

# COUNTRY STRATEGY PAPER



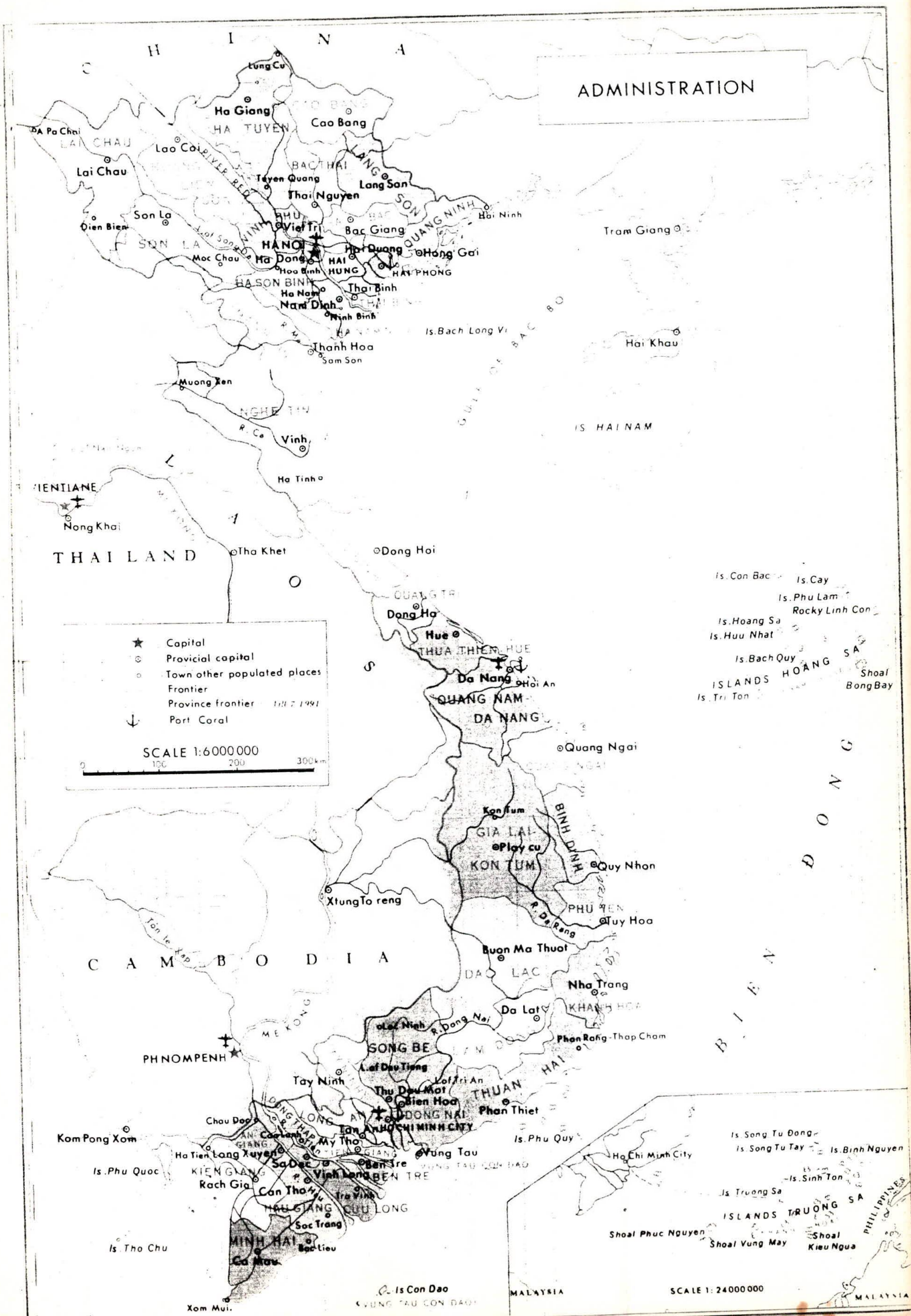
**ACTIONAID VIETNAM**

COMMUNITY HEALTH CELL  
367. "Srinivasa Nilaya"  
Jakkasandra I Main,  
I Block, Koramangala,  
BANGALORE - 560 034.

ACTIONAID VIETNAM  
COUNTRY STRATEGY PAPER

1994 to 1996

Hanoi, Vietnam  
March 1994





## ACKNOWLEDGEMENTS

Most of ActionAid Vietnam's programme and administrative staff have been involved in some way in the preparation of this Country Strategy Paper (CSP). Representatives of AAV's Project Partners at Provincial level have also participated in many of the discussions. The CSP provides AA Vietnam with a reference point for future strategic decisions and a rationale for our operational plans. The strategic direction may need to be reconsidered in the longer term.

Helpful background papers were prepared by Heather Grady, who provided a country level analysis of poverty, and Siep Littooy who examined the role of key development agents in alleviating poverty in Vietnam.

Insightful comments and perspectives on the draft document from a number of friends and colleagues from other aid organisations both inside and outside Vietnam, were received. In particular I would like to thank Marian Cadogan, Alan Johnson and Stuart Rutherford. AAV also benefitted from Salil Shetty and Lina Payne's participation at one of the CSP workshops.

I would especially like to acknowledge the contribution of Carrie Turk, AAV's Assistant Director who, wrote several chapters of the document and is responsible for its layout.

Elizabeth McCall  
Director



# INTRODUCTION

---

## Why produce a Country Strategy Paper?

ActionAid UK (AAUK) has asked that country programmes should produce a Country Strategy Paper (CSP) "by the third year after starting work". It is anticipated that by this time the country team will have developed a reasonable understanding of the context in which they are working. Although AA has been supporting projects in Vietnam since late 1989, we have only been actively involved in long-term poverty focused work since the beginning of 1992. These past two years have seen an acceleration away from the old command system towards a market economy. The impact of the transition has brought tremendous changes at virtually every level of society: it continues to be an extremely dynamic environment within which to operate.

Before embarking upon producing a CSP, we gave serious consideration as to whether the changes in Vietnam have been so rapid and far reaching that it would be possible for ActionAid Vietnam (AAV) to produce a meaningful CSP. Were we not in danger of spending considerable resources in articulating a strategy which might be overtaken by events before it actually reached the Board of Management in London?

At a workshop of AAV staff in March, we discussed the advantages for the programme in preparing a CSP. We recognised that the current context would make strategic planning difficult but not impossible. We also wondered whether at this stage it might not be more beneficial to concentrate our limited resources on preparing the Long Term Perspective (LTP) for Son La (RDA1).

The team concluded that AAV could not use the continuing prospects for rapid change as an excuse for not planning. We agreed that AAV could produce a CSP. It was recognised that it would not be possible to detail definitive strategies for the coming years, but that it should be possible to define a framework for strategic decisionmaking. In some cases, it is possible to predict the decisions which will have to be made. However, more flexibility is needed in other areas where it is simply not possible to predict changing circumstances. This represents an **interim** CSP covering three years 1994-1996 and the objectives are set out in the box overleaf.

AAV decided that the objectives of producing the strategy paper were:

- \* to focus our thinking and to help us define our role and future direction over the next 3 years
- \* to gain a better understanding of poverty and the major players involved in eradicating it
- \* to arrive at some conclusions as to the future of INGOs at a time of rapid change
- \* to express views on what we consider are some of the major issues facing poor people at present
- \* to produce a document which could serve as a basis for reflection in future years

Box 1: Objectives of the CSP

## Methodology

The work conducted as part of the CSP process focused on 5 key issues, which now form the backbone of this document. These issues address fundamental questions about AAs presence in Vietnam:

- 1 In the context of a growing economy which is poised to receive significant flows of international development assistance and private foreign investment in the next few years, what is the role of international NGOs (INGOs)?

Chapter 1 describes the current national context and the Chapter 3 sets out the changes that the various commentators, including AAV, expect to see over the coming years.

- 2 Do rapid economic growth and the structural reforms mean that poverty will diminish across Vietnam?

Chapter 2 analyses the extent and causes of poverty in Vietnam and discusses the possible implications of macro-level changes on poverty at the micro level.

- 3 If so, what is AAV's justification for a long term commitment to working in Vietnam? and,

- 4 if not, what is the specific contribution that AAV can make towards the alleviation of poverty in Vietnam?

Chapter 3 assesses what other agencies are doing to address poverty in Vietnam and Chapter 4 highlights AAVs particular comparative advantages (and disadvantages) in responding to rural poverty.

- 5 How will AAV ensure that it fulfils its contribution successfully?

Chapter 5 outlines the strategic framework and AAV's priorities for the period 1994-6 and links its planned direction to the earlier questions. Chapter 6 raises some important operational implications of the strategic analysis.



# TABLE OF CONTENTS

INTRODUCTION .....	(i)
<b>CHAPTER ONE</b>	
THE NATIONAL CONTEXT .....	(1)
Population and Geography .....	(1)
Economic Overview .....	(1)
<b>CHAPTER TWO</b>	
ANALYSIS OF POVERTY .....	(7)
Poor by international standards .....	(7)
Defining Poverty in Vietnam .....	(7)
Where are the poor? .....	(9)
The Causes of Poverty .....	(10)
<b>CHAPTER THREE</b>	
MAJOR PLAYERS .....	
The Government of Vietnam .....	(15)
Mass Organisations .....	(18)
Local NGOs .....	(19)
Multilaterals/Bilaterals .....	(19)
International NGOs .....	(20)
<b>CHAPTER FOUR</b>	
SWOT ANALYSIS .....	(23)
The External Environment .....	(23)
Internal Strengths and Weaknesses .....	(25)
<b>CHAPTER FIVE</b>	
STRATEGIC FRAMEWORK .....	(29)
AAVs Mission and Aim .....	(29)
Key components of the Strategy .....	(30)
Strategic Priorities. ....	(33)
<b>CHAPTER SIX</b>	
ORGANISATIONAL IMPLICATIONS .....	(40)
Phasing .....	(40)
Management and Organisation .....	(42)
Human Resource Development .....	(45)
Support Needs .....	(45)
Expenditure and Income .....	(46)
SELECTED BIBLIOGRAPHY .....	(49)

## LIST OF ABBREVIATIONS

AAV	ActionAid Vietnam
AT	Agricultural Technician
CSP	Country Strategy Paper
FAO	Food and Agriculture Organisation
FC	Field Coordinator
IMF	International Monetary Fund
LTP	Long Term Perspective
MoU	Memorandum of Understanding
NGO	Non-Governmental Organisation
PACCOM	People's Aid Coordinating Committee
PV	Para Vet
SRM	Strategic Review Meeting
SWOT	Strengths, Weaknesses, Opportunities and Threats
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
VWSG	Village Women's Saving Group
WU	Women's Union

# EXECUTIVE SUMMARY

---

The next few years will see profound and unpredictable change in Vietnam. Published forecasts reflect recent and projected economic growth, but are unable to anticipate in detail the likely impact of reforms and the subsequent growth at a micro level. It is widely acknowledged, however, that the benefits of economic growth will accrue unevenly across the country and across social groups, particularly in the short to medium term. AAV's own research at a micro level indicates that the rural poor are becoming increasingly vulnerable and face considerable constraints to benefiting from the widely-reported economic boom. There is also some evidence that differential access to the benefits of economic growth is leading to a growing gap between rich and poor.

The inflow of official aid will certainly change the position and influence of international NGOs, who have, until now, enjoyed a high profile in the virtual absence of official aid. AAV expects, however, that there will remain a role for international NGOs which will complement the large volume of development work implemented by the Government of Vietnam (whether funded domestically or by official donors). For AAV in particular, this role will reflect our comparative advantages and will be expressed in pioneering work exploring the causes of poverty at village and household levels, finding methods of addressing this poverty and bringing these methods to the attention of local agents committed to poverty alleviation.

