

---

Civil Society Participation in Poverty Reduction  
Strategy Papers (PRSP)

**Report to the Department for  
International Development**

**Vol III: Vietnam Case Study  
Hanoi, June 2000**

SGTS & Associates, 20 Gladstone Court, 97 Regency Street, London SW1P 4AL

Comments on this report are welcomed: [steve.godfrey@sgts.co.uk](mailto:steve.godfrey@sgts.co.uk) & [tim.sheehy@sgts.co.uk](mailto:tim.sheehy@sgts.co.uk)

---

---

## CONTENTS

Preface .....	1
Section I: Introduction .....	2
Section II: Partnerships for Poverty Reduction and Comprehensive Development Policies ...	4
The Attacking Poverty Report – an Innovative Process .....	6
Next Steps .....	9
Section III: Perspectives on Civil Society And Poverty Reduction in Vietnam .....	10
Mass Organisations .....	10
The Private Sector .....	11
Vietnamese Non-Governmental Organisations .....	11
Community-Based Organisations and Local Democracy .....	13
International NGOs .....	13
Conclusion .....	13
Section IV: Conclusions and Observations .....	15
The General Context .....	15
The Character of the Process .....	15
Some Critical Factors .....	17
Annex A: List of Persons Consulted .....	18
Annex B: Publications .....	20

## PREFACE

This Report provides one of three country profiles which form an integral part of a study commissioned by the Department for International Development (DFID) to advise how development agencies might facilitate and support effective civil society involvement in drawing up Poverty Reduction Strategy Papers (PRSPs).<sup>1</sup> In total, three case studies were conducted: Ghana, Vietnam and Zambia, respectively Volumes II, III and IV.

While we hope that the report will be helpful in each of the countries concerned, its main purpose is to suggest wider lessons for the advancement of popular participation in developing national poverty strategies through the PRSPs.

The field work for the Vietnam study took place from July 5–13 2000. Meetings were held with Government; a range of civil society structures

including mass organisations, local and international NGOs; and with the international donor community, including the World Bank<sup>2</sup>. The case study briefly resumes the national policy framework for poverty reduction, and then described the civil society perspectives on this process. It concludes with some observations on the national process. Annexures of persons consulted, and publications are included.

We would like to thank all those who contributed to this work and gave their time generously, particularly Bridget Crumpton who made the arrangements for the programme. The terms of reference of the work, and the main conclusion and recommendations, are contained in Vol I: Conclusions and Recommendations. Any comments, or requests for further information, can be obtained by email to: [steve.godfrey@sgts.co.uk](mailto:steve.godfrey@sgts.co.uk) or [tim.sheehy@sgts.co.uk](mailto:tim.sheehy@sgts.co.uk).

SGTS & Associates  
October 2000

- 
1. The report, although based on consultations with a wide range of people, does not necessarily reflect the views of DFID or of any of the individuals listed in Annex A.
  2. A list of those consulted is included in Annex A.

## SECTION I: INTRODUCTION

**1.1** Vietnam had the outstanding record in poverty reduction among developing countries during the 1990s. Per capita income rose 41% in the period 1993 to 1998<sup>3</sup>, and all indicators of human development confirm the rise in living standards<sup>4</sup>. The incidence and depth of poverty declined in all regions of the country and sectors of society. Overall, the total number of people living below the poverty line fell from 57% in 1993 to 37% in 1998; and the number below the food poverty line<sup>5</sup> declined from 25% to 15%. Other indicators, such as school enrolment, child malnutrition, access to infrastructure and ownership of consumer durables show marked improvement. Almost no other country has shown such a sharp reduction in poverty in such a short time.

**1.2** However, poverty remains widespread, with the preponderance of the poor in rural areas (45%) and urban poverty estimated around 10%. Growth has delivered improvements to poor people because of Vietnam's commitment to equity – but recent growth has slightly increased inequality, because urban development has outpaced that of the rural areas<sup>6</sup>.

**1.3** This impressive achievement was underpinned by growth rates of 8% between 1990 and 1997: the East Asian crisis saw this rate fall to 4% in 1998,

although the growth rate is expected to rise to about 6% in 2000. There has been a significant fall in Foreign Direct Investment (FDI), and the World Bank has also highlighted weak competitiveness, a weak banking system, and an inefficient state enterprise system as threats to continued progress in economic growth and poverty reduction.

**1.4** The country has a strong tradition of integrated national planning, and just over decade ago adopted the economic renewal programme *doi moi* which has seen significant liberalisation of the economy. A major part of Vietnam's success has derived from the immediate benefits of liberalisation under *doi moi*, especially decollectivisation of land. The gains are impressive, but fragile: many millions are bunched just over the poverty line, and vulnerable to economic shocks or a downturn in the economy. Further reform, including dealing with the restructuring of state enterprises, may be a more difficult path, with the loss of protected employment for many workers.

**1.5** The Government has is currently drawing up a new five year plan for 2001-2005, which is the fulcrum for national planning. In 1998 work began with the international community to develop a Country Assistance Strategy (CAS), and this was

---

3. Unless otherwise stated the figures in this report are based on the two Vietnam Living Standards Surveys (VLSS) from 1992/3 and 1997/98, and the Vietnam Development Report 2000, which is also known by its title *Vietnam – Attacking Poverty*.

4. For example, the UNDP Human Development Report 2000 shows a third straight improvement in Vietnam's HDI position, to 108th.

5. Based on income equivalent to less than 15kg rice in rural and mountainous regions; 20kg in the Delta and Midlands regions; and 25kg in urban areas. This measure is the one most frequently used in public by the Government.

6. The Report shows that between 1993-98, there was a modest increase in the measure of inequality, the Gini Coefficient, from 0.33 to 0.35; but that Vietnam remains a country with only modest inequality. There was also a widening of the income gap between the poorer three (northern) provinces, and that of the richest around Ho Chi Minh City.

followed in March 1999 by a Comprehensive Development Framework (CDF)<sup>7</sup>, when Vietnam elected to become a pilot country for this World Bank programme. Vietnam is only required to produce a Poverty Reduction Strategy Paper (PRSP), the new all-encompassing framework for countries seeking debt relief or access to structural adjustment funds from the World Bank and IMF, if it chooses to borrow funds for structural adjustment<sup>8</sup>. No formal decision on this has been taken by Vietnam, but it is likely that it will seek structural adjustment support, and require a PRSP. If this is the case, it is likely that the comprehensive poverty reduction strategy which is being developed with the Ministry of Labour Invalids and Social Assistance (MOLISA) will simply 'slot into' the PRSP without changes.

