

Report to
The One Foundation

**Options and Recommendations for a Funding
Strategy in Vietnam**

John Buttery, December 2003

1. Executive Summary

Vietnam over the last 10 - 15 years has made enormous gains in poverty reduction. Most people have benefited from high economic growth rates. However, overall it is still a relatively poor country in terms of *per capita* income and the gap between the poorest and the majority of the population is widening. In particular people living in remote areas and minority nationalities within the country have not benefited from the gains made.

Development work in Vietnam is to large extent managed centrally by a strong state and party system. There are no national NGOs in the sense that is understood elsewhere in the developing world. Development Funding is channeled either through international development organisations, of which there are a large number, or through donor-government agreements. The government has recently allowed more flexibility for agencies to support and implement programmes at Province level without reference to central government, including decentralization of budgetary decisions, this situation presents challenges for the Trust. Options for the Trust would be to fund through one or more international agencies, and/or to develop a presence within the country either through formal registration or through a third party on a consultancy basis. Work through one or more of the Vietnamese mass organisations, such as the Youth Union or Farmers Union is also an option which could b explored further.

The Trust is presented with a number of strategic issues and choices for the content of its funding strategy. The key ones are:

- Work in mountainous/ethnic minority areas. These are the poorest in the country, but development work is logistically and administratively very difficult. Furthermore there are arguments that livelihoods are not sustainable in these areas and that impact on poverty alleviation is unsustainable.
- Gender issues and the position of women in society is a development priority.
- A key area for the long-term future of poverty reduction in Vietnam is the development of Vietnamese civil society organisations. While there are a few Vietnamese organisations doing research and consultancy work, it was only on August 30th 2003 that the Law on Associations formally allowed the existence of Vietnamese NGOs. Strategically, it would be important for these organisations to receive appropriate support from outside. However, there is the danger that international agencies will be rushing over themselves to fund emerging Vietnamese NGOs and that this will hinder rather than help the development of the sector.
- In a state where historically central control by party and executive has been so strong and pervasive, the decentralization of decision making to Province and District authorities and the ability of ordinary poor people to have a say in those decisions are key development issues.
- The role of research and policy development in Vietnam is very strong in Vietnam. Good work carried out by credible organisations can be an important tool for influencing poverty policy. Examples of this are the work carried out Oxfam GB, SCF(UK) and ActionAid in collaboration with the government and

World Bank on the Participatory Poverty Assessments. It should also be noted that the government has a track record of listening to and being influenced by credible, well-researched policy work.

This report therefore recommends:

- Establishing strategic partnerships with one or more INGOs working on gender and ethnic minority issues at national and local level.
- Develop Strategic Partnerships with INGOs Working on Key Policy Issues at Local and National Level
- Work on support to Vietnamese NGOs involved in anti-poverty strategies at local and national policy level
- Establish a small projects fund to support innovative ideas
- Engage a local consultant to establish the Trust's credentials with the Government

2. Research Brief and Methodology

Terms of reference are included in the Appendices. A literature review of key analytical and policy documents was carried out prior to and during the visit. A list of key documents is included in the bibliography. A visit to Hanoi was conducted between 11th and 24th October by the author and John MacMahon.

The bulk of information was gained through interviews with contacts made during the visit. The majority of interviews were undertaken jointly by John MacMahon and the author with individual contacts. Some follow up with contacts was made through E-mail subsequent to the visit.

In the report, the author has concentrated on three main areas:

- To provide an overview on poverty and development in Vietnam
- To identify areas where the Trust can maximise impact
- To recommend next steps for Programme Implementation

3. Poverty in Vietnam

Rates of economic growth and poverty reduction have been remarkably high over the last 10 – 15 years. Based on the national poverty line the incidence of poor households declined from 30% in 1992 to 10% in 2000. The World Bank have assessed that the poverty rate has declined from 58% IN 1993 to less than 30% in 2000 (MOLISA 2001).

However, Vietnam is still a poor country with one of the lowest levels of average income per capita in the world (about US\$ 400 p.a. in 2000) and the rate of economic growth is declining.

Moreover, poverty reduction is not happening equitably across different sections of society, the gap between rich and poor is widening, and there remain parts of the population which have benefited little from increasing prosperity.

3.1. Geographical Distribution of Poverty in Vietnam

Poverty is mainly a rural phenomenon, accounting for about 90% of the total poor households in the country. In rural areas poverty is concentrated in ethnic minority and mountainous areas. In urban areas poverty is mainly located among new migrants, many of whom have moved unofficially and do not have access to state services. The regions with the highest rates of poverty are:

- The Northern Mountains Region
- Northern Central Region
- The Central Highlands

3.2. Groups Experiencing Poverty in Vietnam

There was widespread agreement among people interviewed on the most vulnerable groups in Vietnam. The following main groups stand out.

3.2.1. Ethnic Minorities

Approximately 17% of the population belongs to groups other than the Kinh majority. While there has been some migration of ethnic minorities into urban areas, they remain largely located in remote and mountainous areas. Poor land, erosion, deforestation, lack of access to markets, education, health and other services, language barriers combine to make this one of the most difficult areas to achieve lasting poverty reduction.