In this CSP, AAV outlines its strategic framework for the period 1994-1996. We set strategic parameters (termed "key components" in this document) which will guide our decisions over the coming period. Within these parameters we identify strategic priorities, which establish the rationale for our likely sectoral, geographic and operational emphases over the next three years while allowing essential flexibility to respond to inevitable, but unpredictable, changes. AAV will be accountable for the success (or failure) of this framework through the impact of its programmes.

The strategic parameters identified in this document articulate AAV's commitment to:

<b>maintaining an essential link with poor households</b>
---

although AAV hopes that the operational link with households will be taken over by local partners, AAV will always maintain a link at community level which is strong enough to feed and inform both programme work (especially targeting) and advocacy work;



**developing the capacity of local government to the point where they can plan and implement poverty-focused programmes**

AAV will work together with local agencies in planning, implementing and monitoring poverty-focused programmes. AAV will invest in programme activities and training, but will expect local partners to show a commitment to meeting recurrent costs of any programme;

**achieving an impact outside the narrow confines of our RDAs**

AAV will seek to influence those who are in a position to make productive use of the experience that AAV gains at a local level. Such people might be policymakers, other donors and other development practitioners. Where appropriate, AAV will collaborate with other NGOs, the voice of several NGOs being more influential at a central level than one NGO alone.

Within these guidelines, strategic priorities have been established. Our **sectoral emphasis** derives directly from substantial household level research and reflects, we believe, the community's analysis of the causes of their poverty. Our **geographic emphasis** is defined by a weighted matrix of criteria, a determining factor of which is the possibility of identifying cooperative and committed local partners. The importance of good relationships with local and central government cannot be overstated; it is pivotal enough to determine whether a programme is successful or not.

We estimate the costs of implementing the strategic framework at £2.3 million over the three year period. AAV's ability to plan and operate effectively over the coming period will depend on the identification of a secure, long term funding source for both programme work and overheads. There will be a need to maintain a balanced portfolio of funding sources which does not leave AAV disproportionately dependent on any one particular donor.

### **THE NATIONAL CONTEXT**

- densely populated, relatively homogenous ethnically
- growing donor community, both in number of agencies and in volume of funds
- rapid and uneven economic growth forecast, but this contingent upon skilful macroeconomic management
- a number of factors may constrain or threaten this growth
- possible destabilising factors include growing unemployment and corruption
- the Party likely to remain dominant throughout plan period



# CHAPTER ONE

## THE NATIONAL CONTEXT

---

### Population and Geography

Vietnam with a population of around 68 million at the end of 1992, expected to grow beyond 82 million by the year 2000, is the 13th most populous country in the world. Approximately 80% of the population lives in rural areas, but the proportion of urban dwellers is expected to increase to just under 30% by the year 2000<sup>1</sup>. Agricultural land is in short supply, with 900 people per square kilometre of agricultural land, compared with 300 per km<sup>2</sup> in neighbouring Thailand and China.

Historically Vietnam has been divided into three regions: the north including the Red River Delta and centring on Hanoi and Haiphong; the Central areas around Hue and Danang and the Southern Mekong Delta area including Ho Chi Minh City. They were administered separately under the French colonial system and indeed until 1975, Vietnam was two separate countries. Despite efforts to promote national development, substantial differences remain between various regions of Vietnam.

The Kinh or ethnic Vietnamese people represent about 90% of the population<sup>2</sup> and Vietnamese is the official national language. Over 50 other ethnic groups make up the remaining 10% of which the largest are the Chinese, the Montagnards and the Khmer. This relative ethnic homogeneity amongst the vast majority of the population has been cited as the basis for the strong sense of national identity which proved so important during the war periods.

### Economic Overview

#### Growth, Inflation and Public Investment

The growth prospects for Vietnam during the period of this overview are favourable and the economy is expected to grow at around 7% per annum in 1994 and 1995. Inflation during 1992 was 17% and is expected to fall to under 10% in 1993. Some

---

<sup>1</sup> UNDP, Human Development Report, 1991

<sup>2</sup> Hainsworth, p161



analysts anticipate an increase in inflation in 1994/95 as economic output develops<sup>3</sup>. There is concern amongst some deputies from the National Assembly that the high level of the budget deficit will push up inflation. Some have advocated a reduction of government investment. The Government maintains that public investment expenditure is comparatively small and that further cuts would lead to problems in the future. Tax evasion and the lack of an adequate infrastructure for revenue collection hampers the government's attempts to balance the budget<sup>4</sup>.

At the National Assembly in June, the Government pledged to reform the state sector over the next two years. In August the Prime Minister said that the sector needed to be "rearranged". He confirmed that inefficient enterprises will be dissolved. Politically this is an extremely sensitive area and progress is expected to be slow.

### International Aid

The recent relaxation of the US embargo, which had prevented most bilateral and multilateral donors from making any significant contributions, paved the way for initial loans of just under \$1000 million from the IMF, World Bank and Asia Development Bank. At the Paris Meeting for donors in 1993, donors pledged a total of \$1.86 billion in assistance. All these lending institutions are in broad agreement with Vietnam's strategy for moving from the centrally planned economy to the open market.

### The Private Sector

The Government continues to place priority on attracting private foreign investment to fund various infrastructure investments and technology transfer. Although the northern part of the country has been targeted for investment, the south, particularly Ho Chi Minh city remains a more attractive option for investors.

Alongside the drive to attract foreign investment, there is a general recognition of the need to mobilise domestic savings. In an interview with the "Vietnam Investment Review" the Prime Minister stressed the importance of savings in avoiding dependence on foreign investment.

Tackling the high unemployment rate is a high priority for the Government. Private sector growth is expected to absorb some of the excess labour but the lack of appropriate skills amongst workers in the urban centres exacerbates an already serious problem. There is a critical need for training/retraining of people who can put into practice new ideas and technology. Meanwhile the Government is investing \$28 million in the current financial year on job creation programmes<sup>5</sup>.

---

<sup>3</sup> South East Asia Monitor, 1993

<sup>4</sup> Economist Intelligence Unit, 3rd Quarter, 1993

<sup>5</sup> Economist Intelligence Unit, 3rd Quarter Report, 1993

## Agriculture

With roughly 80% of the population living in rural areas, the Government of Vietnam is giving high priority to developing agriculture and agro-based activities. The new land law<sup>6</sup> passed by the National Assembly in July 1993 is a key plank of the Government's strategy. Whilst making no formal provision for the privatisation of land, it gives the broadest possible rights to the land user including the right to transfer, assign, rent and inherit land. Farmers will now be allocated land on the basis of 20 years for annual crops and 50 years for perennial crops. In addition, to encourage farmers to maximise use of all cultivable land, the government has reduced agricultural land use tax by approximately 30%. The Government is anxious to contain rural-urban migration and avoid exacerbating rural underemployment. In order to tackle this problem emphasis is being placed on crop diversification with emphasis now being placed on intensive cultivation of food grains, increasing the area devoted to cash crops and developing rural industries, infrastructure and services

## **Recent Developments**

Over the last few years, Vietnam has been moving away rapidly from a centrally planned economic system towards a market economy. Although there are concerns over macro-economic stability, it is generally recognised that the Government of Vietnam's strategy for achieving a reduction of the imbalances has had some success. Inflation continues to fall and the Vietnamese currency, the dong, has stabilised.

Despite the recent and projected high growth rates, there are a number of constraints which will hinder development in Vietnam. Outlining its strategy in a report for the first Donor Conference on Vietnam, the Government gives priority to addressing these areas:

- corruption
- inefficient public administration
- poor quality education at every level
- lack of skilled/experienced workforce
- low level of domestic savings
- inefficient financial system, and
- poorly developed legal/regulatory framework

It is possible that there may be some political change in Vietnam in the longer term; at a time when economic reforms have been proceeding apace, there has been little evidence of evolution in the political environment. Despite modifications to the constitution and the role of the National Assembly in 1992, one-party communist rule continues to underlie and inform the political system. Changes are permitted but only within the one-party system.

---

<sup>6</sup> Law on Land approved by the Legislature of the National Assembly on 14.7.93



It is assumed that the Communist Party of Vietnam will remain the dominant political force during the period of this strategic overview and that political stability will prevail with the reform process being largely confined to the economy. This authoritarian style of government, hand in hand with economic liberalisation, would in the view of many party officials be in line with other countries in the region such as China, Singapore, Taiwan and South Korea. However several political commentators take the view that if the Party is going to maintain its power, political reform is inevitable as the economy grows.

Some possible destabilizing factors need to be taken into account in this overview.

- unemployment

Approximately 20% of the workforce is estimated as un/underemployed<sup>7</sup>. This figure is set to rise still further with the impending civil service wage reform and the continuing redundancies in the state enterprises and the army. More than one million people join the job market each year. Unemployment in Hanoi is reported to be particularly high with a working population of 1.2 million of which only 900,000 are estimated to have full time employment. Unemployment is particularly acute amongst the young. Of the approximately 39 million workforce of working age, 50% are in the 15 - 30 age group. Efforts to ease unemployment to date have not been very successful. It is possible that a prolonged period of unemployment could change the younger members of the workforce, from being relatively apolitical, into political activists.

- corruption

Over the last couple of years development has largely taken place without regard for the law. The National Assembly in June spent considerable time addressing the issue of how to ensure implementation of the new laws in an environment which has increasingly become a free for all. These laws are designed to provide a legal framework for Vietnam's future development. Closely linked to this is the desire on the part of the Government to reduce corruption and smuggling. Increased priority has been given to the campaign against corruption which reportedly permeates all levels of the administration, mass organisations and the military. However, this is still judged to be largely inadequate and a considerable proportion of revenue continues to be lost to the state in this way.

---

<sup>7</sup> Economist Intelligence Unit, 2nd quarter 1993



- widening gap between the north and south of the country

Investment in Ho Chi Minh city produces over 30% of tax revenue, setting the basis for possible future dissatisfaction and resentment on both sides. The World Bank estimates<sup>8</sup> that there is a fivefold difference between the poorest region of the country (northern and central areas) and the wealthiest (defined as Ho Chi Minh City and its surrounding provinces).

- relations with China

Although recent months have seen a reduction of tension between Vietnam and China, the Vietnamese authorities remain uneasy over China's ambitions in the region. There remain several unresolved issues including the disputes over the northern land border and the Paracel and Spratly islands.

---

<sup>8</sup> Viet Nam: Transition to the Market, p202

## **ANALYSIS OF POVERTY**

- one of the world's poorest countries with per capita GNP of less than \$200pa
- with high economic growth aggregate poverty may fall, but AAV believes that inequality and vulnerability will increase
- no nationally-accepted definition of poverty, though government now officially recognises that relative poverty exists
- reforms are having a differential impact across regions and social groups
- there is high mobility between socio-economic groups so targeting, while essential, is difficult and requires constant household contact and research

## CHAPTER TWO

### ANALYSIS OF POVERTY

---

Vietnam is popularly described now in terms of its recent, rapid economic growth. In this chapter, we consider what effect this growth is having on poverty and discuss the recent trends. In particular, we address the following questions:

- Is Vietnam poor enough to warrant AAVs commitment?
- How can we define poverty in Vietnam?
- Where are the poor in Vietnam?
- What are the effects of economic reforms and growth on the poor?