**1.6** Vietnam is a socialist state, with a single party system. The country's history of resistance to foreign intervention has left a legacy of strong community values (and concern about poverty), and determination to maintain national control and

direction of its policies. Virtually all significant policy debate is conducted within the confines of government and party. The issues surrounding public participation in national policy making are therefore radically different from those in the majority of developing countries, which are multiparty democracies.

**1.7** Vietnam is an important case study for poverty reduction, because of its overall economic success, and because it illustrates an effective cooperative relationship between the Government and other actors in developing poverty reduction strategy. However, the fact that Vietnam is a one party state complicates the extension of lessons learned to other countries. This case study aims to describe some of the factors which have contributed to the effective inclusion of pro-poor perspectives within the country's policy-making, without, in any way, claiming to provide a detailed characterisation of the social and political features that make up modern Vietnam.

7. The Comprehensive Development Framework (CDF) process is described below.

## SECTION II: PARTNERSHIPS FOR POVERTY REDUCTION AND COMPREHENSIVE DEVELOPMENT PLANNING

---

2.1 Vietnam's social and economic planning mechanisms, as a socialist state, mean that it is accustomed to comprehensive economic planning instruments – the current five year plan ends in the year 2000. The national process currently involves three overlapping planning instruments: a five year plan for 2001-2005, due for adoption at the 9<sup>th</sup> Congress of the Communist Party in March 2001; a socio-economic development strategy for the period 2001-10; and a vision for the period to 2020. As noted above, these are the locus of Vietnam's social and economic planning. The international donor community accepts that the PRSP will be a derivative of this indigenous process. In this regard, there is no danger that Vietnam will fail to meet the requirement that the PRSP be a nationally-owned programme.

2.2 What is the relationship between this national process, and arrangements for the agreement of a Comprehensive Development Framework (CDF), and, subsequently, a PRSP?

### Vietnam, the Bretton Woods Institutions and the Donor Community

2.3 The programmes under which concessional flows to Vietnam have been discussed and managed are unusual. The underlying process shows a consistent and clear pattern: the roots are in Vietnam's successive development plans, and the framework for current approaches being ushered in by the adoption of the economic renovation strategy *doi moi* in 1988.

2.4 The interaction between international institutions and development agencies (both bilateral and NGOs), through the Consultative Group (CG)

has some genuinely innovative features, one of which is the partnership with international NGOs, and through them local development structures and poor communities. The CG itself has become an important platform for donors and government to try to develop integrated development planning and poverty reduction strategies. Although there are a number of rubrics under which the international cooperation programmes have developed – from Country Assistance Strategy (CAS) to Comprehensive Development Framework (CDF) to Poverty Reduction Strategy Paper (PRSP) – the nature of the underlying process in Vietnam since 1997 has remained consistent: with a clear emphasis on a Comprehensive Poverty Reduction Strategy (CPRS). This process is described below.

### The Framework for Government Donor Planning; 1997-2000

2.5 As part of the World Bank's own restructuring of its operations, the first Country Director (and expanded country team) was posted in Hanoi in late 1997. This team decided to make poverty reduction the central objective of the program, and to emphasise a partnership approach – with donors, NGOs, private sector etc as well as government. The Government also requested donors to streamline procedures and untie aid. Donors in turn indicated a willingness to move away from a project-by-project approach, to an approach based on sector strategies and increased transparency on budgeting<sup>9</sup>. These themes were therefore central to the Country Assistance Strategy<sup>10</sup> (CAS) which was prepared in the first few months of 1998.

---

8. Vietnam is considering a loan from the Bank/IMF Poverty Reduction and Growth Facility, the renamed structural adjustment fund (ESAF II), to assist banking reform, trade reform and restructuring of state enterprises.

9. For the first time, the Government has made available basic budget information for 2000; but the Medium Term Expenditure Framework is not available.

10. The CAS is the standard planning document of the Bank, and is a rolling, strategic plan for the Bank's programme of both lending, analytical, policy dialogue work over the coming years. One is produced for every bor-

---

2.6 In contrast to the normal Bank practice at that time, where the CAS was prepared in consultation with the government, IMF and perhaps the larger donors, and remained a confidential document, the CAS was prepared employing wide consultation, with INGOs, mass organisations, local NGOs and donors, and in coordination with the UN system's strategic planning exercise. A concept note outlining the main messages of the CAS formed the basis of this consultation, and the final CAS was published<sup>11</sup>. The CAS put poverty reduction (in particular through rural development) as the central objective of the lending and analytical work for the future, and announced that the 1999 Vietnam Development Report (that the Bank prepares each year for the Consultative Group (CG) meeting) would be on poverty. To achieve this the Bank initiated two critical inputs for this poverty report in 1998:

- The first was a household survey with the Government Statistics office, the Vietnam Living Standards Survey (VLSS).
- The second was the series of four Participatory Poverty Assessments with the NGOs and the MRDP.
- To guide the preparation of this report the Bank also initiated the Poverty Working Group (PWG) comprising representatives of relevant government agencies, donors, and INGOs. Early in this process, it was decided that the poverty report should be a report of this PWG, not of the Bank – like the publication of the CAS, this was also a first for the Bank. Vietnam: Attacking Poverty is the output of the PWG.

2.7 While a number of government-donor sectoral working groups already existed, the Bank initiated a more systematic approach, leading to additional working groups being formed, which together with the stronger overall framework of government-donor coordination, and the poverty and partnership emphases, came together at the December 1999 CG. The central theme was poverty (with Vietnam: Attacking Poverty as the main document), and how to develop a long term and comprehensive strategy involving all stakeholders to tackle it.

2.8 Significantly, and well before the CG, the Government invited the PWG to continue in existence to advise it on a poverty strategy for incorporation into its 5 year plan and 10 year strategy to be submitted to the 9th Party Congress in March 2001. This was formalized at the CG, and the Prime Minister has instructed officials to work with the PWG to prepare a Comprehensive Poverty Reduction Strategy (CPRS), which will inform the government's planning process, and thereafter would be agreed by government and donors in June 2001 – in effect, turning it into a donor support strategy for the government's poverty effort as set out in the 5 year plan. This was all in place before any mention of the acronym 'PRSP' in Vietnam.