One of the key challenges for development work with ethnic minorities in remote and mountainous areas is that current livelihood patterns are unsustainable in the long term. The carrying capacity of the land and currently limited opportunities for off-farm employment mean those improvements to living standards through local development work are likely to be marginal. However, this should not be used as an argument against working with these groups. Rather the challenge for government and agencies is to work with these communities in such a way that allows them to make informed choices as to how their own development and future should proceed. Consequently, it is suggested that innovative ways of information provision to ethnic minority communities should be a key strategy.

However, despite government recognition that ethnic minorities are a priority target group, sensitivities over allowing foreign organisations to work in these areas run high. The Trust would have to fund work through one or more established and well-respected INGOs.

3.2.2. Women

The status of women in Vietnam is low. Society, tradition and the state still tend to see males as decision-makers and as household heads. While female representation in the National Assembly is high in comparison to many countries and the Vietnamese Women's Union is a significant mass organisation, relatively little progress has been made in addressing the needs of the poorest women in society or addressing gender relations. Some of the key issues in relation to women and gender include:

- **Domestic Violence** is a major issue in Vietnam. Unfortunately it is almost a taboo subject and gets little mention in policy documents.

- ***Perception of gender as an issue:*** one of the reasons for slow progress on gender relations at policy and practice level is that there is relatively low level of understanding of how gender relations impact on poverty and in developing strategies to address this. For example it was only in late drafts of the CPRGS that gender relations were mentioned as a cause of poverty and the development of the analysis remained weak in the document (Gender Action Partnership, 2003).
- ***Land Certificates:*** While land reform was a major factor in promoting pro-poor growth in the 1990s, title to land was in the vast majority of cases given in the man's name only. This has marginalised women in decision making and led to deeper poverty as a result of family break-up or death.
- ***Female-headed households:*** For these and other reasons female-headed households are among the poorest in all communities in Vietnam. Age-dependency burdens, a lack of a voice at local level, restricted educational opportunity and unequal distribution of local resources combine to particularly marginalise this group.
- ***Trafficking*** within the state and to neighbouring countries is significant and constitutes a major abuse of women's and children's rights. Chinese society's population control methods have led to a shortage of women and there is demand for Vietnamese brides as well as a large sex industry in the northern coastal towns and cities. And when women move, children will tend to travel with them.
- ***Equal Opportunities within the state sector:*** a major government commitment under the CPRGS is to raise the number of women employed in the public sector. Given the numbers employed and current levels of employment implementation of this goal would have significant economic and social benefits for Vietnamese women.

3.2.3. ***Migrant Workers***

The state has mechanisms to control and monitor the movement of people internally. In particular, a family will only be able to access state-provided services in the area in which it is registered. This means that families or individuals that have moved (typically from a rural to an urban area) informally are likely to be among the poorest and most vulnerable, without access to accommodation, education and other basic services and likely to be in the poorest paid and most precarious of occupations.

3.2.4. ***Those at Risk of HIV Infection***

While infection rates in Vietnam are low in comparison to many other states on the Pacific Rim, levels of HIV infection are an increasing concern.

3.2.5. ***Vulnerable Children***

Young children are among the most seriously affected by increases in HIV/AIDS infection rates, whether in terms of loss of parents, childhood labour or physical health, they remain a most vulnerable group. Children are also affected by the trafficking between Vietnam and China and in the Mekong Sub-Region more generally. The Trust is referred to SCF(UK) Young Lives Project for further information on the situation of vulnerable children in Vietnam.

4. Current Issues Affecting Poverty Reduction Programmes

A number of common issues emerged in discussions with contacts as to the key factors affecting poverty in the country. Almost notable by their absence from discussions with contacts were issues such as health, education and rural development. While these areas are important, they were areas that were already being well covered by government, donors and INGOs. In addition to getting views on what were the main development issues in Vietnam, contacts were specifically asked what they felt was an appropriate niche that a new organisation might fill. Therefore the issues that emerged reflected the view that, it was not so much that there was a need for change in policies of government and donors, but rather that the right policies needed careful monitoring and that decisions need to be made at lower levels and to be inclusive of beneficiaries and non-state organisations. In particular:

4.1. Decentralisation and Local Empowerment

There is wide recognition in Vietnam that the achievement of sustained poverty reduction requires significant reform of public administration. Some of the key components of this reform are:

- **Devolving budgetary control** down to province, district and commune levels. There is currently a relatively low budgetary threshold above which decisions have to be taken at central level. This limits the effectiveness of development work at these levels in the following ways:
 - *Reduction in local accountability and responsibility*
 - *Inefficient targeting of resources*
 - *Increased likelihood of off-budget income opportunities*