#### Poor by international standards

Standard indicators used to compare levels of poverty across countries (per capita GNP, the Human Development Index) reveal Vietnam to be relatively poor internationally; the World Bank assesses per capita income at less than \$200pa<sup>9</sup>. Serious efforts since the 1950s to provide education and health services for all have meant that Vietnam reportedly fares better on some of the national level social indicators than would normally be associated with such low levels of per capita income (and certainly better than some Asian neighbours). Recent surveys suggest, however, that previously high national literacy rates are declining as subsidies are removed and UNICEF is predicting a deterioration in the nutritional status of children in food deficit areas.

#### Defining Poverty in Vietnam

The issue of relative poverty has only recently been addressed explicitly in Vietnam. Until 1986, when economic reforms began in earnest, the notion that there were "poor" people and "rich" people was - rhetorically, at least - incompatible with the prevailing organisation of production and distribution of wealth and income. As an

---

<sup>9</sup> Viet Nam: Transition to the Market, p199



example of the changing attitudes at a central level, the General Statistical Office (GSO) was not allowed to use the term "poor" in 1989 survey of living standards, but is now working on establishing a national definition of poverty. Policymakers at a national level are now beginning to acknowledge that the recent economic changes have already and will continue to generate regional, ethnic and even village-level disparities in wealth. Policy documents recognise that certain areas are likely to remain disadvantaged in the short term, but are hopeful that by concentrating on development projects which produce the best economic return for the nation as a whole, the longer term will eventually bring an improvement in living standards for poorer areas (a strategy endorsed by the World Bank<sup>10</sup>).

The growing awareness of the existence of both relative and absolute poverty in Vietnam has encouraged some Vietnamese institutions (Ministry of Agriculture, Vietnamese Women's Union, National Institute of Social Sciences amongst others) to consider possible definitions of poverty. These commonly include evidence of food deficits, household income and household assets as indicators of the existence of poverty. The GSO is developing definitions of different socio-economic groups using the above indicators, supplemented with information on literacy, employment and access to health care.

None of the UN organisations working in Vietnam has yet developed a consistent national definition of poverty, although UNICEF has analysed health indicators in each province to provide a basis for their targeting. Other INGOs have conducted surveys at local level, but most have not adopted any countrywide definition. For a number of reasons, AAV does not consider it appropriate to use various indicators that other agencies are using to develop a "poverty map" of Vietnam:

- while these indicators and national definitions may describe to some extent the circumstances of poor groups, they are not always the most appropriate indicators to apply at the micro-level. For a national level indicator of poverty to be meaningful to AAV, there should be some consistency with the poverty indicators being used at a micro level. For example, it has been extremely difficult at a field level to develop a clear picture of the duration and nature of food deficits - one of the most commonly cited characteristics of poverty - and how these relate to poverty. Household income has been similarly problematic to measure and, importantly, neither the income nor asset measurements give a true picture of the household's potential (see "Ranking the Village" below). This is important given the high mobility that AAV has noticed between different socio-economic groups in areas where we work.
- there are many questions about the integrity of the data which would be used to measure these indicators at a national level. AAV knows from its own experience, echoed by many others, that the data provided by government agencies on a range of indicators do not accurately depict the conditions found at village and household level. National level poverty-mapping which uses

---

<sup>10</sup> see Viet Nam: Transition to the Market, p199, para 8.3



published data as a guide could easily misrepresent true poverty levels. Circumstances vary so much across the country that there are real dangers of missing areas of poverty by using a narrow definition, but a broader definition, based on a basket of indicators, is yet more difficult to measure accurately. While inter-provincial differences in living standards are probably the reality in many countries where AA works, it is possible that this is more marked in Vietnam, which has only been one united country for less than 20 years (in modern history).

### Where are the poor?

The extent of poverty in Vietnam is open to interpretation. Different government agencies estimate variously between 15-30% of the population is living in poverty<sup>11</sup>. Using 1989 Census data, UNESCO/UNDP suggest that as much as 46% of the population are vulnerable (including low-income groups, minority groups, shifting farmers, handicapped and urban-slum dwellers)<sup>12</sup>.

In the absence of an overall, measurable definition of poverty which might be used to map the poor across the country, AAV will be guided, in part, by the general consensus of various development agencies active in Vietnam about how poverty is spread across the country. The mountainous areas of the north and centre are considered poor because they are populated by ethnic minorities (a designated target group for special assistance), suffer low/declining agricultural productivity with perennial food deficits, are remote and are inadequately served by infrastructure and social services. The disaster-prone areas in the central coastal zone which were devastated in the war are also considered to be particularly poor. Various studies have shown that the central areas suffer from chronic food shortages. The government has defined "priority areas" where it feels that the problems of poverty are greatest, which corroborates the evidence of others that these are particularly poor areas. The conclusion that poverty is concentrated in three main areas - the central highlands, the north central coast and the northern mountains - is reinforced by a recent World Bank report. Using preliminary results from a Living Standards Measurement Survey (LSMS), which collects data from 4800 households nationwide, they draw attention to the regional dimension of poverty in Vietnam.<sup>13</sup>

The various reforms implemented over the last few years are likely to mean that poverty for some will also begin to be a problem outside these traditional priority areas. Unemployment has meant that poverty is becoming an issue in urban areas and in areas where state-owned industries are rationalising staff numbers (see the National Context). The full impact of the reduction in public sector staff numbers is

---

<sup>11</sup> See, for example, Nguyen Huu Dung, 1992, p18; a speech by the Prime Minister, transcribed in Vietnam News, 30 April 1993, p1; and, Trinh Duy Luan (1993).

<sup>12</sup> Education and Human Resources Sector Analysis (Synthesis Report), p12

<sup>13</sup> Viet Nam, Transition to the Market, p202



not yet obvious, but it is highly likely that those employed outside the main urban areas will find it difficult to secure alternative non-agricultural employment. The agricultural sector will not be able to absorb all the unemployed. Areas such as Quang Ninh in the north east are currently facing this problem as the contraction of employment in the coal mines is undermining a traditionally important source of income. It is likely that rural areas throughout the country, not just the designated "poor" areas, are being influenced by the reforms in ways described below.

## The Causes of Poverty

### Trends at the macro level...

The pace and nature of change in Vietnam makes it difficult to attribute trends in poverty to isolated causes. With persistent economic growth and considerable increases in agricultural production over the past few years, it is not possible to argue that Vietnam as a nation is becoming more impoverished. However, these very positive macroeconomic trends have been associated with what may appear to be contradictory trends in other factors which may determine levels of poverty (or at least characterise high levels of poverty).

One fifth of the labour force is either unemployed or underemployed and further cutbacks in the public sector (the largest wage employer) are inevitable. There is evidence that the quality and efficiency of education is falling and that school enrolments have dropped, with ethnic minority groups lagging behind. The World Bank is forecasting that the gains in health that have been achieved over the last three decades will be under threat, with evidence that infant malnutrition rates are rising<sup>14</sup>. The Ministry of Health itself notes that the transition to a market economy has "more negative than positive influences on health...the differentiation between rich and poor is becoming more accentuated, increasing levels of poverty and exacerbating ill health and quality of services"<sup>15</sup>. Urbanisation, a trend often associated with growing rural poverty, is beginning to be rapid enough to cause problems.

---

- one fifth of labour force either under- or unemployed

- school enrolments falling, particularly for ethnic minorities

- rising infant malnutrition in some areas

---

The period since 1986 has been one of intense change. The transformation to market-based economy has necessitated a package of reforms that have had an impact from the macro level right down to the household. At a macro level, the public sector is being reformed and rationalised. There is a considerable need to keep public expenditure under control; subsidies for social services have been reduced or abolished and there is an attempt to make users pay for services. State industries are being required to operate more commercially and will eventually be sold off or closed down. With pressure on central government revenues, local government is likely to become increasingly reliant on its own tax base to fund provincial and district budgets.

---

<sup>14</sup> Viet Nam: Population, Health and Nutrition Sector Review, pii

<sup>15</sup> Jan Valdeline et al, 1992, p27



The expectation is that areas with a richer tax base will become wealthier, while the poorer areas with their limited tax bases will be unable to fund a similar level of development activities.

### **...impact at the micro level**

The reforms are not changing all parts of the country equally. First, some areas are more able to bear the reduction in state subsidies than others, altering the scope for taking advantage of some of the more positive aspects of the transition. As the World Bank notes, "the initial response to market conditions will vary because of different endowments of infrastructure, industry, capital and labor throughout the country as well as different environmental challenges" <sup>16</sup>. Secondly, new policies have been interpreted slightly differently in different parts of the country and the pace with which the new policies have been implemented varies across the country. Viewed in aggregate, rapid economic growth may mean that poverty diminishes, but it is likely that inequality will increase with the result that poverty for some may not reduce at all. It is possible to generalise to some extent about the impact of the reforms on household economies. This, perhaps, is a more useful way of trying to understand the dynamics of poverty in Vietnam than the examination of poverty at a national level.

After a period of collectivised agriculture, responsibility for agricultural production has been handed back to the individual household. Households may be allocated the right to use land for up to 50 years, depending on the type of land. Over this period they may transfer the rights to use the land to others. Children may inherit the right to use their parents' land as long as the lease is still valid. The new land law<sup>17</sup> is being applied at varying paces throughout the country - some districts have already allocated all categories of land while others seem only to have allocated the paddy land, not the upland or forestry land.

### **The gap widens**

Many decisionmakers, particularly at local level, have assumed that since land is equitably distributed at the time of allocation there is little difference in the socioeconomic status of farming households. AAVs micro-level research in its working areas indicates that paddy land has been fairly equitably distributed relative to needs. However, there is strong evidence to suggest that not all households are beginning from the same basic level of wealth and that despite the many (in the north) years of communal agricultural organisation, some farmers have more resources than others. The capacity to make full use of the allocated land varies from household to household and one might expect to see those with more inputs (particularly labour, draught power, technical knowhow and cash/credit) reaping cumulatively higher

---

<sup>16</sup> Viet Nam: Transition to the Market, p199

<sup>17</sup> Law on Land approved by Legislature IX of the National Assembly of SRV at its 3rd session on July 14, 1993



returns from their land. Key constraints that the poorer households are facing include: lack of credit, lack of facilities for cash savings and the collapse of village level services, such as extension, health and education. This is exacerbated by the removal of subsidies, that once ensured that health, education and childminding services were available to most (if not all) rural households. The gap between poorer and less poor farmers is becoming increasingly conspicuous as formerly disallowed activities such as informal money-lending (at high interest rates) and day labour are no longer covered up. There are indications that this gap is not simply becoming more visible, but that it is also growing. It is now common for farming households to admit to being chronically indebted; the worry must be that now land has become essentially transferable that these indebted households could lose their land rights to impatient moneylenders. This is a fear that some local officials are now beginning to express quite openly<sup>18</sup>.

### Ranking the village

In a rapidly changing country AAV feels that it is more useful to define poverty at a local rather than national level. Even at the micro-level, the dynamics of poverty have been difficult to unravel. Wealth-ranking has been used for targeting by AAV in its RDA. Mapping and interviewing (over 10% of the households) in the RDA in Mai Son District have provided important insights into the socio-economic relations at village level. This information has provided the basis for AAV's - still embryonic - socio-economic categorisation of households. Four categories attempt to describe households in terms of current status (rich or poor) and potential (striving or declining). It is particularly important to capture the potential; socioeconomic mobility in both directions is high. The life-cycle of the household has an important influence over socio-economic standing - newly married couples often being poor, but with good prospects and ageing couples being relatively wealthy but with poor prospects. The fragility of many of the households means that an isolated event, such as a bout of illness, can transform a relatively self-sufficient household into an indebted one. The abolition of subsidies in the provision of health and education services has increased household vulnerability to such shocks. Without capturing the dynamic aspects of poverty in the local definition it is difficult to target properly and establish real needs.