2.9 The Bank organized international and national workshops on partnership approaches to development in 1998 and 1999 and, after the President of the World Bank, James Wolfenson, announced the launch of the pilot Comprehensive Development Framework approach, Vietnam elected in March 1999 to be one of some dozen country pilots for the CDF. This increased the significance of the exercise as a model, although for Vietnam, this was simply a confirmation that the Bank, other donors,

---

rower - with a frequency depending on the size of borrowing. The CAS describes the gov't's development strategy, social and economic context, recent shifts/developments, the Bank's proposed strategy, and hence the proposed lending program over the next few years. The CAS is a precursor to the Comprehensive Development Framework (CDF) – which is more like a business plan for the CAS.

11. It was also published in Vietnamese – a first for the World Bank .

---

NGOs and government had all agreed that it was important to have a more integrated and coordinated approach to development and ODA planning in future.

**2.10** The main aims of the CDF, which like the PRSP must be 'country owned', include the requirement that development interventions are paced within a broader, more comprehensive policy and institutional context, address longer term structural constraints on development, and improve partnerships between countries and the international community. As part of this process, a Public Expenditure Review (PER) was also agreed at the CG Meeting in June 1999.

**2.11** The CAS also spelt out a policy reform agenda which the Bank would be prepared to support through a structural adjustment loan. This scenario envisages a parallel IMF loan, and ADB, Japan, UK, Netherlands, Sweden and Denmark co-funding for the adjustment operation. The emphasis of this adjustment programme would be to promote a stronger and broader-based economic growth through SOE and trade reform, backed by reforms in the banking system, greater transparency and other measures relating to trade.

**2.12** Planning of this moved very slowly from late 1998 to 1999 (because of disagreement within government and party on the direction and pace of reforms). Though these differences have gradually been resolved, it was not possible to submit the adjustment proposal to the Bank and IMF Boards during 1999. In September 1999, the Annual Meetings of WB/IMF agreed that from January 2000 all adjustment operations and HIPC debt reductions should be accompanied by PRSPs to demonstrate how the loan/debt reduction would be used to fight poverty. Assuming the GoV wants an IMF/WB adjustment support, it will need to submit an Interim-PRSP (which would be all that is necessary for a first tranche loan this calendar year) and eventually a full PRSP. The GoV has asked Ministry of Planning and

Investment (MPI) to start preparing this, and to have a document ready later this year.

**2.13** The PRSP as an overarching strategy was not initially introduced in Vietnam, in order to avoid complicating the discussion already under way within the CAS/CDF. Its acceptance in 2000 as a planning framework by Government signals that an adjustment loan is likely to be sought from the Bank and IMF. However, in substance, this alters little in terms of the work under way on poverty reduction strategy, although it gives greater prominence to this as a central goal of overall economic policy, and will, because of the conditionality of the PRSP, place more emphasis on international monitoring of poverty reduction in ensuing years. The PRSP will require a diagnosis of poverty and how to reduce it, as well as structural reforms policies in the area of banking, trade and state owned enterprises, and targeted programmes for the poor to address vulnerability and to address the adjustment costs. As part of this process, there are also joint donor and government working groups on the key sectors – rural, urban, transport, energy, health and education. In essence, if Vietnam opts for a PRSP, it will simply 'slot in' the Comprehensive Poverty Reduction Strategy developed under the CAS.

### **The *Attacking Poverty* Report – An Innovative Process**

**2.14** The roots of the innovative aspect of the poverty reduction discussions between Vietnam and the international community lay in the decision to develop the joint, comprehensive antipoverty strategy in 1998, and the establishment of the Poverty Working Group (PWG). The report *Vietnam - Attacking Poverty* is the first fruit of this initiative.

**2.15** Vietnam – *Attacking Poverty*, which is a joint government, donor and NGO initiative is the centre piece of the innovative policy exercise involving the international community and Government. It forms part of the work of the Poverty Working Group

---

(PWG) set up in 1998 to assist the Government to develop a comprehensive poverty reduction strategy for the CAS. It is important to note that the initiative for this work predates both the formal agreement to produce a CAS, and current discussions about the PRSP. The exercise builds on the Government's quantitative measures of poverty in the Vietnam Living Standards Surveys (VSSL) by adding a qualitative assessment of poverty through Participatory Poverty Assessments (PPAs) – jointly designed and managed.

**2.16** The four PPAs involved four international NGOs, the Vietnam-Sweden Mountain Rural Development Program, ActionAid Vietnam, Oxfam GB and Save the Children Fund (UK) and involved more than a thousand households.<sup>12</sup> This work is extremely important in that it brings into the policy dialogue input from a wide range of poor Vietnamese, and hundreds of decision makers at various levels of society – from local and provincial officials, mass organisations, and local Vietnamese professionals and NGOs structures. However useful this input, the real benefit of this information is that this has been translated into policy issues in a way that offers options and challenges to the Government, without being prescriptive. Its significance in policy terms is enhanced by its timing – providing potential input to the development of the next five year plan for Vietnam.

**2.17** The *Attacking Poverty Report* is the foundation for the diagnosis of poverty<sup>13</sup> required by the PRSP, and sets out a three part approach to reducing poverty – creating opportunity, reducing vulnerability

and ensuring equity. The report is a powerful tool, not only because it documents conditions, but because it illustrates the dynamic processes at work in both reducing poverty, and perpetuating it, within Vietnamese society.

**2.18** The report identifies critical issues relating to resource allocation within Vietnam, including issues which are tough ones for the Government. It is beyond the scope of this case study to outline these in full, but the report translates the perspectives of poor and very poor people about the administrative, economic and political factors which affect their daily lives, into a set of challenges which face the Government in lifting more people above the poverty line. Among the policy issues which are identified, for example, are:

- the problem of internal migrants who move without papers to inner cities, and are 'missed' by the official poverty alleviation measures;
- the need to shift access to credit away from relatively privileged sectors of the economy, such as state enterprises, to the majority of poor people living in rural areas, in order to stimulate off-farm production;
- the difficulty of involving the poorest sectors of society in decision making, and making local government structures more accountable and responsive – the PPAs showed that many poor people do not receive information about government decisions and programmes, and are not consulted about decisions that affect them;

---

12. The four studies covered communities in Lao Cai Province, Ha Tinh Province, Tra Vinh Province and Ho Chi Minh City to represent the diversity of the social, physical and geographic features of the country. In each case, the NGO provided access to local communities and government structures with which it had been working for a number of years. Funding for the PPAs was provided by the World Bank and DFID.