In addition to allowing greater levels of autonomy at Province Level, the government introduced a framework for this process in the form of the Grass Roots Democracy Decree in 1998. (*Official Gazette No.95 & World Bank 2003- 1*) Some interesting work has begun through the National Academy of Public Administration (the body responsible for training the Vietnamese Civil Service) around roles and responsibilities of officials at different levels towards encouraging state structures to be more accountable to people at district and commune level. While this is to be welcomed and monitored closely, it is not clear whether the Trust has a role in supporting this directly. Where the Trust may have a role, however, is in ensuring the process of work it supports promotes local empowerment. Lessons learnt from the experience of community supervision of infrastructure projects in a DfID-funded integrated development programme implemented by Oxfam GB, ActionAid and SCF(UK) in Ha Tinh Province would serve as a good model for the Trust. For example the author was responsible for the mid-term review of Oxfam GB's DfID funded Ha Tinh programme. The review involved a number of meetings with a diverse group of stakeholders (Oxfam GB, 2002 – Copy Attached with report), including government and party officials from Province and District, work gang representatives and beneficiaries. For example, during one of the meetings, an older woman who had been working on dyke construction spoke about how the project had not done what it had said it would do, or what the local farmers (of whom she was

one) had requested. In the three years of the project, this had been the first opportunity that the women had had to express her views. More importantly this was probably the first occasion that local officials had been made to feel directly accountable for their actions and recognizing that it was appropriate that they should do. It is this kind of dynamic that the grass roots democracy decree offers the chance to create.

- **Local Capacity Building**, particularly at commune and village level. There is little training and personal development support for representatives at this level and as a result communities are often not able to exercise control and influence over projects and to ensure that funds are directed appropriately (*conversations with Jay Wysocki, NAPA*).

4.2. Policy and Research Capacity

Research in Vietnam is carried out by different clusters of organisations:

- International and governmental funding bodies carrying out their own research.
- INGOs
- Vietnamese Academic Institutions – often sponsored by governments and major donors
- Local Organisations

Many contacts* mentioned the importance of an independent policy and research capacity in the country. They stressed the potential for properly conducted research to monitor and influence government and donor policy. At the same time, it was pointed out that INGOs in general are less involved in this type of work than in the recent past because of management, time and budgetary constraints.

There is a strong recent history in Vietnam of credible research being able to influence policy. For example, the conclusions drawn from Participatory Poverty Assessments carried out in several parts of the country in the late 1990s had a significant influence on the World Bank's and Government's respective poverty reduction strategy papers. The value of such research is that it is listened to by decision-makers. While the extent to which any individual piece of research influences policy in favour of poor people is determined, *inter alia*, by the quality of its content, the credibility and power of its sponsor and the acceptability of its conclusions, this academic route to poverty reduction is well tested.

More than one key informant stressed the fact that there was not enough policy and advocacy work being carried out in the country by INGOs. While historically, relatively few of the INGOs were committed to policy-based research and advocacy, there is a sense that commitment is waning. Those that are committed are frustrated by the lack of interest shown by others. There is potential, therefore for a new organisation to develop and support this area.

A strategic issue for this area in Vietnam and for the Trust is whether there is an opportunity here to develop policy and research capacity and, if so, in what form. Given that the capacity to influence decisions in favour of the poor is still there, the Trust's prioritization of policy and advocacy work could provide a strategic boost. If capacity is to be developed, it should be done so with the following principles in mind:

- That it seeks to work on issues and policies, the implementation of which can be shown to demonstrably benefit the poor
- That it is able to offer views which are independent of the Government and major donors
- That work produced is of sufficient quality and carried out by people with sufficient expertise and standing for its products to be credible.

The Trust would need to establish the institutional location for this expanded capacity. Options include:

- Working with existing (government) academic & research institutions. While there are a number of institutes (such as CIEM working on economic development) which are active in the field of policy research, quality of work is variable. Secondly, the mandate of these institutes would not specifically require a focus on pro-poor policy work, irrespective of whether they were open to influence from government.
- Expanding the research and policy capacity of active INGOs. Some INGOs, including Action Aid and members of the Oxfam family, continue to be active in the field of policy-based research.

A particular suggestion made by Jay Wysocki was for the Trust to commission a piece of research on the return of Irish Emigrants back to the Ireland since the 1990s. The Vietnamese government is particularly interested in attracting the return of Vietnamese migrants (the Viet Kieu) and it was thought that a piece of work such as this would not only have a value in its own right but would help to build bridges with Vietnamese institutions as the Trust establishes its programme. Some initial research would have to be undertaken to determine whether there was anything in the Irish policy environment that attracted returnees.

4.3. Development of Vietnamese Civil Society

As noted earlier civil society organisations in Vietnam are generally few in number, weak in structure and heavily dependent on external funding. There are very few existing organisations that can be called civil society organisations (Vietnamese NGOs). RDSC, the NGO Training Centre, RAFH for example operate on a national level and provide specific services on research, consultancy and training. Until relatively recently almost all Vietnamese organisations were in some way part of state structures. At the time of the visit there was much discussion around the July 2003 Decree 88 “Regulation on the Organisation, Operation and Management of Associations”, which appears to give Vietnamese development organisations a legal and institutional framework within which to operate. (Official Gazette – 2 & World Bank – 2))

The importance of Vietnamese organisations to development is twofold:

❖ ***Allowing for the nationalisation of grass roots development work in the communes:***

Currently this work is being done through international NGOs. While there is no suggestion that these organisations are not carrying out rural and community development work adequately, there is the argument that in the long term this should

be done by Vietnamese organisations and is best done by non-state actors. There is also a strong political framework with the government's emphasis on grass-roots democracy. Furthermore it strengthens the links for organisations seeking to develop an advocacy role.