The policy reforms instigated at central level have had a strong impact at the household level. The reorganisation of agricultural production has given households greater control over their livelihoods. It is unusual to find farmers complaining of this change and it is commonly regarded as an improvement. However, this change taken place in a virtual vacuum of household level support (eg extension services) as the cooperatives withdraw from the provision of inputs and technical advice. The changes in the land law will almost certainly increase farmer investment in the land, but may be accompanied by growing landlessness. Priority treatment for ethnic minority groups means that they are exempt from certain taxes for a period, but in

---

<sup>18</sup> This has been identified as a real risk in AAVs RDA1 by Stuart Rutherford, 1992, and Lina Payne et al, 1993

other parts of the country farmers are complaining about the package of commune-level taxes and fees which may absorb up to 25% of their income<sup>19</sup>. AAVs access to information about the impact of reforms and policy initiatives at a local level is important for programming but also for its planned advocacy role. AAV will direct an increasing part of its resources to trying to pass on this information to policymakers.

---

<sup>19</sup> see Viet Nam: Transition to the Market p206, para 8.21



## **MAJOR PLAYERS**

- virtual absence of official aid until 1993 resulting in high profile for effective INGOs, now set to change
- Government of Vietnam is overwhelmingly the most important development agency at every level, though their poverty alleviation strategy has many gaps
- official donors are now pledging funds to support the Government's investment programme, but some are expressing concern over absorptive capacity
- absence of local NGOs as AAV understands the term
- INGOs have a comparative advantage in:
  - ◇ their capacity to collect and use information about poverty at a micro level and to focus assistance on the poor
  - ◇ their ability to spend funds directly
  - ◇ their position to inform and influence policymakers
  - ◇ their flexibility in operational planning

## CHAPTER THREE

### MAJOR PLAYERS

---

A number of national institutes and international organisations will have some role to play in poverty eradication in Vietnam. Some will focus efforts on supporting central and provincial government in their efforts to provide for more vulnerable groups. Others, particularly INGOs, will have an important role to play in targeting assistance at a village level. In order to optimise the contribution that foreign donor assistance can make to Vietnam, the Government is placing considerable emphasis on coordinating donor funds and has restated its commitment to increasing the effectiveness of aid coordination. The State Planning Committee will take the lead role in coordinating all donor funds. A number of other government agencies will also have a coordinating function, most notably the People's Aid Coordinating Committee (PACCOM) who has responsibility for coordinating the work of INGOs.

In this chapter we look at the contribution that five major players will make to poverty alleviation in Vietnam:

- the Government of Vietnam
- the mass organisations
- local NGOs
- the multi- and bilateral donors
- international NGOs

#### I The Government of Vietnam

By far the most important player in development in Vietnam is the Government. The Government's development strategy is "aimed at developing a strong and stable multi-sectoral economy with increasingly strong links with the international community. It envisages a development process that makes the people prosperous and the country strong, advancing towards modernisation in a society where the working people are masters, where compassion, cultural values and discipline prevail



and where everyone enjoys a prosperous, free and happy life"<sup>20</sup>.

The strategy is implemented by the Party and State on behalf of the people of Vietnam. The Party is the most important political force in Vietnam and the Government's political authority is derived from it. The Party and the Government operate through parallel structures from central government right down to commune level.

Currently any international organisation wishing to implement development programmes at a village level in rural areas will need to work either with or through central or local government or one of the mass organisations. In order to do so effectively they must have a full understanding of the authority and responsibility levels of each tier of government.

The Party, through the Peoples' Councils, is responsible for setting and controlling policies. This is the principal forum for political consultation. They in turn elect representatives to the People's Committees, the administration, responsible for the implementation of policy.

There are four tiers of administration: central, provincial, district and commune. In the current dynamic situation, central government is seeking to clarify and redefine the role of the administration and the Party and their relationship with each other at every level.

There is a trend towards centralising policy and decision-making. This is an essential step in the process of developing policies which are in the national interest and establishing nationwide norms. The provincial authorities remain responsible for strategic planning and development at local level. Local implementation of national policy directives will largely depend on their appropriateness to the locality and the amount of funding made available by central government. Central government has the authority to change or rescind provincial level decisions when "interests of the nation are at issue".

The District now takes responsibility for levying/collecting taxes and for land registration /allocation. It will also take full responsibility for the organisation and implementation of agricultural extension, health and education programmes.

At village level, an elected village manager has delegated responsibility from the District for ensuring that information about various policy initiatives is communicated to all households.

---

<sup>20</sup> Vietnam: A Development Perspective, p37



## **The Government's Policy Priorities**

The Government recognises the need for balanced regional development. However, immediate attention is being paid to the development of priority economic zones which are expected to have the greatest influence on national development by providing high returns and benefits. These in turn are intended to facilitate the development of other regions. Priority projects tend to be concentrated in three main areas: Ho Chi Minh City and its environs, the key central area including Danang and the critical northern area of Hanoi/Haiphong/Quang Ninh.

The Government's development strategy formulated in 1991 and is guided by a strong emphasis on sustainability and the environment. It identifies a number of key components, which include:

- investing in people

Ethnic minorities are included within this component. The Government has indicated that those areas where ethnic minorities live have been targeted for assistance. These tend to be mountainous regions in the north and west of the country bordering China and Laos, with severely degraded land and relatively poor social services.

- building on comparative advantages and sectoral strengths

The Government recognises that Vietnam has a number of comparative advantages. These include the critically important sector of agriculture which is the economic mainstay for the vast majority of people in Vietnam. Not surprisingly therefore, recent reforms and policy development have singled out this sector for considerable attention. The recently enacted land law and the extension policy exemplify this.

Increasingly funds are being directed by the Government to this sector, particularly in the form of rural credit. Significant efforts are being made to make credit accessible to farmers throughout Vietnam. However many poor rural households, unable to provide any collateral, are excluded from the system.

- strengthening investment, savings, and efficient resource allocation
- flexibility in implementation of the development strategy.

## The Government's Poverty Alleviation Strategy

The Government has a defined poverty alleviation strategy with a number of components. The World Bank, in its review of this programme, concludes that "the program consists of several components which would seem to be directed more at improving living standards in general, rather than alleviating poverty specifically.." <sup>21</sup>. This programme has a number of components which include:

- ad hoc targeted/grant schemes
- a centrally supported local initiative programme
- employment generation loans
- availability of rural credit
- emergency assistance, and
- training centres

It is likely that the work of the NGOs will augment the Government's own poverty alleviation strategy rather than duplicate it. There are considerable gaps in the strategy, which provides no real basis for targeting the poor at the village level. The provision of adequate health and education services is neglected as part of the strategy.

## II Mass Organisations

The mass organisations, formed to link the Party to the people, have to date played a key role in the political process and in the overall development of Vietnam. The Fatherland Front is the umbrella organisation for the mass organisations and coordinates their work with the Government. Their role may change and their influence diminish as Party membership slowly declines and the country continues its move towards a market economy. It is possible that as the largely family-based market economy develops, members of mass organisations may have less and less time available to devote to voluntary work in the public sphere. However, with their members active at every level of Vietnamese society, they are considered as partners by foreign donors for the implementation of projects focusing on the poor. Two mass organisations in particular have received donor funds for poverty alleviation work:

### • The Women's Union

In some provinces the Women's Union has demonstrated a real interest in and commitment to working to improve the position of the rural poor. Because of its network which extends from the centre right down to village level, it is an attractive option for international organisations searching for a partner to work directly with the poor. It is already working with several INGOs and is well positioned to work with other foreign donors and take advantage of increasing aid flows.

---

<sup>21</sup> Viet Nam: Transition to the Market, p213



- The Peasants' Association

The peasants' association has considerable influence at a central level, where it has an input into agricultural policy formation. Its ability to implement village-level activities is constrained by the lack of an effective vertical structure which reaches from the centre to the village. Where it has intervened at a local level, it has tended to focus on the development of "good" farmers, with "good" equivalent to wealthy.

### III Local NGOs

Several INGOs currently work with local branches of the Women's Union and the Peasants' Association. Some partnerships have been more successful than others. These mass organisations are often referred to as local "peoples organisations". However, because of their strong links to the Party, they can not really be compared to local NGOs which exist in many other countries in Asia, particularly India, Bangladesh and the Philippines. The Government has yet to issue details on the future role of local NGOs.

It is unclear at this stage whether the next 3-5 years will see the development of local NGOs which become a significant vehicle for tackling the problems of the marginalised and vulnerable groups. If this does not happen, INGOs are likely to continue to collaborate with the mass organisations as well as working directly with the poor.

### IV Multilaterals/Bilaterals

It is a unique feature of development in Vietnam that it has taken place in the virtual absence of official donors, who chose to follow the US-imposed trade and aid embargo. Relaxation of the US stance during 1993 has encouraged donors to target Vietnam for assistance once again. The multilaterals and bilateral donors will provide funds, largely through concessionary loans and technical assistance for the Government's investment programme. Funds are also to be made available for other Government initiatives to facilitate the transition towards a market economy. These funds are likely to include health and education projects aimed at mitigating the negative impact of the reforms on the more vulnerable sections of society. The multilaterals such as Asian Development Bank, World bank, UN bodies have differing sectoral interests and criteria for aid disbursement. The Government has estimated that US\$ 40 billion of investment is required in order to implement its development strategy to the year 2000. Virtually all official aid will be channelled through central government to provincial government and line ministries. Almost certainly it will not be focused directly on the poor.

Many international donors have reported some concern on the initial ability of local authorities to absorb funds/implement projects effectively. The official donors cannot operate outside the government structure. Unlike INGOs, who often have protracted field level contact, they are reliant on government or INGO sources for field level



information. Some have expressed interest in working with international and indigenous NGOs to develop appropriate methodologies for working with the poor. This presents INGOs with an opportunity to feed into much larger poverty alleviation programmes than they could take on themselves.

## V International NGOs

The arrival of large sums of aid from the multilaterals is likely to have a profound effect on the way INGOs operate in Vietnam in the future. The absence of official aid has allowed INGOs a profile which they do not usually enjoy in countries where AA operates; for many years, NGOs were the major overseas donor. This will clearly change now, and raises an important question about how NGOs will seek to maintain their influence while the contributions become relatively small. More crucial than this is the question...

... if Vietnam is set to receive a large volume of development funds from official donors, what can be the future role for INGOs?

It must be recognised that funds from NGOs are likely to pale into insignificance as the money from the big donors starts to flow to those provinces which have been designated priority areas by the central government. It is therefore essential that NGOs like AAV identify those gaps which the larger donors are unlikely to fill, certainly in the short and medium term.

Whilst central government's development budget is likely to be invested in those areas likely to produce the greatest return for the country, there is a general acceptance of the need to facilitate rural households to improve their productivity and incomes. Many local authorities, whilst accepting the need to improve the economic situation of the poor, are investing in sectors and those people who are seen as likely to produce the greatest returns in terms of tax revenue. Generally the wealthier and middle farmers benefit from this approach as they are seen by provincial and district authorities as being in a better position to use increased resources. The authorities take the view that "when the water rises, everything floating on the water will also rise". This view that the poor will benefit indirectly from inputs directed at the better off is widespread within government.

AAVs analysis of poverty (see chapter 2) suggests that this may not happen. There is a very real prospect of growing national wealth being accompanied by greater inequality and vulnerability. Good targeting will be central to ensuring that the more vulnerable and marginalised groups are able to cope with economic shocks in the absence of the old safety nets. It might also mean that these groups stand a better chance of benefiting from the economic growth than being marginalised from it. Targeting is not necessarily an easy task in Vietnam, where high mobility between different socio-economic groups requires field-contact and ongoing research.