13. It characterises the poor as: mainly farmers, with low education and large families; and low access to resources: land, credit and services. There are three specially vulnerable groups: ethnic minorities, unregistered migrants and children.

---

and, in particular, there is a need to address gender inequalities which disempower women<sup>14</sup> within the household and the community;

- the need to improve inadequate targeting of poverty alleviation programmes, and link such measures more closely to the restructuring of the economy by addressing problems of vulnerability – for example, retrenchments caused by privatisation of state enterprises, the impact of user fees of access to health and education;
- how to help the upland regions – with their ethnic minority population – catch up, and ensure that poverty reduction is spread more evenly; and
- that while there has been a steady reduction in poverty, a very large number of people are poor or very poor at some stage due to the vulnerability that poor people cite – at both community and household level – to shocks such as cyclones, disease, animal disease, droughts, etc. – and need for prevention measures and insurance.

**2.19** The Report does not shy away from these difficult issues, not try to prescribe the exact policy measures needed to address them. Overall, its findings appear to have reinvigorated debate within government on people’s concerns about governance issues, such as inadequate information, the attitudes of officials, and corruption.

**2.20** Much of the innovative in the poverty analysis carried out in Vietnam is less its technical quality

(although this is not in question), but in the way in which it was ‘embedded’ in an institutional setting that gained it credence and standing in the policy process<sup>15</sup>. This was achieved at the expense of a heavy investment in getting relationships right between the key players – the Government, the Bank and donors, the NGOs and local development actors – and basing activity on real partnerships which already existed, rather than ones created to produce a report. To quote:

“there has been a considerable amount of qualitative information on poverty produced in Vietnam over the past 8-10 years, (but) it has rarely grabbed the attention of policymakers who have tended to view such information as “unscientific” and lacking in credibility. By contrast, the PPAs implemented in 1999 have been widely circulated, used and quoted. It is possible to identify a number of factors which have profoundly influenced the potential to use this participatory research for both programme development and policy formulation. These include:

- Leadership and a significant commitment of resources – financial and other – by the World Bank and other donors;
- Excellent technical capacity and strong relationships with local communities and local authorities in the PPA agencies, combined with an eagerness to engage at the national policy level and to commit resources for this purpose;

---

14. Vietnam does well by some important indicators of gender equality – for example, school enrolment for girls and adult literacy rates. But access to credit, domestic violence, heavy work burden of women, unequal voice etc. figure heavily in the voices of poor women reported in the PPAs. Further overview is contained in the Social Watch Report 2000.

15. This is described in detail in *Linking Participatory Poverty Assessments to Policy and Policymaking: Experience from Vietnam*, Carrie Turk, World Bank, Vietnam Office.

- 
- A strong emphasis on ensuring Government ownership of the PPAs through the mechanism of the Poverty Working Group (PWG)<sup>16</sup>

**2.21** In fact, a careful reading of the PPA process shows that as much time and effort went into building the context for the research and its use (one year plus), as went into the research itself

**2.22** A second point worth registering is that the effort was assisted by good donor coordination. DFID deserves mention for working closely with the Bank in 1998 to support an integrated approach to the poverty assessment, by providing both technical assistance to the Bank through two experts, and setting up a Trust Fund to help finance the PPAs.

### Next Steps

**2.23** The report<sup>17</sup> will be followed up through the continuation of the Poverty Working Group, which

will prepare a draft comprehensive poverty strategy for the December meeting of the Consultative Group. As the report states “while the process of working on (the) Report has led to a shared perspective on the nature of poverty-related problems and their causes, there has yet to emerge a shared view on the strategy needed to move forward”. From discussions held with officials from MOLISA and MPI<sup>18</sup>, however, it is clear that the issues raised in the report has prompted reflection, debate, and is contributing to internal policy discussions under way within Government. According to the Bank, a number of policy changes are already in the making as result of the report<sup>19</sup>.

**2.24** The next stage in the process is for the Poverty Working Group to provide input on the sectoral strategies and their impact of poverty reduction on the comprehensive poverty reduction strategy to be put in place for early 2001, at which point Vietnam would be ready to submit an interim PRSP. At this stage, Government has yet to agree with the Bank the process by which this would be completed.

---

16. Ibid., pp.1-2.

17. The Prime Minister has told the Bank that the Government wishes to produce a shortened version for national distribution in Vietnamese, and drafting of this has begun. It will be important to see how this official version deals with the implicit critique of some aspects of the current poverty reduction strategy.

18. The Ministry of Labour Social Affairs and Invalids (MOLISA) and the Ministry of Planning and Investment (MPI). One difficulty is that the two key components of the PRSP the adjustment programme and the Comprehensive Poverty Reduction Strategy (CPRS) are each led by different departments of government.

19. Linking Participatory Poverty Assessments to Policy and Policymaking: Experience from Vietnam pp.17-18.

**3.1** As noted above, the most important place for setting poverty reduction goals and programmes is the Communist Party, which sets the policy framework within the country: critical policy debate is conducted within the confines of government and party. The issues surrounding public participation in national policy making are therefore different from those in the majority of countries, which as multiparty democracies, see debate in the media, between parties, and the publicly expressed and openly contested positions of interest groups.

**3.2** In Vietnam, the most important vehicles for the majority of people are local government (city/district/commune level), and the mass organisations (MO). These structures are all tied closely in with the Communist Party, and debate on policy options outside the confines of the Party and Government are unusual. There are also a number of non-governmental organisations, both local and international, involved in community development and poverty related work.

**3.3** Few of these bodies have had any specific exposure to the PRSP<sup>20</sup> (since this has not until recently been a formal subject matter within government) prior to the middle of 2000. There is, however, significant involvement on the issues of poverty and social welfare throughout society.