❖ *Providing for a voice within society on issues of poverty and social justice.*

Again, currently this is an important role currently only being played by a few international NGOs in the country. There is the possibility that a local organisation supported by the Trust that is engaged in advocacy could come into conflict with the government. This by association could prejudice the Trust's standing with the government and these possible risks need to be considered carefully by both partner and funder.

4.4. Other Issues

4.4.1. Adult Education

Particularly in connection with remote and ethnic minority communities, adult education is a key development tool. While it was noted in the section on ethnic minorities that there are no obvious technical solutions to the apparent unsustainability of life in remote areas, it is recognised that it is important that people have the ability to make choices about their lives. However, in order to be able to exercise choice, they need to be informed about options and where further support is available. To a population with the lowest literacy rates in the country this presents an education and information challenge. There is scope for the Trust to explore with organisations such as ActionAid on innovative ways of education and information provision. One obvious avenue to explore here is the introduction of IT-based learning in remote areas.

4.4.2. Corporate Social Responsibility

ActionAid Vietnam appeared to be doing interesting pilot programmes in encouraging local industry, and in particular the footwear and garment industry, into acting with increased social responsibility. As industrialization and urban development progress this will be an area of increasing importance for development actors. The Trust may want to explore this further as an innovative project with Action Aid and the Vietnam Chamber of Commerce Business Links Initiative. See also ActionAid's 2002 Annual Report

5. Development Actors in Vietnam

5.1. The State

The state in Vietnam has a strong controlling presence at all levels of society. On the one hand this can be seen as obstructive to the work of international organisations, while on the other this has given the Vietnamese government the capacity to plan its development strategy in a comprehensive way. The Comprehensive Poverty Reduction and Growth Strategy of 2002 is evidence of this. Developed jointly with the World Bank and other international agencies, the CPRGS is widely regarded as the core document for development work nationally.

Core Government Agencies include:

- **Ministry of Home Affairs (MOHA)** – responsible contact point for Vietnamese Organisations and issues relevant to the Decree on Associations (Decree 88)
- **Ministry of Agriculture and Rural Development (MARD)** – main contact for organisations working in rural areas
- **Ministry of Planning and Investment (MPI)** – has the role of coordination of government development and investment plan. Liaison with international community of national and regional planning.
- **Ministry of Education and Training (MOET)** responsible for all levels of education and training in the state.
- **Ministry of Labour, Invalids and Social Affairs** – also plays a role in coordinating social development policy
- **Ministry of Natural Resources and Environment (MNRE)** – set up relatively recently. Contact point for agencies involved in Natural Resource Management.
- **People’s Aid Coordinating Committee (PACCOM)** – is the government body with responsibility for dealing with foreign organisations. All organisations, irrespective of whether they have a presence in the country, should register with PACCOM and submit plans and reports. A number of informants advised that the Trust would be treated with a degree of caution and suspicion in the early stages of registration and programme development. This is understandable and should be respected. The Trust needs to bear in mind that the PACCOM has had significant experience of dealing with organisations. In a number of cases foreign organisations:
 - have done differently from what they would say they would do
 - have been ideologically opposed to party and state
 - that have proselytised
 - that have supported or been in touch with groups that are regarded as anti-state

5.2. Vietnamese Mass Organisations

There are a number of mass organisations covering different aspects of life at local and national level. Organisations working at a local level will come into contact with the Vietnamese Farmer’s Union, the Women’s Union and the Youth Union. Given the importance placed earlier to gender issues, some discussion on the role of the Women’s Union is important.

From a needs-based perspective female-headed households are among the most vulnerable groups, and at a local level there are opportunities to support work in this area through intermediaries. At a policy level, government thinking in this area and that of the Vietnamese Women's Union has in the past been not very progressive and has tended to support women in the homemaker role rather than to look at more radical empowerment of women. However, it must be remembered that this is not a homogenous organisation and that there are departments and individuals within the Women’s Union where more progressive work is being done.

However, it is not clear to what extent there would be opportunities to influence the policy change that would be required to sustain wider impact. This would need to be investigated further through a forum such as the Gender Action Partnership.

5.3. International Development Organisations

The history of the involvement of international development in Vietnam has been heavily influenced by the American War. During the war, foreign support was confined, in the North, to politically-based solidarity organisations and in the South to US-funded organisations and some relief activities carried out by the Churches. In the 1970s and 1980s there was very little international support for development in Vietnam as most donor governments followed the US-led embargo. A notable exception was the Swedish Government. With the thawing in international relations at the end of the 1980s, an increasing number of international, state and non-governmental organisations now operate in Vietnam.