INGOs may be ideally placed to work with the Government helping to focus assistance directly on the poor. INGOs have a number of comparative strengths, which mean that they should be able to contribute positively to poverty alleviation in Vietnam for some time to come:

- ability to disburse funds directly on programme activities
- flexibility to adapt activities, within a strategic framework
- constant field-level contact

providing...

- good targeting skills in a situation of high fluidity between socio-economic groups
- well-researched methodology
- effective programmes

In spite of their more rigorous planning, reporting and control requirements, INGOs are likely to continue to have a certain amount of leverage at local level. It is unlikely that individually NGOs will be able to exert any special influence on national policies. However, working in collaboration with other NGOs, government and the official donors, there may be significant opportunities through their work at household level to inform and hopefully influence the policy at the national level.



(21)

04221  
DEV100



## SWOT ANALYSIS

- growing economy and political stability provide a helpful environment for AAVs work
- collaborative donor scene, but uncertainty about the impact of official aid on the work of INGOs
- issues concerning relationships with local partners constitute the most important threats and weaknesses
- sound roots in well-researched programme work serve as the basis for most identified strengths
- weaknesses include programme, staffing and funding constraints

## CHAPTER FOUR

### SWOT ANALYSIS:

AAVs strengths, weaknesses, opportunities and threats

---

#### The External Environment

The national context, analysis of poverty and the examination of major players form the external environment within which AAV operates and attempts to achieve its mission. AAV has drawn out the following elements from the external environment which it considers may either provide further opportunities or which may constrain AAV in its work over the next 3-5 years. As part of the CSP process, AAV has been planning how to make best use of the opportunities and how to minimise the threats.

#### Opportunities

- Political stability will mean that AAV will be able to operate in an environment which is dynamic but not completely unpredictable over the coming years. This will facilitate planning and operations.
- Economic growth is likely to be sustained over the next few years. It is arguably easier to assist microeconomic development in the context of macroeconomic growth than in a situation of macroeconomic stagnation. Targeting may become simpler as the richer members of the community lose interest in activities directed at the poor - other opportunities becoming more attractive to them.
- A larger pool of local expertise, particularly technicians and specialists with language skills, will develop. This will improve the quality of technical advice that AAV has available and reduce the cost. AAV plans to establish strong links with appropriate local research institutes (who have a formal role to play in national policy formation) in order to maximise the potential contribution of local expertise.
- Easier access to communities. As foreign organisations are regarded with greater trust and their contribution is valued more by both villagers and local authorities, so it becomes less problematic working directly with poor communities. This increases the scope for effective participation, better planning and more appropriate impact. It is also possible that the changes to government's administrative structures will lead to the development or identification of new project partners who have stronger links with poor



communities (the next few years may conceivably see the development of local NGOs - see chapter three).

- There is considerable cooperation and collaboration within the donor community in Vietnam, not just between NGOs but also between NGOs and official donors. There are a number of sectoral/issue-based groups which provide a forum for information exchange and experience-sharing. By establishing links with large official donors and by collaborating with other NGOs on advocacy issues AAV hopes to achieve a level of influence which might not be attainable working outside these networks. The aim is to achieve an impact over a wider area than that defined by the RDA boundaries.

### Threats

- The maintenance of good relationships with project partners is critical to the success of AAV's programme work. AAV is not always in a position to choose the most committed and/or most able people as counterpart project managers and, where AAV and project partner priorities differ slightly, lack of commitment has caused a problem in the past. The identification of honest, committed project partners who fully share AAV's aims and objectives will be an important consideration in the selection of a second RDA.
- Both project partners and communities may have expectations of AAV which are not necessarily in line with AAV's own views, which stems in part from a lack of familiarity about what NGOs do and how they operate. As a charitable organisation, there is an expectation that activities such as credit should be heavily subsidised, that inputs such as seed or fruit trees should be handed out and that local contributions in community time (such as credit group leaders) should be remunerated. Repeated training and exposure to the way in which NGOs operate will hopefully convince local government counterparts that handouts are not the most sustainable way of proceeding. Study tours to other areas where subsidised practices have been phased out has been a useful training tool.
- Large flows of official aid have been pledged to Vietnam over the next ten years. While it is uncertain what impact this might have on AAV's work, it is clear that the relative prominence of NGOs as donors will greatly diminish. There is little evidence that any official donor will be working in such a way as to interfere directly with AAV's current programme, but it is possible that project partners will be distracted by the larger aid flows offered elsewhere. It is to be hoped that local governments will see the value that NGOs may add to the development work in Vietnam and will continue to work with them.
- Corruption is a major concern of the government. With government staff earning minimal salaries well below the consumption needs of the average household, it is perhaps not surprising that this is an issue. AAV's commitment to financial accountability and probity will not be compromised. This has

implications for the degree of management and financial control that can be handed over to local project partners in the very short term, which in turn has implications for the sense of ownership which local project partners may develop.

- AAVs capacity to work with the poor may be undermined if local government sees AAV as subversive. Where local authorities may already be experiencing a loss of influence, this is likely to be a particularly sensitive issue and one which AAV is extremely alert to.
- Project partners, particularly at district level, are underfunded, under-resourced and under-trained. This is a situation unlikely to change during the time of AAVs involvement. Their approaches to planning, implementation, monitoring and evaluation differ greatly from AAVs approach. Continual training and institutional support is critical if these agencies are to have the capacity to absorb AAV funds and use them effectively.
- International companies and aid organisations will continue to arrive in Vietnam in large numbers. All will be seeking to recruit Vietnamese staff who have good English and some experience in working with international organisations. This will have major implications for NGOs like AAV. Unable to compete in salary and benefit packages, they are likely to find it increasingly difficult to recruit and keep experienced staff, particularly programme staff. AAV, aware of this threat, will seek to concentrate on developing the skills of local counterparts at province and district levels.

### Internal Strengths and Weaknesses

The review of strengths and weaknesses has focused less on operational and programme review than on issues of strategic importance (such as how to make clear to project partners the criteria for handing over programme management). As with the external environment, AAV has spent a considerable amount of senior staff time discussing the possibility of converting the weaknesses to strengths over the coming period. This exercise is extremely important in a rapidly developing programme and will be repeated regularly and updated over the coming years.

#### Strengths

- AAV has managed to develop relationships with local partners which allow AAV a direct link with poor communities. The structures that have been developed (eg extension networks and women's groups) are effective in encouraging poor farmers to participate. Their link with permanent government structures gives good prospects for both sustainability and replication across a wider area.



- AAV has an increasingly well-trained but small national staff who share a commitment to working with the poor.
- AAVs ongoing commitment to participative research into issues influencing the lives of ethnic minority groups living in mountainous areas enhances the quality of programme activities but also allows AAV to speak with authority and credibility to an outside audience.
- AAV's aims and objectives are in line with those of local government - AAVs programme therefore should complement provincial and district governments' own development programmes. AAV is working with a nationally-designated target group (ethnic minorities) in one of central government's declared priority areas, keeping AAV in line with central government poverty-alleviation policy.
- Over the past three years AAV has gathered valuable field level experience in certain sectors, such as agriculture and savings and credit. Through household level research, AAV has developed some understanding of the dynamics of poverty in mountainous areas.
- By building accommodation in the RDA, AAV has been able to demonstrate a long term commitment to working in Mai Son District and to collaborating with district government.
- AAV has a secure source of funds for current programme work. With the growth of official aid and burgeoning private sector investment in Vietnam, the prospects for raising programme funds locally are good.
- AAV is able to benefit from the collective experience of other AA programmes across the world.

### Weaknesses

- AAV has failed in some instances to communicate clearly to local government its position on certain issues such as the handover of management responsibilities. AAV has, perhaps, at times failed to be sensitive enough to the local conditions and management culture. There has consequently been some disappointment and misunderstanding. AAV has not fully succeeded in modifying some of the expectations which the local project partners had held of partnership with AAV.
- There is no core funding for AAV overheads and administration
- There has been inadequate time and attention paid to networking and the development of links with Vietnamese institutions at a national level. The strategy for coming years will ensure that these activities are included in all

staff's workplans.

- Programme staff, while committed, have no previous experience of working with NGOs. There is a considerable need for non on-the-job training in areas such as rural development management, basic management skills and report writing. There are no senior female programme staff and few of the seconded or voluntary extension staff are women. This reflects the difficulties of finding female staff prepared to travel regularly to remote mountainous areas.
- AAV has no senior programme staff who are members of ethnic minorities (speaking minority languages) which can cause communication problems, particularly with women who are less likely than men to speak more than one language. The problem will be alleviated in part by building up skills at a village level. Neither of the expatriate staff speak good Vietnamese.
- There has been little systematic monitoring or evaluation to date. Staff have now been allocated to this task.



## **STRATEGIC FRAMEWORK**

- AAV endorses the AAUK mission statement and has developed an overall aim in line with this
- Stated hypotheses shape AAVs definition of its role over the next three years
- the framework allows the necessary flexibility to adapt annual workplans to respond to unpredictable changes
- A strategic framework is presented with:
  - ◊ Key Components setting the direction for our work
  - and
  - ◊ Strategic Priorities describing that likely programme emphasis

## CHAPTER FIVE

### STRATEGIC FRAMEWORK

---

#### AAVs Mission and Aim

AAV endorses the mission statement set out by AAUK:

To help children, families and communities in the world's poorest countries to overcome poverty and secure lasting improvements in the quality of their lives.

In addition, AAV has developed its own overall aim which guides its work in Vietnam. This is articulated as:

To improve the socioeconomic position of poor households, enabling them to take lasting control over key aspects of their daily life.

This aim reflects AAVs belief that it is poverty (or the poor socioeconomic position) which denies many households control over the most basic elements of their lives - the consumption of sufficient food, maintenance of good health and the ability to educate their children. To take lasting control of these aspects household economies need to be secure and individuals need to be informed about the choices available to them. In the Vietnamese context where economic growth is creating opportunities for individual households, taking control requires that poorer families are not marginalised by lack of capital, lack of good health, illiteracy or food insecurity.

AAV seeks to achieve this aim both directly by working with poor communities and indirectly by informing and influencing the government and other major players of the conclusions

#### AAVs HYPOTHESES

- Poverty is widespread in rural Vietnam. The Government's poverty alleviation programme is unlikely to reach all vulnerable groups in the plan period
- AAV is well placed to research the extent, causes and dynamics of poverty at the village and household level
- AAV is well placed to develop and implement (directly and indirectly) methods of addressing this poverty
- AAV has the capacity to bring these messages to the attention of implementors and policymakers who are committed to the alleviation of poverty
- The niche that AAV fills may change as the development scene in Vietnam evolves



drawn from our grassroots experience. The essence of AAVs work draws on our analysis of poverty at the local level and an examination of what AAV has to offer against the many other institutions involved in development work here. Underlying our presence and work in Vietnam are the hypotheses in the box above.

What follows is not an attempt to predict our activities over the coming years: in a intensely dynamic environment, a strategy must allow flexibility. Above all, we hope that this strategic framework will allow us to respond to the problems of poverty with imagination, allowing us to continue to experiment whilst recognising that not all innovation leads to success. Below we outline the four key components and five strategic priorities which form our strategic framework for the medium term. It describes some of the issues that AAV will have to confront and sets the parameters for strategic decisions. Where possible, criteria are identified for decisionmaking and principles are established for operational direction.

### **Key components of the Strategy**

AAV has identified four important strategic parameters that will set the boundaries to and direction of our activities in the next three years. These are:

- maintenance of a strong link with poor households
- working through local government and organisations
- influencing government at central and provincial level
- collaboration with other donors

#### **1 Strong link with poor households**

Although AAV will usually be implementing programme activities either through or in conjunction with local project partners, it will be important to retain a direct link with poor communities. Few of the potential project partners have much experience in targeting the poor, community consultation or participative planning and monitoring. In order to ensure that programmes are being correctly targeted and that the objectives and interventions are appropriate, it will be essential for AAV to continue to have grass roots contact.