### Mass Organisations

**3.4** The principal mass organisations – women, youth, labour and farmers – are the major social

institutions in Vietnam, involving million of citizens. For example, the Women's Union has 12m members and is engaged in a whole range of social and cultural activities, including social welfare programmes, and development projects such as revolving credit schemes which aim to improve living standards and increase the skills level of women. It has 300 staff across the country, funded by the state. Like the other mass organisations, it acts as a parallel delivery mechanism which addresses its members needs, but also has a role to play in the development of policy. Thus the Women's Union is the leading member within the statutory National Council for the Advancement of Women (NCAW), and also participates in the steering committee of the national poverty reduction programme (HEPR, the Hunger Eradication and Poverty Reduction Programme). Similarly, the youth structures<sup>21</sup>, through the National Committee on Youth of Vietnam, are part of the consultative process of government, and are represented in discussions with Cabinet on matters affecting the interests of youth. The Youth Union runs a mixture of credit and employment creation schemes, and its policy priorities are in the areas of job creation, poverty eradication and rural development.

**3.5** The close integration of mass organisations with the Government and Party ensure that the business of the state and citizen are interwoven from the top to bottom of the government chain<sup>22</sup>. Together with local government they provide a chain between government and people, and the mass organisations

---

20. The World Bank convened a national meeting on the Comprehensive Poverty Reduction Strategy at Sapa in July 2000, which constituted the Poverty Task Force – an expanded Poverty Working Group. Over a hundred representatives from government, donors, mass organisations and international and Vietnamese NGOs attended. This provided an opportunity for explaining the PRSP, as did the June 2000 meeting with NGOs (see below).

21. The Hochiminh Communist Youth Union which has 3.5m members, plus the Vietnam Youth Federation, which has about 2.5m members and focuses more on cultural issues. There is also a mass organisation for students, and a National Council for Young Entrepreneurs.

22. All the mass organisations are part of the Fatherland Front, a mechanism through which candidates for election are nominated (elected members are normally, but not necessarily members of the Communist Party). Therefore

---

are both a parallel delivery mechanism for welfare and credit programmes, and an important source of information on the impact of government programmes.

**3.6** They are well placed to influence the government process, but have constraints. These include lack of capacity, and need for skill development within personnel and membership alike. The main focus within these structures does not seem to be the development and articulation of policy options, but rather meeting the practical needs of their members.

**3.7** A second factor which constrains participation in governance is culture of acceptance of authority, and expectation that Government 'will provide'. This was frequently described as the 'top down' tradition of planning in the country. This fact has been recognised within Government and Party, notably through the decree on grassroots democracy issued in 1998, which aims to improve transparency and accountability of government at the local level.

### **The Private Sector**

**3.8** Private sector enterprises have grown significantly from almost nil to over two million, of which some 26,000 are registered companies. According to the ILO, the private sector contributes to 60% of GDP and more than 90% of total employment. The private sector is represented through the Vietnam Chamber of Commerce and Industry, which is formally recognised as the representative of the business community, and which is made up of 50% SOEs and 50% private companies,

plus trade associations. The VCCI is a semi-government organisation (it is not funded by Government) with strong linkages to the state. Most importantly, it is consulted by Government on all aspects of economic policy, and has identified the improvement of economic efficiency, and the need for more off-farm development in rural areas as key challenges. It is thus concerned with the credit system, and support to SMMEs, as priorities within the five year plan.

**3.9** The VCCI is an example of the emerging institutional complexity of Vietnam, in which there is a growth of organisation outside the confines of the Party. The VCCI is active in the policy arena, and as a part of the Poverty Working Group (PWG) which is dealing with SMMEs, is engaged with the PRSP process. However, it sees its role in directly influencing key aspects of the five year plan – "our plan" – as more important.

### **Vietnamese Non-Governmental Organisations**

**3.10** NGOs are a relatively new phenomenon, and there are still only a handful of independent Vietnamese bodies which are engaged in social and development work. They are mainly situated in Hanoi and HCM City, but some have regional outreach. They have generally developed as small groups of professionals<sup>23</sup> with interest and expertise in different sectors such as health, planning and rural development, and are generally funded by international NGOs or donors, and through contract work on development projects for government or donors. The potential of these organisations to assist

---

each mass organisation has members within the National Assembly and Peoples' Committees (provincial, city and district level government) who are identified with their structures and members' interests, thereby ensuring that different interest groups are represented in Parliament.

23. For example, the Rural Development Services Centre (RDSC), set up in 1994, has 14 professional staff and carries out research, development support and training in rural areas; its mission states that "private organisations can effectively contribute to the rural development in the country, specifically to poverty alleviation". The Social

---

the government and mass organisations in strengthening analysis and identifying policy issues relating to poverty reduction is significant.

**3.11** The state has not developed a clear legal framework for local NGOs (they are required to register under the relevant national scientific or research association, which is part of the network of mass organisations), or a settled view of the status and role of such bodies within Vietnamese society. Although they operate without restrictions, and there have recently been legal initiatives to allow the formation of the equivalent of local charities<sup>24</sup>, they lack full recognition, or a shared understanding of their role. NGOs are new to Vietnam, and the term itself is seen by some as misleading - implying estrangement from government. For this reason the 'local' NGOs often prefer to describe themselves as "social development organisations".

**3.12** Notwithstanding these constraints, there are plenty of examples of good co-operation between

Vietnamese NGOs and government structures, particularly at the local level<sup>25</sup>, and through their working relationships with donors and international NGOs. Furthermore, although the Government has been hesitant to involve local NGOs directly in its discussions with international partners, several have been, and remain, practical contributors in the Poverty Working Group (PWG). Some of the most important input to the seminal report *Vietnam – Attacking Poverty* was made by professionals from these bodies, through their work on the participatory poverty assessments.

**3.13** However, efforts to formalise their involvement as a fourth tier (along with government, international donors and international NGOs) within the CG in June failed, as Government felt it inappropriate that there should be an NGO Forum with Vietnamese NGOs participating in it<sup>26</sup>. In fact, several of the Vietnamese NGOs themselves felt that this put them in an invidious position.

---

Development Research and Consultancy (SDRC) is based in Hochiminh City and provides training, research and consultancy services especially in the areas of family health, child welfare and children's rights. The Research and Training Center for Community Development (RTCCD) was set up in 1996 and has a staff of 30, and has a strong emphasis on community health issues, and is involved in many community development projects through training, research and capacity building.