5.3.1. UN, Inter-Governmental and International Organisations

The usual array of agencies operates in Vietnam. The Vietnamese government engages heavily with the Bretton Woods Institutions (World Bank and IMF) and the Asian Development Bank has a large programme in the country. Among the UN agencies the most important is UNDP. Salient areas of responsibility and interest for these agencies include:

- **World Bank:** In comparison to many operations elsewhere in the world the World Bank in Vietnam has something of a reputation for openness and participation. In conjunction with the government and a few leading NGOs the Bank piloted Participatory Poverty Assessments (PPAs) in 1998, which presented information on poverty through the views of the people experiencing poverty. The Bank currently has a strong interest in market and public sector reform and in managing emerging inequalities (World Bank – 2002)
- **Asian Development Bank** involves itself primarily in large, regionally based development projects.
- **United Nations Development Programme** is involved in most areas of development work – key areas currently are education, health and gender.

5.3.2. Governmental Organisations

While Japan is the largest single government donor to Vietnam, the bulk of this aid is channeled into commercial joint-venture projects. Some of the major governmental donors to social development projects are:

- British Government Department for International Development (DfID) – Governance and Education
- Netherlands Embassy – Education, Health and Gender
- SIDA – Swedish International Development Agency
- CIDA – Canadian International Development Agency
- AusAid – Australian Agency for International Development

5.4. International Non-Governmental Organisations (INGOs)

The current edition of the INGO Directory lists nearly 200 entries and only lists those organisations that submitted information. The actual number of international organisations funding work in Vietnam is probably much larger.

The organisations vary hugely in size, mandate and methods of operation. For example few organisations have an annual operating budget of more than US\$ 1 million annually. A large number of organisations work in health care. In 1999, for example, nearly 30% of all INGO disbursements were in the Health Care Sector (VUFO-NGO Resource Centre 2001)

From the breadth of experience that this collection of organisations offers, it is important to identify some of the key issues that have emerged. In 2000 the Vietnam Union of Friendship Organisations (VUFO) produced a report on lessons learned from the 10 years' experience of INGOs in Vietnam. The following key lessons emerged from that report:

- INGOs should focus on targeting the poor, particularly in remote and mountainous areas, and among ethnic minorities in these areas
- INGOs should concentrate more on the issue of Gender
- INGOs should move towards turning their role to local organisations
- INGOs should review a process for transferring power to partners to develop and maintain equal relationships
- Many of the INGOs should strengthen their understanding of poverty and its changing dynamic

In addition there are a number of INGOs that have engaged in policy and advocacy work in Vietnam in an attempt to influence decision-making by government and donors in favour of the poor. These organisations include:

- Members of the Oxfam family – in particular Oxfam GB, Oxfam Hong Kong and Oxfam Quebec
- Save the Children Fund (UK)
- ActionAid Vietnam
- SNV – Netherlands Development Organisation
- CARE International

5.5. Vietnamese Development Organisations

At a District and Commune level there are a small number of small organisations operating in conjunction with international organisations involved in community development activities. For example, ActionAid is currently providing support to develop a local organisation in Ha Tinh that has grown out of the operational presence of its own locally recruited staff.

With the Laws of Association only recently published and the government's historical concern over allowing alternatives to state and party institutions, the future development of local Vietnamese NGOs is not certain. What is likely, however, is that in the long term these local organisations will grow in number and importance and their development will remain a challenge for foreign organisation seeking to promote sustainable change.

There are a number of Vietnamese organisations working at national level under government legislation governing scientific and technical organisations. These national organisations tend to be clustered into small networks under umbrella bodies, such as the Natural Resource Management under the Vietnam Union of Science and Technology Association. Some of the issues in relation to Vietnamese Development Organisations include:

- Most of the organisations do not provide an independent voice within society on issues of poverty and social justice. The agenda and terms of reference for pieces of work tend to get drawn up by donors or INGOs, for which Vietnamese organisations compete. As such Vietnamese organisations tend to be seen as consultancy firms carrying out work for donors. For example, a core function of the Centre for Environment, Tourism and Development (CETD) is to carry out work on Natural Resource Management on behalf of international organisations. However, it needs to be recognised that Vietnamese organisations have to survive commercially and cannot do this without an independent income base to cover core costs.
- The fragile funding base of the organisations means that they are unable to compete with INGOs to retain and develop staff. The human resource base tends to be less well qualified, experienced and HR management practices are not especially well developed.
- The institutional status of local NGOs is still currently ambiguous, and inadequately defined and protected. This is reflected in uncertainties in the mission statement and aims of some organisations.
- Despite the levels of cooperation that the networks and umbrellas might indicate, Vietnamese NGOs are often in competition with each other, particularly in securing donor contracts.
- Overall the position of Vietnamese NGOs *“remains precarious, and their precariousness is largely due to their internal structure and external dependence”* (Nguyen Thi Kieu Vien, 2002).

A large, but not comprehensive list of Vietnamese NGOs is obtainable from Koos Neefjes. A copy is attached with the report.

6. Relations Between the Development Actors

6.1. Government Perceptions

Two key points emerged from discussions with contacts on government perceptions. Firstly, there remains an underlying caution towards foreign organisations and in some cases, suspicion. This can extend to international, governmental and non-governmental organisations. Caution towards to foreign non-governmental organisations has a number of reasons, including:

- Concern, justified in some cases, that organisations have hidden agenda, including support to anti-government political organisations and proselytising.

