, its first year of operation. The Da Nang city company produces rattan furniture and homewares, primarily for export to Japan and European countries. The US is a potential new market for the firm. Company director Le Huu Thanh said the Da Nang People's Committee helped the business showcase its goods at handicraft fairs in Frankfurt, Germany and Seoul, the Republic of Korea, this year. Thanh said most of the firms showcasing their wares found the international fairs profitable. However, revenue seemed to dry up once the fairs ended. "If Vietnamese companies truly want to market abroad, a distributor is necessary," Thanh said. But distributors could be demanding: after two of three years investigating and monitoring a company, distributors must be satisfied with the quality of goods, price stability and the ability of the firm to manufacture on a large scale before signing contracts with producers, he said. Thanh also said quality and design must remain important elements. Artex Duy Thanh plans to invest in its designs and equipment for a series of small workshops nationwide. Thanh said of the 84 State and private companies participating in the German trade fair, only 20 exported their goods. Even as more overseas consumers turned to products made of rattan, bamboo, coconut palm and sedge, obstacles still remained for the industry, said Thanh. For one, the prices of raw material increase the more rattan products are manufactured. Supply areas have not kept pace with demand, thereby driving up prices for the increasingly precious raw woods. Labour costs can be sizeable as well. Viet Nam's trademark cheap labour demands better wages when the workforce is involved in industrial-scale manufacture. For these reasons, many Vietnamese producers have been forced to turn down large contracts with US companies.

Rattan producers in Phu Nghia Commune in Ha Tay Province have another story to tell. The 400-year-old craft has gotten a new lease on life: the commune sells its traditional rattan products over the Internet. As a result, approximately 85 per cent of households earn stable incomes. The average wage per person sits at VND700,000 -800,000 a month. Residents say they previously depended on farming and made a lot less. Last year, rattan production earned the commune VND24 billion (US\$1.5 million), two-thirds of its total revenue. That figure is expected to reach VND26 billion this year. Nguyen Viet Hong, chairman of the Phu Nghia Co-operative, said rattan export markets were expanding to new regions of Japan, France and the US in addition to its traditional eastern European markets. He said his co-operative signed new foreign contracts after introducing its products on the Internet. After receiving the orders, local craftsmen make the goods on demand. About 50 rattan producers in the commune export their products. Local workshops have set up material sources from Quang Ngai, Quang Nam, Vinh Phuc and Phu Tho provinces. To optimise delivery of goods, workshops in the commune have established agencies to package and transport the products by sea, land and air.

Annex 5. Description of the Integrated Poverty Alleviation Model

Source: UNICEF 2000

The Integrated Poverty Alleviation Model (IPAM) consists of the following five inter-linked components:

- Women's Literacy;
- Women's Savings and Credit Groups;
- Village Veterinarians;
- Village Nutrition activities; and,
- Three-cleans delivery training.

For the IPAM to have the greatest impact on poverty it is recommended that all 5 components of the model be implemented in sequence. However, in some provinces local conditions may mean that some of the IPAM components are not needed. For example, in some provinces communes may already have high levels of literacy among commune women and therefore the Women's Literacy component of the IPAM is not needed. The implementation of the IPAM is flexible. Provincial departments involved in IPAM implementation must adapt the model to meet local conditions. The five components of the IPAM are outlined briefly below.

Women's Literacy

Due to the high levels of illiteracy in poor mountainous communes there is a need to improve the Vietnamese language skills of village women who are selected to be Group Leaders of village-based Women's Savings and Credit Groups. This component focuses on providing quality literacy classes for women selected to be Leaders and Deputy Leaders of village-based Women's Savings and Credit Groups.

Women's Savings and Credit Groups

Women's Savings and Credit Groups are established to provide poor ethnic minority village women with an opportunity to learn new information about health prevention and care in order to improve the health of their families. In their groups women can also learn new information about a wide range of agricultural production practices. Though being a member of a Women's Savings and Credit Group women can get loans from the Bank for the Poor to invest in agricultural production activities that can reduce household food shortages and increase household incomes.

Village Veterinarians

Training of Village Veterinarians is an important component of IPAM as many Women's Savings and Credit Group members take loans from the Bank for the Poor to raise chickens, pigs, cows and buffaloes. It is essential that Village Veterinarians be established in each village so that they can provide basic animal health care services to women group members. This component plays an important role in reducing the risk of livestock deaths in the communes where the IPAM is implemented. This results in much higher loan repayments rates among women borrowers.

Village Nutrition activities

This component involves commune health staff, village health volunteers, village Women's Union leaders and population and family planning volunteers in nutrition education activities targeted at all pregnant women and women with young children in each village.