24. Decree No. 177/1999 on "Promulgating the Regulation on Organisations and Operations of Social Funds and Charity Funds".

25. "The list of such development partnerships is long and includes the 5 Million Hectare Reforestation Programme, the Hunger Eradication and Poverty Reduction (HEPR) initiative...the Ministry of Agriculture and Rural Development (MARD) Technical Working Group of the Committee of the Advancement of Women, the Partnership to Assist the Poorest Communes, the International Support Group of MARD, the SME Forum and the Tra Vinh Participatory Provincial Partnership" Participation for Equity, Sustainability, and Empowerment, Poverty Policy Learning Group, Issue Paper Session 1 for Meeting between International NGOs and Donors, June 2000.

26. The Government did not agree to the format of the proposed NGO Forum mooted in June 2000 as a part of the preparatory work for the Consultative Group. Government agreed to a Donor-NGO Consultation, but told the Bank only to include international NGOs, not local ones, and instead invited some Mass Organization representatives to the meeting.

---

## Community-Based Organisations and Local Democracy

**3.14** In March 1998 the Government issued its Grass Roots Democracy Decree<sup>27</sup>, an ambitious effort to promote popular participation and the accountability of government to ordinary people. The existence of the initiative was in response to concerns about unresponsive local authority, and it sets high standards of transparency and participation. Although there is no empirical evidence on which to assess its effect to date and there has been a rise in complaints against officials, this decree does try to create an environment which can promote a new environment conducive to participatory development.

**3.15** There has been a growth of Community-Based Organisations (CBOs) under *doi moi*, through the establishment of special purpose cooperatives, savings and credit associations, water users' associations, medical volunteers, village development committees, and bodies such as committees for the protection of street children<sup>28</sup>. The character of these vary – some are quite independent of government, others have direct involvement of local and provincial officials, and representatives from the mass organisations. This trend is likely to accelerate as the government seeks to encourage communities to take a greater practical and financial stake in development projects.

**3.16** The inclusion of the perspectives of CBOs in the development of poverty strategy, which has been significant, has not (as is the case for the Vietnamese NGOs) been through direct, formal, representation

of their views. It has mainly been through the mediation of their partnership with international NGOs and donors, via the PPAs and the Poverty Working Group. In this way, the process has included the views of poor people without requiring a formal change in the policy making structures.

## International NGOs

**3.17** International NGOs (INGOs) in Vietnam occupy an unusual position. They are playing a direct role in the development of a comprehensive poverty reduction strategy. Their good standing with the Government is based partly on commitments made by some of the most active agencies when Vietnam was still isolated by western countries, and by their commitment to development over many years. The international NGOs have also been critically supportive of the poverty focus of the World Bank and official donors, and their involvement in the Poverty Working Group in general, and in bringing the perspective of local partners into its work has made a particularly important contribution to this<sup>29</sup>. British NGOs have played a role in this work, with three of the four participatory poverty assessments facilitated by them. DFID has made an contribution to the poverty reduction strategy by providing significant funding this work.

## Conclusion

**3.18** At the apex of the Poverty Working Group, the process has been able to involve a sufficiently wide range of actors – from the mass organisations, NGOs and poorer communities, to bring into the equation

---

27. Decree No. 29 May 1998 Promulgating the Regulation on the Exercise of Democracy in Communes, complemented by the Law on Complaints and Law Denunciation of December 1998. Some observers believe that this was prompted by popular protests in the Province of Thai Binh.

28. See Participation for Equity, Sustainability, and Empowerment, Catherine Quoyeser, Poverty Policy Learning Group Issue Papers, Meeting between Donors and International NGOs, Hanoi June 19th 2000 p5.

29. The international NGOs also have a mirror structure to the Poverty Working Group (PWG), the Poverty Policy Learning Group which acts as an independent NGO "think tank".

---

debate about the nature and causes of poverty within the country, and, at least implicitly, has set out choices facing Vietnam in choosing policies that are capable of meeting the needs of the poor. This consultative process is healthy, but is still at an early stage, and its real impact will not be measurable for some time.

**3.19** In terms of the participation of civil society, its involvement has been helped by the initiatives which

the Government itself is taking to promote greater participation. But the CDF/PRSP process has not really contributed either way to the emerging institutional complexity of civil society – the governance environment – which while still dominated by structures tied to the Party and Government, is becoming more diverse. This change is taking place on a larger canvas than the PRSP can occupy.

## SECTION IV: CONCLUSIONS AND OBSERVATIONS

---

**4.1** Vietnam's poverty reduction strategy has been a success to date, but the impact of the most recent (1997-2000) policy work cannot yet be fully measured. As the report itself underlines, there are many policy choices which will affect Vietnam's poor, and the effects of these can only be measured as the new Five Year Plan is rolled out. The significance of the work is that it is long term – its real impact will only be measurable in 2002/3. The collaborative process was launched in 1998, and can only be said to be mid-cycle.

**4.2** That said, the quality of relationships between government and various other actors is good, and with sound prospects for the continuation of a strong collaborative poverty reduction focus. There are a number of general factors which have contributed to this.

### The General Context

**4.3** First, and most important, is the strong commitment of the state to poverty reduction. Government cares about equity and poverty. For historical and ideological reasons, poverty reduction is a priority for political and social leaders, and Government is prepared to invest time and resources to address it.

**4.4** Secondly, Government remains fully in charge of its own plan (the 5 year plan). This makes the actual consultation process easier: it is one step removed from the decision making of Government itself, and provides space for the Government to use the information and analysis. The consultative work is innovative, but has not sought to challenge the sovereignty of the Government to make final policy determinations. In many similar situations, the international community is more dirigiste and the national government more passive, whether by choice or necessity. The strength of the national

process – and the clear leadership and control of Government – has helped. A clear line is drawn between the consultative process around the PRSP, and the actual economic choices and priorities which will be set in the 5 year plan, and the Government decides what will pass across this.

**4.5** Thirdly, the lack of significant political challenge to the government, and the existence of a very wide national consensus on the governance system, creates a safer environment for policy debate, and more freedom of manoeuvre, than within a competitive political environment. There have been significant improvements in poverty in countries with pro-poor ideologies that are not multiparty democracies (China, Cuba), and certainly a fragmented democratic state seems to provide poor ground for asserting pro-poor policies<sup>30</sup>. No value judgement is placed on this; but it appears that strong, coherent government is a pre-requisite for effective poverty reduction policies.