The possibility of sustaining a targeted programme after AAV withdrawal (even if local partners target actively during the period of collaboration) might be questioned, given the wider interests of district government. It will be important to develop capacities at a village level, recognising that in some instance the best prospects for sustainability in some activities may be through strengthening structures outside the formal government system.



In some circumstances, where AAV and project partner priorities differ, it may be desirable in the short term to implement activities directly at community level, rather than through a local partner. Caution is needed here, since agencies (such as the Party) may already be experiencing a loss of authority at this level and may find community support for NGOs threatening. Even well-intentioned district governments find community-based activities difficult; their budgets do not allow for extensive contact with the poor. Government structures at the village level are unable to back up their directions with resources. When well-funded NGOs appear in villages, some may fear that community support might easily be diverted away from government.

## **2 Working through local government**

Programme activities are likely to be implemented through local governmental partners with operational partners likely to be district level government agencies or branches of mass organisations. AAV will seek agreement from local government partners to explore the possibility of working with other groups during the plan period - perhaps user groups or embryonic local NGOs. Good relationships with these government partners are crucial to effective programme implementation. Although there has been little trouble agreeing programme aims and objectives, priorities (particularly in terms of targeting) are often more contentious. Where it is likely that priorities will not be reconciled with those of the target group, it may be necessary for AAV to work directly with groups of poor farmers (see above).

Ideally, project partners would absorb the programme into their ongoing development programme and take full management responsibility for the programme. In the absence of adequate systems of planning, reporting, community consultation and financial accountability it is often not possible to give full management responsibility to the partner at the beginning of the programme. In the short term it is likely to be necessary for AAV to have a high level of involvement in the management of the programme activities with the longer term aim of handing over responsibilities as capacities increase. This stage may be problematic if partners' expectations of a rapid handover are disappointed or if there is misunderstanding about respective roles. Control, both managerial and financial, may be an issue of particular importance. Training and capacity-building will remain essential if AAV's aim of handing over programme work to partners is to be realised. AAV does not underestimate the amount of resources, in terms of training and management time, that will be necessary in order to achieve an effective transfer to local partners.

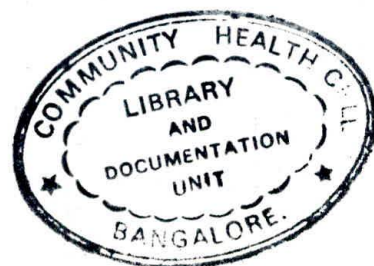
## **3 Influencing government at central and provincial level**

AAV believes that the potential for achieving an impact outside the limits of its RDA is considerable. Maximising impact by communicating our experience, successes and failures to a wider audience of decision-makers forms an important part of AAVs strategy. AAV will achieve this in a number of ways:

04221

(31)

DEV106





- direct contact with central government: AAV already has links with the Ministry of Foreign Affairs and a good collaborative relationship with PACCOM (the NGO coordinating agency). Over the coming period, AAV will try to strengthen relationships with relevant line ministries (such as the Ministry of Agriculture) and central agencies such as the State Planning Committee;
- direct contact at provincial level: senior provincial officials in both provinces where AAV works have been closely involved in AAVs work. Effective influence at this level represents, perhaps, the greatest opportunity for replication of activities. Provinces are divided into a number of districts. By demonstrating successful models in one particular district of a province, AAV hopes that certain activities and principles (such as targeting the poor) might be absorbed into development work in other districts. There is already some evidence that this is happening to a limited extent in Son La Province;
- indirect influence at provincial and central level: we may try to use our contacts at provincial level to influence decisions at central level (and the other way around). Having strong links at any level of government improves our credibility at other levels. Our collaboration at district level enhances our authority at provincial and central levels. Good contacts at provincial level strengthen our influence at district and central levels. Sound relationships at a central level may help our links at provincial and district levels. The degree to which we might influence central level policymakers via our relationships at provincial and district government may be partly dependent on the profile that particular province has at central level.
- indirect influence via multi- and bilateral donors: major donors have links at central level which NGOs find more difficult to cultivate. Official donors work through the State Planning Committee, a powerful central agency which has not, in the past, had much contact with NGOs. With good relationships with some of the Multilaterals (UNICEF, EC and UNDP) AAV may be able to reach central government agencies that do not usually have direct links with NGOs.
- research: AAV hopes to be able to tie local research institutes into its research work. These institutes operate at a national level and have strong links with line ministries and often have a formally acknowledged role in the formation of government policy. AAV hopes that this might prove to be an effective means of disseminating findings across a broad and influential audience.

#### 4 Collaboration with other donors

As the volume of official aid to Vietnam escalates, the influence of any one NGO is likely to diminish, particularly at a national level. Working collaboratively with other NGOs on specific issues will be one way in which AAV will seek to maintain some influence.

Collaboration with other donors, both within the NGO community and between NGOs and official donors, is good in Vietnam (perhaps unusually good). Other donors have

experience which AAV is eager to learn from and apply, where appropriate, at an operational level.

In an environment where INGOs are relatively established and official donors are largely newcomers, official agencies are keen to listen to NGO experience and even replicate it where appropriate. The Ministry of Health and UNICEF were closely involved with SCF-US in the development of their pilot nutritional rehabilitation programme. UNICEF is now planning to replicate the programme across a large stretch of the country. While AAV may not have this degree of success, there is good potential for influencing other donors (with very large budgets) at this time and perhaps influencing their programme design.

## Strategic Priorities

Within the parameters set by the key components, AAV has identified five strategic priorities. These identify AAVs likely approach to essential programme development decisions over the next 3 years. The particular areas investigated are:

- sectoral emphasis
- geographic emphasis
- approach to HRD
- research priorities
- non-RDA work

## Sectoral Priorities

Programme activities will be determined locally by the understanding of the cause of poverty, but will also depend crucially on the kind of working relationship which is forged with project partners (see key components 1 and 2 above). As a principle, AAV will work in sectors in which it has already developed some expertise and which seem, from our analysis of poverty, to be of greatest importance to poor households. To date all decisions on the sectoral division of activities in RDA1 have been based on household level, participative research and this practice will continue. The research work (see paragraph 4 below) will be pivotal in keeping our interventions appropriate to community-identified problems.



Likely areas of intervention over the coming years are detailed below. AAV may not be active in all sectors at the same time in any given commune. Decisions about which activities will act as entry points and how other activities will be phased may vary from commune to commune depending on local circumstances and needs.

- agriculture, particularly in upland areas and particularly in the development of a village-based extension capacity, is likely to be a key sector. There is a consensus in the research on poverty at a national level that poor agricultural returns and food deficits are a common feature of poverty. This assumption is backed up by our findings at village level. It is central government policy that all districts should establish extension systems that have proper representation at village level, although sufficient resources have not yet been allocated to the development of such a network. AAV will continue to assist authorities at district and provincial levels to establish appropriate extension systems through the development of working models at a village level.
- financial services for the poor: limited access to facilities for profitable saving and reasonably-priced credit has been identified as a key constraint for poor households. AAV has begun working through the Women's Union, a mass organisation with good links at village level, to provide such services to households in Mai Son District in Son La Province. By arranging study tours from other provinces, AAV hopes to spread the principles across a wider area.
- health: although AAV has not yet formulated a detailed health plan, it is likely that there will be health components to any programme; poor health - adult health in particular - has been identified as common cause of poverty in AAVs RDA. Likely areas of intervention are: malaria prevention (malaria being identified as a key health problem); support to district EPI services and, perhaps, water supply and sanitation work.

AAV will also consider the possibility of involvement in education activities in its RDAs. This has not, as yet, been identified as a critical problem by our target group. However, access to primary education, particularly for ethnic minority women living in mountainous areas is so limited that AAV feels that this is an area which should be considered further.

- advocacy work: influencing decision and policy-makers is central to AAVs work. The success of the operational work is partly dependent upon AAVs ability to influence local authorities who are often implementing activities on our behalf. Gaining their commitment to the programme and encouraging new approaches is a significant advocacy task. The replicability of the work is dependent on successful advocacy at provincial and central levels. AAVs strategies for advocacy work are described above in the "influencing government" section.

## 2 Geographic

AAV will choose the areas in which it works according to a number of criteria which will be analysed in a weighted matrix (see Table 1 for a draft example). The existence



of poverty will be the most basic test applied to a new area. Following from the analysis of poverty, AAV will look for evidence of low agricultural returns, high levels of indebtedness and inadequate health services as general, preliminary indicators of poverty. This will be examined more closely during the feasibility study stage, and will probably be the subject of protracted research before and during programme design and implementation. It is not likely to be difficult to find a population both poor and dense enough to constitute a feasible RDA; it will not be necessary for AAV to confine itself to the declared poorest provinces in order to find a suitable RDA since pockets of poverty are widespread across Vietnam. AAV will take logistical considerations into account, aiming to keep overhead costs to a minimum. Although Quang Ninh will be a strong contender as a choice for the next RDA, AAV will look at other provinces who are in the three poorest regions (see chapter 2).

Table One: Draft Weighted Matrix for Selection of New RDA

Criteria	Weighting
1 Existence of poor communities who may be reached effectively by AAV	yes or no
2 Existence of other donors funding alternative poverty alleviation work	yes or no
3 Identification of honest officials, committed to the alleviation of poverty and willing to facilitate an AAV programme	x3
4 Agreement on priorities with local partners & good prospects for achieving impact	x3
5 Opportunity to use experience gained elsewhere	x2
6 Opportunities for advocacy work	X1
7 Ease of access	X1

The area should provide AAV with an opportunity to make best use of the experience that it has gained in Son La - in upland agriculture (particularly agricultural extension), savings and credit and health interventions. Most efficient use of resources, notably management time and capacity, may mean that components are phased in sequentially across a "creeping" RDA rather than taking place in all areas simultaneously. Education activities, for example, might begin once other activities (such as agriculture and savings and credit) have been well established and have moved into new communes.

AAV will consider potential project partners as an important part of the RDA appraisal process. The need to find honest local counterparts who share AAVs priorities and who will provide AAV with a meaningful link with poor people will be critical to programme success. Ideally, district and provincial partners should have a relatively high national profile, improving AAVs potential for replicating the impact of



its work across a wider area.

Mindful of these criteria, there would have to be compelling grounds NOT to choose a poorer pocket of Quang Ninh as the base for our second long term development area. Capitalising on the considerable volume of work which we have already implemented in Quang Ninh (more than \$700,000 to date) and the good relations which we have cultivated at provincial and district level provide a solid foundation for future collaboration.

### **3 Human Resource Development**

#### **(i) Developing community skills**

Where local partners are unlikely to commit themselves to sustaining activities after AAV withdrawal, it may be necessary to develop alternative, village-based service delivery systems. In extension, for example, the most sustainable strategy might be to develop the skills of village-based technicians who might be paid by the farmers. Savings and credit groups are being run by trained village representatives and the cash-flow centres on a commune bank. In health, the establishment of a primary health team in the village may be more appropriate than the upgrading of district capacities. Community training (even if it is implemented indirectly through district level staff) will absorb a significant proportion of AAV resources.

#### **(ii) Building capacity of local partners**

AAVs belief that impact will be maximised if it operates through local government underlies much of the medium term strategy. AAV recognises that working through government is only likely to be possible if a significant proportion of programme resources are directed towards capacity building and institutional support. A considerable portion of the budget will go towards training of staff at district and provincial level. Study tours, in country and out, increase the exposure of local officials to new ideas and, in particular, familiarises partners with the operations of INGOs. In the short term, while skills are being upgraded and new ideas and methodologies absorbed by partners, it may be necessary for AAV to be more closely involved with programme management.