This is a particular concern with organisation operating in remote, mountainous and/or ethnic minority areas.

- The perception that INGOs do not always keep the government informed of their activities.
- The history of the relationships and concept of partnership between government and INGOs at different levels has been mixed. There is the perception that in many cases INGOs have paid insufficient regard to this in their desire to retain autonomy.

Secondly, the government has on occasions recognised the value of INGOs in providing a voice independent of government, bilateral and multilateral donors. An example of this has been the government's appreciation of Oxfam's policy work on Vietnam in relation to WTO accession and the internal trade regime.

6.2. INGOs and Donors

The only generic theme noted in the relationship between donors and INGOs was concern expressed by some INGO contacts over the switch in donor strategy from area based approaches, where a donor support a range of development actions in one area, to sector-wide approaches, where a donor negotiates support with a particular Ministry to support a sector (e.g. DfID and Education) at national level. The concern arises from the view that while the move towards a group of donors engaging on a single sector with government enhances both government and donor capacity to improve policy and practice in the sector, the shift means that donors' experience of implementation at local level is diminished. In the context of the importance of decentralisation and grass roots democracy, this concern is perhaps justified.

6.3. INGOs, Donors and Vietnamese Organisations

Perceptions of Vietnamese organisations among donors and INGOs are ambiguous. There is wide recognition of the value of Vietnamese organisations and there are significant amounts of donor and INGO money chasing relatively few Vietnamese organisations providing quality reliable products and services. Because of this a number of contact representatives of donors and INGOs cautioned the author about making recommendations to the Trust for support to the emerging INGO sector. However, the relationship between donors/INGOs and Vietnamese NGOs is primarily a contractual one with Vietnamese NGOs bidding for pieces of work put out by donors and INGOs. What do not appear to exist to any great extent at present are programmes to provide capacity building support to this sector to allow Vietnamese organisations to develop (a) their own strategic and operational plans or (b) their own organisational capacity, particularly HR and management systems, policies and procedures.

6.4. Developing Relations in Vietnam

The newness of the organisation offers certain clear advantages:

- The Trust is not constrained by previous history in the country.
- There is the possibility of making impact with significant levels of funding
- The Trust is based in a state (Ireland) that is perceived to be neutral

However this newness will probably be seen as a weakness in dealing with Vietnamese institutions. The Trust at this time has no clear identity, no mission statement, no experience in development, no expertise in a particular sector, no credibility, little or no previous dealings with Vietnam and has an anonymous funding source. The development of trust and confidence between parties in any line of business is important. In Vietnam, the importance attached to these values is extremely high.

Contact with the government and other organisations in Vietnam needs to be well managed. Trust and credibility needs to be built up in the early stages.

7. Strategic Choices for DFR Charitable Trust

A number of strategic choices present themselves that focus on how the Trust wants to work in Vietnam. A number of options are presented. They are not mutually exclusive and it is recommended that the Trust embrace more than one funding strategy. However, the options do present questions for the Trust as to what sort of organisation it wants to be and what sort of programme it should have.

7.1. Service Delivery: An area-based programme with an international NGO

The Trust could develop a strategic partnership with a well established INGO which is working on the priority areas and with the target groups identified in the report. The response from INGOs to such an approach was not fathomed and would no doubt vary from organisation to organisation.

An example of this kind of approach would be if the Trust were to make an agreement to fund ActionAid's programme in Son La Province in the Northern Mountains.

The advantages of this method of operation are:

- It would be supporting already well established work
- It would enable the Trust to support work which might be regarded as sensitive
- It would avoid some of the potential difficulties in developing good working relations directly with Vietnamese institutions
- There would also be the possibility of being able to support locally based Vietnamese development organisation
- It would allow the Trust to support work exploring support to local structures around grass-roots democracy and accountability.

7.2. Supporting Policy: an issue-based project-based strategy

The Trust could select a particular issue or target group and either

- a. Publish criteria and invite applications from agencies to be reviewed by the Board or Projects Sub-Committee, or
- b. Be pro-active in developing a strategic partnership with one or more established organisation to work on this issue.

For example, the Trust might decide to work exclusively on gender policy issues and seek to become a member of the Gender Action Partnership and/or form strategic funding relationships with one or more of the key actors developing gender policy, such as Oxfam Quebec or the Vietnamese Women's Union. That relationship would define the specific aspects of gender policy that the Trust would seek to support and how the Trust would be involved in decision making around the programme.

These could be done with the assistance of an in-country consultant to assist applicants and/or carry out pre-assessment of applications.

7.3. A Capacity-Building Strategy

Given the stress placed on the strategic importance of developing Vietnamese organisations, coupled with the opportunity for core organisational development work, rather than project funding, this would seem an appropriate area for the Trust. The work should focus on building the organisational strength of selected Vietnamese NGOs to allow them a certain degree of independence from donor/INGO project funding. In the longer term again the strategy should also allow the Trust to support policy and advocacy work to be undertaken by Vietnamese NGOs.