One important activity of the Village Nutrition activities is monthly weighing of children to identify malnourished children so that mothers can be helped with education on child nutrition and care. Through monthly weighing and contact with village women health staff and village volunteers are able to help mothers ensure that their children are getting the nutritious foods needed to grow and stay healthy. This component addresses the serious problem of malnutrition in mountainous areas.

Three-cleans delivery training

This component involves training in three-cleans delivery for commune health staff, village health volunteers, and village Midwives, Women's Union leaders and population and family planning volunteers. Following this training these staff then undertake three-cleans delivery health education activities in villages throughout each commune. This component is very important as it aims to address the serious problem of deaths and serious illness among women and newly born children in mountainous areas.

Annex 6. Recommendations on community contributions

Source: MPI/UNDP (2003a)

- As a matter of principle, voluntary contributions should be required only in those small schemes which fulfil following criteria: (i) they benefit a homogenous local user-group or village; (ii) the scheme is implemented by the beneficiaries themselves or at least they are the investment owners; and (iii) future O&M of the scheme is their responsibility and they have the potential capacity to do that.
- This requirement should not apply to any of the following schemes: (i) all large schemes benefiting more than one village or more than one commune (e.g. commune to district or commune-to-commune roads); and (ii) all complex schemes with potentially high O&M costs.
- The type and value of community contribution must be openly discussed and agreed both during the design phase as well as contracting phase. The successful bidder must discuss and agree with the beneficiaries about the type and timing of local contribution and ratio of paid and unpaid labour, and the agreement reached should be in writing and annexed to the construction contract between the contractor and funding agency.
- Imposition of pre-determined flat rates of community contribution must be eschewed in all projects. Instead of a fixed rate of 10%, the projects should specify only an indicative range like 5-10% and actual contribution should be based on a detailed negotiation between the project and beneficiaries taking into account factors like size, nature, type of the scheme and wage labour opportunities for the beneficiaries during the execution of the scheme. As a rule of thumb, the scheme should contribute substantially more to the wage income of the beneficiaries than what it would extract from them as contribution.
- In order to facilitate community involvement appropriate methods of contracting work should be examined. For example, for the small schemes in remote areas, approaches to community sub-contracting should be examined. The development of local accountability mechanisms is needed rather than current formal financial mechanisms only.
- The current practice of requiring free labour as community contribution should be done away with. Other options like provision of subsidized labour, as in vogue in Quang Binh, should be adopted to ensure that such schemes meet one of the fundamental objectives of rural infrastructure i.e. the poor beneficiaries derive direct financial support from the project-funded schemes.
- Ability of the poor to contribute must be one of the fundamental concerns while determining the quantum of community contribution. Further, the current practice of valuing free social labour at VND 6,000 is designed to benefit the better off who simply pay 15 days equivalent and don't opt for physical work. Whereas the poor end up doing the physical work and pay a very high opportunity cost.
- Contractual clauses specifying use of local labour by the contractor should be strictly enforced, especially in the ethnic minority areas where contractors are more prone to bring outside labour citing communication difficulties. Failure to abide by this clause should either lead to cancellation of contract or the community should be freed from the obligation of providing contribution.

Annex 7. Procurement methods under CBRIP, NMPRP and PEDCP

Community Based Rural Infrastructure Project

- For commune works contracts valued at less than 50,000 USD two methods may be used: lump-sum fixed-price / unit-rate contracts awarded on the basis of price quotations (from 3 eligible domestic bidders); or (ii) through community participation.
- For commune works contracts valued over 50,000 USD, NCB procedures will be used.
- For inter-commune works contracts valued over 50,000 USD, NCB procedures will be used.
- For inter-commune works contracts valued less than 50,000 USD, lump-sum fixed-price / unit-rate contracts awarded on price quotations.
- Most commune works will be procured by the Commune Project Coordinating Units (CPCCs), and inter-commune works by the District Peoples Committees.

Northern Mountains Poverty Reduction Project

- For commune works contracts valued less than 200,000 USD, NCB procedures will be used.
- For commune works contracts valued less than 75,000 USD, Small Works procedures may be used.
- For commune works valued less than 20,000 USD, community contracting / participation methods may be used.
- Most commune works will be procured by the Province or District Project Management Units.
- Small works and activities under the Community Development Budgets will be procured by the Commune Project Management Boards

3) Primary Education for Disadvantaged Children Project

- For works contracts valued less than 70,000 USD, price quotation methods will be used (3 qualified domestic bidders).
- For works contracts valued less than 1 million USD, National Competitive Bidding (NCB) procedures will be used.
- For furniture contracts valued less than 50,000 USD, national shopping procedures will be used (3 price quotations).
- For furniture contracts valued less than 100,000 USD, up to an aggregate amount of 3,000,000 USD, NCB procedures will be used.
- The Central Project Coordination Unit (PCU) and Province Project Coordination Units (PPCUs) will manage a majority of the procurement.