#### **(iii) Developing full potential of AAV staff**

Most of AAV's small, national staff have come from a career in government. Staff are rapidly adjusting to the demands that AAV is making of them, although certain skill gaps remain. Training in basic management skills, report-writing and computers are priority areas. Exposure to other AA programmes will be important in helping staff to understand better the role that international NGOs play in development in other countries.

#### 4 Ongoing research work

Continuing research work is needed to fill gaps in understanding of the communities in which we work and to inform our programme and lend our advocacy work greater authority. In a period of rapid change, the research work will help AAV to adjust and fine-tune activities and to ensure that they are appropriate for an evolving rural environment. The choice of interventions to date has been based on community priorities derived from household level research. Priority areas of research over the next year are likely to include:

- further analysis of the dynamics of poverty in Mai Son District (particularly seasonal changes in well-being and the adjustments that households are making following the economic reforms);
- community perceptions of improvements in their living conditions;
- the impact of the new land law on farming decisions and social relations in the village;
- the community's views on the value of primary education; and,
- the role of opium in the household economies and an analysis of how AAV may assist households dependent on the production of opium for income.

Starting work in a new RDA may necessitate the introduction of further topics.

Where possible and appropriate, AAV hopes to be able to feed into research work coordinated by AAUK. AAV will make full use of Vietnamese research institutions and will collaborate with other NGOs conducting similar research in other provinces.

#### 5 Work outside AAV RDAs

AAV wishes to maintain the innovative nature of its work in Vietnam, but recognises that there may be constraints to piloting new ideas and activities within an established programme area. AAV may choose to develop new activities outside their RDA for later application within the RDAs. The choice of area for non-RDA work will depend on similar criteria as the choice of an RDA - there will have to be a demonstrated need to be met and good working relationship with local authorities. There may also be a case for implementing particular activities in "high profile" areas so that they attract wider attention.

AAV has implemented some successful infrastructural projects in Quang Ninh province. It is possible that AAV may fund further infrastructural work if a rigorous project appraisal process indicates that many people will benefit relative to the cost.

AAV will become involved in emergency work within the RDAs or where it is felt that AAV has something particular to offer. AAV has conducted emergency work in both RDAs in the last 3 years. In future years, AAV may examine the possibility of urban work, but this is an area in which AAV currently has little expertise.



Given the amount of aid flowing into Vietnam over the coming years, it is possible that funds may be available locally for non-RDA work. Since AAV has no sponsorship income and hence no flexible or national funds, non-RDA work will be conditional upon the securing of funds.

## **ORGANISATIONAL IMPLICATIONS**

- total estimated costs of implementing the strategy are £2.3 million over 3 years
- AAV will grow, but does not expect to employ more than 20 people by the end of 1996
- major emphasis on HRD, for AAV and local partners
- RDA2 cannot go ahead without secure long-term funding
- AAV looks forward to close regional cooperation, enhanced by the opening of the regional office



## CHAPTER SIX

### ORGANISATIONAL IMPLICATIONS

---

Much of this chapter refers back to AAVs identified strengths and weakness identified in Chapter Four. Points raised in Chapter Four are not repeated here, but this section acknowledges and seeks to find solutions to the constraints present in the SWOT. Issues discussed specifically include:

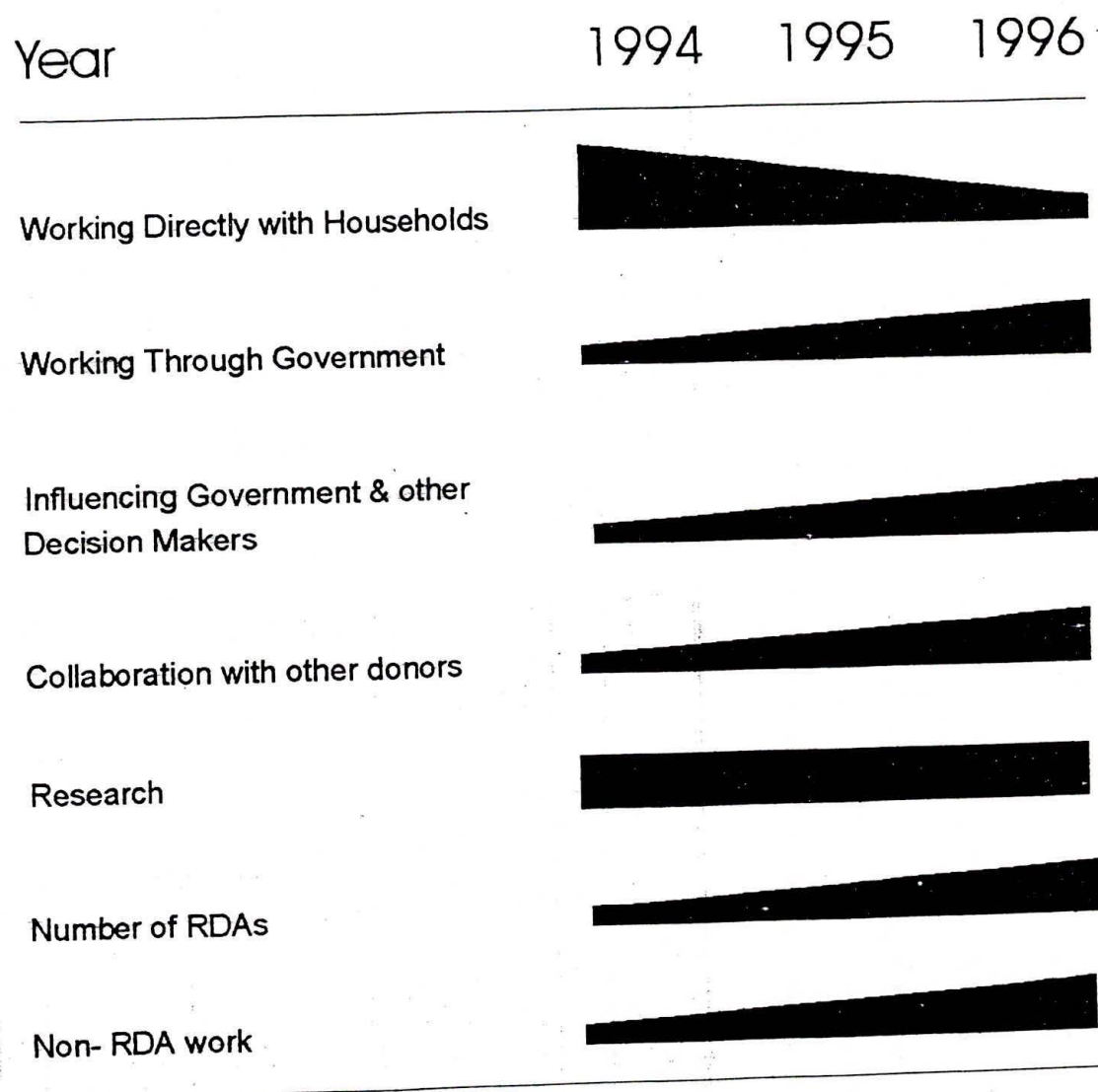
- phasing
- management and organisation
- HRD
- Support requirements
- Trends in expenditure and income

#### Phasing

Table 2 overleaf shows AAVs strategic direction over the next three years. While always maintaining a strong link at community level, direct, operational contact is expected to diminish in favour of encouraging local partners to integrate the programme work into their institutional structures and workplans. AAV's advocacy work will increase over the three years, drawing on experience and contacts in the new RDA and the ongoing research work. Collaboration with other donors is likely to start in a small way in 1994, but will develop more formally in 1995. We anticipate the level of collaboration will increase slowly over the period. By 1996, AAV will be operating in two DAs and preliminary identification for a third may have begun (though not until the very end of this period). There is a negligible amount of non-DA work planned for 1994, but this may become more substantial in later years.

Phasing of activities is discussed under "Sectoral Priorities" in Chapter Five.

## Trends in Strategic Emphasis (1994 - 1996)





## Management and Organisation

Currently AAV has a total of 12 staff. This team is responsible for the development of the existing RDA (Son La) as well as supervising projects in Quang Ninh. In order to provide appropriate management, supervisory and monitoring support to programme components over the next three years, AAV will need to make some adjustments to its current organisational structure. Organograms showing the structure now and the structure we are aiming towards are presented on the following pages.

During 1994 we expect to move towards the appointment of a Programme Coordinator who will take overall responsibility for coordinating the development of RDA1 in close liaison with local Government. A Programme Coordinator will also be appointed for RDA 2 after Board approval has been given for a new area.

In order to support the work of both RDAs and to assist in spreading the impact of our work outside their confines, a Programme Development Cell will be created. Staff will work closely with the Director, Assistant Director and RDA Coordinators on research, advocacy and networking issues. This cell will also take responsibility for producing information for donors.

Transferring ideas and knowledge to Government staff and farmers will be a key aspect of the work of field staff. To develop this critically important component AAV expects to establish a Technical Assistance and Training Unit which will provide support to both RDA and local Government staff. Staff from this unit would also be available to collaborate with other aid agencies/donors to provide more general training assistance to central government.

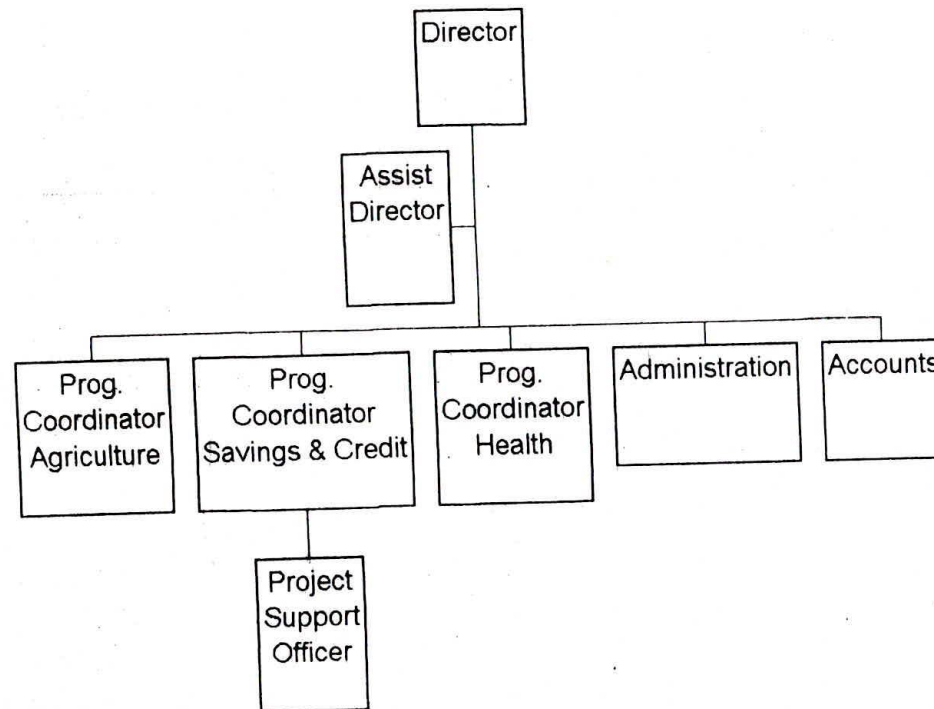
During this period, the administration and finance functions will be united under one manager. Both sections will be strengthened in order to provide the necessary support to the programme.

The positions of director and assistant director are likely to remain expatriate appointments during the interim plan period.

The total complement of staff is not expected to exceed 20.