However, it is a long-term high-risk strategy involving the development of relationships with organisations that might appear to be over-cautious, or even suspicious. It is something that would need to be managed on an ongoing basis from within country, by a suitably qualified consultant or staff member. There are individuals currently working in Vietnam who might be able to fulfill this role. This would likely progress at a relatively slow pace and there would be a danger of flooding organisations with capacity building funds which they would have difficulty absorbing appropriately.

Depending on the level of funding commitment from the Trust, it may therefore be appropriate to couple this strategy with a complementary strategy yielding easier short term results.

There is potential for the Trust to explore funding relationships with ActionAid and similar agencies who are looking to link local organisations with donor support (see 7.1 above). Such organisations would be quite fragile in the early stages of development and the Trust would need to identify an appropriate mechanism for providing organisational development and capacity building support on an ongoing basis. This might be sourced by the 'sponsor' INGO, by contracting a suitable consultant within country.

7.4. A Strategy of Supporting Innovation

The Trust should consider setting aside relatively small sums of project money to support innovative work with the target groups or in the areas identified in the analysis. As a stand-alone it is a weak strategy, but could be a useful support allowing the Trust to support new thinking and developments. Examples of the kind of ideas that came across during the visit were mentioned by the ActionAid representative, who spoke of innovative use of IT to reach communities in remote areas and of modeling approaches to corporate social responsibility in the footwear industry in Hai Phong.

8. Recommendations

The Trust first of all needs to develop and clarify its identity, its mission statement and communicate its strategy to the government through PACCOM as an early priority. This is a pre-requisite to the successful implementation of any programme. The Trust should consider a piece of research on links between Ireland and Vietnam as an icebreaker project.

8.1. Target Groups

The programme should seek to target the following as its key target groups

- low-income women – some of the most vulnerable groups – bearing reproductive and economic burdens in a gender-imbalanced society. Significant opportunities to develop work at both local and policy levels.
- Ethnic minorities. – Widely recognised as the major group not to have benefited by economic development. Despite concerns about the sustainability of existence in remote and mountainous areas, there is an obligation to work to address the needs of these people. The alternative, to allow the poverty gap between ethnic minority and Kinh populations to widen further, is unacceptable.
- Unofficial migrants – a major neglected group and among the most vulnerable because they are unofficial. However, the difficulty in working in an urban environment and with an unrecognized target group will mean slow progress and leaves a question mark as to whether additional funding from the Trust will actually produce impact at this time. Nevertheless there is surely a role for the Trust in the longer term.

8.2. Develop Strategic Partnerships with INGOs Working on Key Policy Issues at Local and National Level

Vietnam does not need another operational agency. There is little that the Trust could offer that is not been well done by existing agencies. It is recommended that the Trust develops its experience through support to well-established, credible organisations with a strong policy focus. Further work needs to be done in this area, but it is recommended that discussions are opened up with Oxfam GB, Oxfam Hong Kong, Oxfam Quebec, ActionAid, SCF(UK) and CARE.

8.3. Support Vietnamese NGOs

The Trust should work on support to Vietnamese NGOs involved in anti-poverty strategies at local and national policy level:

- on a national basis to enhance their capacity to engage in policy debates
- on a local basis to develop models of grass-roots democracy through support at District and Commune level. Such as Oxfam GB's work with the Association for the Poor in Ky Anh District, Ha Tinh Province.

This support should focus on enhancing the capacity of selected organisations through a human resource development strategy which will include:

- Funding an appropriate in-country consultant to work with organisations to develop their human resource strategies.
- Providing funding to meet the resource requirements of the strategy, including training for staff in development areas (livelihoods, natural resource management, PR, advocacy etc.), training for senior staff in management, and, where appropriate in the provision of core funding for multi-year periods to reduce reliance on other external funders.
- This programme should be developed in partnership with leading UN agencies and INGOs already in support of Vietnamese NGOs.
- The Trust should work with these agencies and the Organisational Development consultant to develop a portfolio of clients that strikes a balance between the better-established organisations and those smaller, weaker VNGOs seeking to expand and develop.
- This strategy should link closely with work initiated by Oxfam GB to provide support to the sector with the specific objective of building capacity to monitor aspects of implementation of the CPRGS.

The Trust needs to recognise that this area is regarded with some sensitivity by both government and VNGOs and needs to be guided closely by those agencies working most closely with them.

8.4. Support Innovation

Some funding should be allocated for specific innovative projects that seek to address the strategic issues at local level.

Appendices:

1. A note on Vietnamese Administrative Division

Vietnam is divided into some 60-odd **Provinces**. Each Provinces is divided into a varying number of **Districts**. Districts are then divided into **Communes**, each of which will consist of a number of **villages**.