**4.6** Fourth, the existence of a solid statistical base on living conditions through the Vietnam Living Standards Surveys was a critically important platform for policy. It should be said, however, (for states which may lack such a starting base) that this is not a *sine qua non* for identifying the causes and dynamic conditions which make people poor, and that the type of PPAs carried out in Vietnam are particularly suited to this. Ideally, both are required.

### The Character of the Process

**4.7** Within this general context, a number of specific features in Vietnam are noteworthy:

- The World Bank has worked differently: it has been able to champion and facilitate through its local operations cooperative relationships, and generate shared analysis

---

30 .This issue is addressed more fully in *Politics and Poverty: A Background Paper for the World Development Report 2000/1*, Mick Moore and James Putzel, Spetember 1999.

---

of the causes and dynamics of poverty, and various strategic options for an anti-poverty strategy. By establishing the Poverty Working Group (PWG) it created an independent forum for policy, and opened up participation to key stakeholders. Government, other donors, and NGOs have shown commendable maturity in respecting their various constraints and strengths of their institutional partners in this process.

- The real innovation, therefore, is the strong working relationships which underpin the coordination of information and analysis from: government (at all three levels), the international community (official and non-governmental) and Vietnamese citizens, including poor people through the PPAs. The main ingredients of the successes to date have been the people and structures (Vietnamese and international) working in Vietnam. By building on these, rather than importing off-the-shelf methodologies from outside, a genuine process has begun.
- In this respect, the Poverty Working Group, although composed of nationals and internationals, is an indigenously designed structure – with the exact form of decision making and methods of consultation determined on the ground. The consultative process has been developed jointly.
- The contribution of donors and INGOs, led by the Bank, has been built up based on a solid understanding of the governance environment in Vietnam, and effective leadership based on confidence between the Government and the Bank, and between these and the other institutions.
- One problem with the PRSP process is that it throws the spotlight on civil society relationships with the state. This may or may not be helpful. It does place both sides under pressure to define and agree

responsibilities, expectations, and outcomes. In the case of Vietnam, a specific issue has been the role of local NGOs. As described, the legal framework and practice governing local NGOs has not kept pace with their “organic growth” – posing the question – what is the role of local NGOs? In practice, the sensitive management of the role of the civil society structures beyond the mass organisations, has allowed them to make critical input in the work of the Poverty Working Group (PWG). The merits or demerits of greater formal role for local NGOs/CBOs in the system of governance, is long term political question for Vietnam. It is clear, however, that in the short run (PRSP timescale), the application of any externally designed methodology may be counterproductive – both to the quality of the PRSP and the long term interests of civil society. In fact, the only hiccup in the Vietnam process was when the form of involvement of the local NGOs followed a traditional representational model. In the end, perspectives from poor people and Vietnamese NGOs have been included successfully, but without creating parallel channels to those of the mass organisations, Party, and governance structures.

- The key building blocks of the poverty reduction strategy and the work around the PRSP predate the current work by at least two years, and began independently of any PRSP process. Conclusion: there is no quick fix to building state-civil society relationships. Since the PPAs were based on a set of relationships between provincial, local and international organisations which were already in place for many years, the origins lie even further back.
- The PPA process has succeeded in providing the partners with original material

---

on the causes and potential remedies of different aspects of poverty within Vietnam. The process is therefore intellectually substantive. The key to this has been the joint setting of goals, methods and procedures over an extended period of time (2 years).

- The involvement and support of the International NGOs has added real value because of their ability to bring local development partners into the policy work.
- Finally, both Government and the international community have been well-served by firm management on both sides of the partnership arrangement on the part of the Government, through the two key ministries, and by the World Bank, in establishing a workable framework for the variety of views and experiences to be included. This has only been possible because of leadership on the ground, and commitment to a long term and strategic approach to poverty reduction.

### **Some critical factors**

**4.8** There is effective donor co-ordination (managed by the World Bank local office).

**4.9** The Bank has worked differently in Vietnam: in 1998 the CAS was made public, and an independent

policy structure on poverty strategy established with government, donor and civil society participation.

**4.10** With support from DFID (technical assistance and funding) substantive poverty assessments were carried out involving local partners.

**4.11** Underpinning all this: the strong working relationships between government, the international community (official and non-governmental) and Vietnamese citizens well managed by the Bank and Government. By building on these, rather than importing off-the-shelf methodologies, a genuine process has begun.

**4.12** The work is already three years old, and began independently of the PRSP – there is no shortcut to building state-civil society relationships. Since the PPAs were based on a set of relationships between provincial, local and international organisations which were already in place for many years, the origins lie even further back.

**4.13** The contribution of donors and INGOs, led by the Bank, has been based on a solid understanding of the governance environment in Vietnam, and effective leadership based on confidence between the Government and the Bank, and between these and the other institutions – a clear and systematic analysis of this environment has helped to advance civil society participation, and handle difficult issues such as local NGO participation.