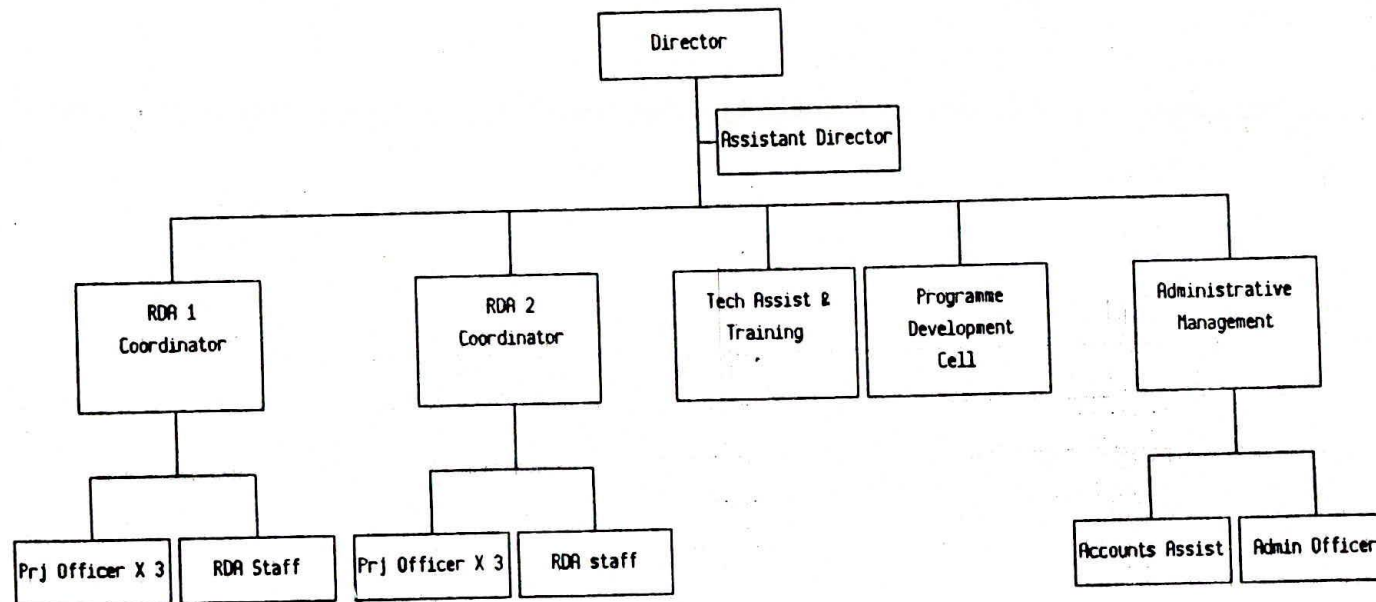
The availability of key skills, such as accounts and administration, is likely to continue to be a problem. AAV will continue to develop existing staff as much as possible given the needs of the organisation, but recognises that there may still be limitations.

## ActionAid VietNam - 1994 Structure





ActionAid Viet Nam - 1996 Structure



## **Human Resource Development**

- **AAV**

Our small team has made considerable progress in a number of areas in the two years since the office was set up in Hanoi.

This has been largely achieved by on-the-job experience. More time now needs to be devoted to developing a more comprehensive strategy for enhancing staff's capacity. During 1994 work will begin on a human resource development strategy. Such a strategy should not only meet the needs of a growing organisation but should also allow staff to feel that it provides them with the opportunity to grow and develop within the agency.

- **Local partner**

The strategy makes certain assumptions about the degree to which local government will be able to incorporate programme activities into their ongoing work and evolving institutional structures. The speed with which local counterparts can take on some of the activities is not possible to predict at the moment. AAV has some control over this through its work in institutional capacity-building.

## **Support Needs**

### Regional Support

AAV welcomes closer regional collaboration with other AA programmes in the region and recognises the value of exchanging experience within the agency. Vietnam has fewer similarities with South Asian countries than with other South East Asian countries and intends to exploit fully the resources available within this (SE Asian) region. Thailand and the Philippines are both countries which are rich in technical expertise which is appropriate to the Vietnam situation. Study tours to other AA programmes will continue to be valuable in demonstrating to staff and counterparts the kind of methodologies that NGOs adopt in their work. Study tours and training within the SE Asian region are likely to be more valuable in terms of developing specific, locally-appropriate skills.

### Support from the UK

- **Finance**

It is unlikely that AAV will be able to locate a locally trained financial controller in the foreseeable future, although good accounts' assistants may be trained and developed further. Indeed, AAVs accounting system is currently well-managed by an accounts' assistant and the question must arise whether it is absolutely necessary to aim to have a financial controller. AAV will appreciate the continued assistance of the AAUK



finance department in maintaining good local accounts. Over the period, it is likely that the accounting system will be upgraded, and AAV will welcome the support of the Overseas Accountant at that time.

- HRD

The strategy places considerable emphasis on HRD at three levels: staff, community and government counterparts. AAV will welcome the advice of the HRD division in developing appropriate training plans and in the implementation of appropriate personnel practices. AAV is looking forward to a visit from the HRD section in 1994.

- Representation

AAV does not underestimate the importance of continued full time, high-calibre representation in the international division in AAUK which has the seniority to access decisionmakers within AA. The complexity and vulnerability of AAVs funding position makes this especially important.

## **Expenditure and Income**

### Trends in Expenditure

As Table 3 shows, expenditure is forecast to rise steadily over the period from £558,000 in 1994 to £925,000 in 1996, representing the expansion of AAVs work both geographically and in scope.

RDA1 expenditure grows slightly (from £221,000 to £280,000) as health activities become more widespread, but agriculture and savings and credit expenditure will stay more or less constant over the period (with the exception of a top-up for the loan fund). This reflects AAVs current plan (which may or may not be feasible) to remain active in a core area of 5 communes, piloting new techniques and introducing them to a range of farmers. It is hoped that with AAV support, the District will replicate successful components to other communes within the District. The Province, with training and support by AAV, may introduce some elements of the programme across other districts within the Province. (AAV has set an informal target of two districts by the end of the period). The scope for broadening the impact of AAVs activities in this way is great. The degree to which the replication is achieved depends largely on relationships with local partners and AAVs ability to enhance their capacity sufficiently to manage this work.

Table 3: Budget 1994-1996, £000's

	1994	1995	1996
RDA1	221	250	280
RDA2	72	160	260
non-RDA	48	70	80
Administration	77	100	110
Indirect Overheads	140	180	195
TOTAL	558	760	925

Most of the increasing expenditure may be attributed to the development of a second DA (from £72,000 to £260,000 in 1996). The rise in 1995 includes a provision for the construction of an office/accommodation block in the new DA. By 1996, AAV will be implementing (or funding and monitoring) a full range of activities in the new DA.

Expenditure on administration and indirect overheads increases in line with projected rent rises in rental costs. The percentage spent on administration falls to 12% from 14% in 1994. Although this is above the ceiling of 10%, this ratio more accurately reflects the real costs of implementing a programme in Vietnam (a key determinant of the level of admin/overhead expenditure will be the rental levels in Hanoi, a factor over which AAV has little control).

Administration projections include the likelihood of needing an upgrade of the accounting system over the medium term.

#### Trends in income

A large portion of the strategy will not be implemented unless suitable funds are available. At the time of writing, the only secure, substantial source of funding for RDA1 comes from the ODA. There are no funds currently available for RDA2, nor for RDA2's share of the overheads. Identification work in 1994 for the second area will be met partly out of existing AAV balances and partly by the fundraising section in the UK. There will be no overdraft built up during 1994. It will be essential, during 1994, to determine a secure, long term source of funding for the second DA which will also cover the DA's portion of Hanoi overheads, since the reserve position will not support a further drawdown on reserves.



- Official Income

AAUK is hopeful that the EC will also commit themselves to funding a portion of RDA1 costs, and it is likely that official sources will meet about 60% of income needs for RDA1 over the period. In the interests of maintaining a balanced funding portfolio, it is hoped that the remainder may come from NON-official sources. RDA1's share of Hanoi chargeouts is covered by the proposals submitted to the ODA and the EC. The high proportion of official funding in RDA1 has been problematic in the past. The inflexibility of the contracts signed with some donors means that new programme initiatives can entail resubmission of the project proposal. The financial reporting requirements are such that it may be necessary to work against two budgets which are structured differently, placing a considerable burden on the accountant's time.

- Child and community sponsorship

There is no income source for RDA2 at present. It is the view of AAV that child sponsorship is not feasible anywhere in northern Vietnam (where the second DA is likely to be situated). This situation may change, though probably not in the plan period. "Ownership" of programme funds is a highly political issue at an RDA level and can cause intense management problems which constrain programme development. If income is tied very conspicuously to individual children, these difficulties may well be accentuated. Perhaps more importantly, developing links with the community as visible as those which child sponsorship tends to generate may be seen as subversive by some (party structures may find this particularly difficult to accept). This is an extension of the problem described under the strategy section (Key Component #1).

AAV does feel, however, that some kind of community sponsorship will be viable and may constitute the most suitable source of funds for the new area. AAV management would be happy to work with AAUK in developing an appropriate model for use in Vietnam. The proposed changes to the organisational structure assume that a staff member will be needed to coordinate and administer a community sponsorship programme (as well as other funding sources). AAV awaits AAUK's decision as to whether or not this will be feasible from the UK side.

- Local fundraising

Local fundraising (from official sources) may become a possibility over the period. It is likely that these funds will be best suited to non-RDA work, which will be discrete projects which local donors could, perhaps, fund in their entirety. Commitment to non-RDA work will have to depend on suitable funds being available - AAV has no national or flexible funds to draw on. It is hoped that the costs of advocacy and research work can be incorporated into RDA budgets for this reason.

## SELECTED BIBLIOGRAPHY

Economist Intelligence Unit, Indochina: Vietnam, Laos, Cambodia 2nd and 3rd Quarter 1993 reports

Grady, Heather, A Glimpse into Poverty in Vietnam (unpublished report of AAV, 1993)

Hainsworth, Geoffrey B, Human Resource Development in Vietnam in Than and Tan (eds), Vietnam's Dilemmas and Options: The challenge of economic transition in the 1990s (Singapore: Institute of South East Asian Studies, 1993)

Littooy, Siep, Major Players in Development and Poverty Alleviation in Viet Nam (unpublished report of AAV, 1993)

Nguyen Huu Dung, "Human Resource Development in the Transformation Process to Market-oriented Economy in Vietnam" in Social Sciences, Vol 3 (33), 1992

Payne, Lina & Houghton, G, Visit Report, Mai Son District (unpublished report of AAV, 1993)

Rutherford, Stuart, A Peasant Economy Readjusts in a District of Northern Vietnam (unpublished report of AAV, 1992)

South East Asia Monitor Vietnam 1993 (London, 1993)

Socialist Republic of Vietnam, Vietnam: a development perspective (Hanoi, September 1993)

Trinh Duy Luan, Living Standards and Needs of Poor Women in the Central Provinces: Results of a Sociological Survey Carried Out by the Central Women's Union in Seven Central Provinces (unpublished report from the Institute of Sociology, 1993)

UNDP, Human Development Report, 1993 (Oxford, 1993)

UNICEF, UNICEF in Viet Nam: Opportunities for Social Investment to the Year 2000 (Hanoi, 1993)

Valderline, Jan et al, Doi Moi and Health (Stockholm: SIDA, 1992)

The World Bank, Viet Nam: Population, Health and Nutrition Sector Review (Washington DC: World Bank, September 1992)

The World Bank, Viet Nam: Transition to the Market (Washington DC: World Bank, September 1993)