2. List of Interviews

- 13th October – Mandy Woodhouse, Country Rep Oxfam GB
- 14th – Jay Wosycki, NAPA
 - Koos Neefjes
- 15th – Staff of Oxfam GB and Oxfam Hong Kong
- 16th – Nguyen Tat Quan, ActionAid Vietnam
 - Than Thi Thien Huong, DfiD
- 18th – DT Lam, Oxfam GB
- 20th – CarrieTurk, World Bank
- 20th – Nguyen Thanh Tung, CARE
- 21st – Dang Ngoc Quang, RDSC
 - Maaike Maria van Vliet, Netherlands Embassy
 - Bill Tod, Programme Director, SCF(UK)
- 22nd – Soren Davidsen, World Bank
 - Lisa Bowe, UNDP
 - Nguyen Thi Kieu Vien, SNV

3. Terms of Reference

Research Brief – Background

Purpose:

The purpose of the research is to scope out the field of the causes of poverty and the systems that maintain it in Vietnam.

Scope:

The research report will include:

- The policy context
- Current or planned initiatives – government and private over the next 5 years
- Role of the voluntary sector in the field
- Funding – government and private
- Opportunities for private funding to make a strategic impact - options
- Recommendations

Recommendations might include

- Funding programmes in sustainable livelihoods, education or healthcare
- Funding advocacy or research to influence decision-making
- Or a combination of these.

Task:

To produce a research report with practical recommendations for a foundation considering funding in the field of alleviating poverty through tackling its causes or the barriers to its elimination in Vietnam.

4. Contacts:

Mandy Woodhouse, Country Representative, Oxfam GB.

Mwoodhouse@oxfam.org.uk Tel. 832 5491. 0903 467474

DT Lam, Oxfam GB/UNDP Mob. 0913 505112

Jay Wysocki, National Academy of Public Administration, napa_sdc@fpt.vn
7734061, 090413820

NT Oanh, Programme Coordinator, Oxfam Hong, La Thang Hotel, Pho Doi Kan,
Hanoi

Bill Tod, Country Director, SCF(UK), La Thang Hotel

Koos Neefjes, Sustainable Development Specialist, Nha C7, To 54A, Pho Trung,
Kinh, Yen Hoa, Cau Giay, Hanoi 04 784 1803; Mob. 091 324 8270 koos@hn.vnn.vn

Adam Ford, Research Consultant, 27 McArthur Road, Ivanhoe, Melbourne Vic 3079,
Australia. Adam@Aduki.com.au; wwwaduki.com.au; 61 3 9497 3493 Fax: 61 3
9497 4856, Mob; 61 419 287 176 (Australia) 84 903 726 440 (Vietnam)

Maite Vilet, Head of Development Section, Royal Netherlands Embassy, Tel. 831
5650 X232 (Education, Health and Gender)

UNDP, Jordan Ryan – Head, Kani (?) Deputy. 04 942 1495

DfID Steve Passingham – Education, Jane Rintoul – Governance, Thi Thi Huong 04
936 0555

World Bank, 63 Ly Thai Tho, Hanoi. Klaus Roland, Director, Carrie Turk, Soren
Davidson, (Ethnic Minority Affairs) 04 934 6600

CARE, Tong, 25 Hang Bun, Ba Dinh, Hanoi

Asia Development Bank, Sandro Pio, Country Poverty Programme Director 04 933
1374

IMF, Susan Adams, Director

SIDA Devt. Counsellor, 04 845 4825

CIDA Devt Counsellor, 04 823 5500

Ford Foundation, Charles Bailey 04 934 9766

Rural Development Service Centre (Mr. Quan, Director, Ms. Binh Research and
Training Unit), Bloc N, 218 Pho Doi Can, Ba Dinh 04 762 7890,
rdsc@netnam.org.vn

SNV, 105-112, D1, Van Phuc Compound, Kim Ma 04 8463 791, Vien 091 2255952

DfID; Senior Programme Officer, Than Thi Thien Huong, 7th Floor Central Building,
31 Hai Ba Trung, Hanoi 04 936 0555; 04 936 0579 Mob~ 090 4009171. Tt-huong@dfid.gov.uk

Soren Davidson, 0903 492 011 sdavidsen@worldbank.org

Lisa Bowe, UNDP, 72 Ly Thoung Kiet, 04 942 1495

Vietnam Chamber of Commerce, Business Links Initiative, Mr. Vinh Nguyen Quang
No.9 Dao Duy Anh, Dong Da, Ha Noi. Tel 574 3492

Ms Pham Chi Lan, Advisor to the Prime Minister's Research Committee, 8 Le Hong Phong, Ha Noi. Tel 08044027 0913213999 Fax. 8237477

5. References:

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World Bank (2): A Brief Review Of The Decree On Associations, Confidential Internal Document for World Bank prepared by Soren Davidsen, 2003. (Copy attached with report)

World Bank 2002: Vietnam Delivering on its Promise, Development Report 2003 (copy attached)

6. Glossary of Terms

CPRGS	– Comprehensive Poverty Reduction and Growth Strategy
DfID	- Department for International Development (British Government)
INGOs	- International Non-Governmental Organisations
NAPA	- National Academy for Public Administration
RAFH	– Centre for Reproductive and Family Health
RDSC	- Rural Development Service Centre
SCF(UK)	- Save the Children Fund (UK)
SNV	- Netherlands Development Organisation