## ANNEX A: LIST OF PERSONS CONSULTED

---

Mr John Egan Representative Co-opération Internationale pour le Developpement et la Solidarité Hanoi	Ministry of Planning and Investment Hanoi	Mr Le Thi Minh Chau Senior Project Officer Save the Children HCM City scfukhcm@hcmc.netnam.vn
Mr Peter Balacs Senior Economist DFID South East Asia	Mr Cao Viet Sinh Deputy Director General National Economic Issues Department Ministry of Planning and Investment Hanoi sinhc@vol.vnn.vn	Mr Shaun Hext Save the Children Fund (UK) Vietnam scfuk@public.ls.xz.cn
Mr Steve Ray Rural Infrastructure Field Manager Vietnam Programme Support Office British Embassy Hanoi s-j-ray@dfid.gov.uk	Dr Tran Thi Que Vice Director Gender, Environment and Sustainable Development Centre Hanoi que@hn.vnn.vn	Ms Le Dieu Anh Facilitator ODAP Support Team Official Development Assistance Partnership HCMCodap@hcm.vnn.vn
Ms Samya Beidas Economist DFID South East Asia Sbeidas@dfid.gov.uk	Mr Dang Ngoc Quang Director Rural Development Services Centre rdsc@netnam.org.vn	Ms Nguyen Thi Nhat Deputy Manager Social Work Centre Vietnam Youth Association HCM City CTXHTTN@netnam2.org.vn
Mr Peter Owen Senior Governance Adviser DFID South East Asia P=Owen@dfid.gov.uk	Mr Adam Sack Senior Investment Adviser Mekong Delta Development Facility Hanoi asack@ifc.org	Ms Dagmar Schumacher Senior Assistant Resident Representative UNDP Vietnam Schumacher@undp.org.vn
Ms Lindy Cameron Institutional Development Adviser Vietnam Programme Support Office British Embassy Hanoi l-cameron@dfid.gov.uk	Mr Nguyen Van Thanh Member Presidium Vietnam Union of Friendship Organisations nvthanh@fpt.vn	Mr Ta Quoc Viet Social Development Research and Consultancy HCM City
Ms Bridget Crumpton Development Consultant Ms Nguyen Thanh Hoa Member of Presidium Director of Family Welfare Vietnam Women's Union Hanoi vwunion@netnam.org.vn	Ms Ha Dong Journalist Vietnam Investment Review Hanoi dongnt@fpt.vn	Ms Nguyen The Thanh Vice President Chief of Propaganda and Education Vietnam Women's Union of Hochiminh City phunuhcmc@hcmc.fpt.vn
Mr Tran Dac Loi Standing Bureau, Hochiminh Communist Youth Union/ Vice President, Vietnam Youth Federation/ Vice President, National Council of Vietnam Young Entrepreneurs and Secretary, International Affairs, National Committee on Youth Hanoi cydeco@hnn.vnn.vn	Mr Will Conroy (Consultant) Managing Editor Vietnam Investment Review Hanoi Willcon99@hotmail.com	Dr Huynh Thi Ngoc Tuyet Social Development Research and Consultancy HCM City tuyeth@hcm.vnn.vn
Dr Nguyen Van Phuc Vice Director Foreign Economic Relations Department	Ms Nisha Agrawal Principal Economist World Bank Vietnam nagrwal@worldbank.org	Ms Vo Thi Bah Tuyet Director Department of Labour-Invalids and Socials Affairs HCM City tuyet@vietnam2.org.vn
	Mr John Clarke Principal Social Development Specialist East Asia and Pacific Region World Bank Washington jclark1@worldbank.org	Ms Tran Thu Hang Specialist

---

International Economic Relations  
Department  
Vietnam Cooperative Alliance  
Hanoi  
vicoopsme@bdvn.vnmail.vnd.net

Dr Pham Thi Thu Hang  
Deputy Director General  
Vietnam Chamber of Commerce and  
Industry  
Hanoi  
vcci@smelink.netnam.vn

Ms Nguyen Thi Hanh  
Promotion Officer  
Vietnam Chamber of Commerce and  
Industry  
Hanoi  
vcci@smelink.netnam.vn

Mr Nguyen Van Xe  
Vice Chair  
Hunger Eradication and Poverty  
Alleviation Programme  
HCM City

Mr Tran Tuan  
Director  
Research and Training Centre for  
Community Development (RTCCD)  
Hanoi  
rtccd@netnam.org.vn

Dr Nguyen Hai Huu  
Director General of Social Protection  
Department  
Director of National Programme Office  
for HEPR  
Ministry of Labour Invalids and Social  
Affairs  
Hanoi  
vnhepr@netnam.org.vn

Ms Kathleen McLaughlin  
Country Representative  
Canadian Centre for International  
Studies and Cooperation  
Hanoi  
kathleenm@ceci.org.vn

Mr Pham Van Ngoc  
Manager  
Policy Research and Advocacy  
Actionaid Vietnam  
Hanoi  
NgocP@aaiet.netnam.vn

## ANNEX B: PUBLICATIONS

---

Voices of the Poor: Synthesis of Participatory Poverty Assessments World Bank and DFID (UK) in partnership with Action Aid Vietnam, Oxfam (GB), Save the Children (UK) and Vietnam-Sweden MRDP, November 1999.

Ho Chi Minh City – A Participatory Poverty Assessment Save the Children (UK) in partnership World Bank and DFID (UK), November 1999.

Vietnam- Attacking Poverty: World Development Report 2000 Joint Report of the Government of Vietnam/Donor/NGO Poverty Working Group, Consultative Group Meeting for Vietnam, December 14-15, 1999.

Ethnic Minorities – Emerging Entrepreneurs in Rural Vietnam International Labour Organisation, Vietnam 2000.

Le Parti Affine la Politique de Renouveau Le Courier de Vietnam No.1967 5/7/00.

Key Note Speech by Deputy Prime Minister Nguyen Manh Cam Opening Ceremony, 1999 Consultative Group Meeting for Vietnam.

Vietnam Investment Review No. 456 July 2000.

An Introduction Rural Development Services Centre, April 1999.

Social Development Research Consultancy Brochure.

Research and Training Center for Community Development Brochure.

Vietnam: New Challenges for Growth, Equity and Poverty Reduction (Draft) Oxfam GB, June 2000.

Women of Vietnam Review Nos 2 & 4 (1999).

Minutes of Poverty Task Force Meeting (PTF) 10 May 2000.

Vietnam Consultative Group Meeting December 1999 World Bank Website.

The World Bank and Vietnam July 2000 World Bank Website.

ODAP Workshop No 1: Resettlement in Ho Chi Minh City Workshop Report, April 2000 ODAP.

Linking Participatory Poverty Assessments to Policy and Policymaking: Experience from Vietnam Carrie Turk, World Bank, Vietnam Office.

Participation for Equity, Sustainability, and Empowerment, Catherine Quoyeser, Poverty Policy Learning Group Issue Papers, Meeting between Donors and International NGOs, Hanoi June 19<sup>th</sup> 2000.

Partnerships for Development, Anders Skyvers, Poverty Policy Learning Group Issue Papers, Meeting between Donors and International NGOs, Hanoi June 19<sup>th</sup> 2000.

Making Policy Work for the Poor, Rebecca Dahele, Poverty Policy Learning Group Issue Papers, Meeting between Donors and International NGOs, Hanoi June 19<sup>th</sup> 2000.

Politics and Poverty: A Background Paper for the World Development Report 2000/1, Mick Moore and James Putzel, September 1999.