

CHAPTER III

PRSP IMPLICATIONS FOR VIETNAM

3.1. Linkage between Vietnam's Success and WB Policy Shift

As the initiative of Poverty Reduction Strategy Papers emphasized poverty reduction and institutional strength while Vietnam has been internationally recognized to have dramatically reduced poverty through its gradual pro-market reforms and its strong institutional configuration, the current government institutions appear to have established a high level of trust among donors and as a result, attract vast funding, both in private investment and official development assistance, for the country. Vietnam's Household Living Standard Surveys (VLSS) exhibited incredible performance since the beginning of 1990s. According to the common poverty line (including both income and non-income poverty measurements)³⁴, the number of poor households decreased from 58.1% in 1993 to 37.4% in 1998, 28.9% in 2002 and 24.1% in 2004. In other words, from 1993 to 2004, Vietnam reduced the number of poor households and hungry families by more than 50% and nearly 70%, respectively.³⁵ Aid per capita in 2003 was measured at \$21.5, and foreign direct investment (FDI) for the same year amounted to \$1.5 billion.³⁶

As stated at the beginning of this paper, Vietnam was chosen as a case-study because of high records in economic growth and its positive reflection on poverty reduction, but also because the PRSP process in Vietnam shows that the WB tends to get less involved in policy formulation and more concerned with institutional support and poverty issues, which might be interpreted as a change in the WB procedures, albeit only in the

³⁴ The method to define the poverty line was jointly developed by the Vietnamese General Statistical Office and the World Bank. The lower line is the food poverty line (average 2,100 Kcal daily calorie intake per capita) and the total poverty line is the costs of non-food items and minimal expenditures plus the food poverty line (source: The Socialist Republic of Vietnam, 2004, CPRGS, Hanoi)

³⁵ Ministry of Planning and Investment (MPI) statistics prepared to be released within the 2005 report "Achieving the Millennium Development Goals, Report of Vietnam", Hanoi, August 2005

³⁶ The World Bank Group, Vietnam Data Profile 2005, accessed in September 2005, at <http://devdata.worldbank.org/external/CPProfile.asp?SelectedCountry=VNM&CCO>

Vietnamese context. Vietnam was among the first countries in Asia to finalize its PRS document, which is called Comprehensive Poverty Reduction and Growth Strategy (CPRGS), partly because the Government of Vietnam already had several strategies on development and poverty reduction, but mainly because the Government itself had the initiative to set off a PRSP process³⁷, even though it is not part of the Highly Indebted Poor Countries arrangement (HIPC). Vietnam is also among the first countries where the WB has implemented its decentralization initiative, allowing country offices, above all country directors, more control over the decision-making. Compared to the years when country directors were stationed in Washington DC, and decisions had to pass multilevel approval with much time consuming, the initiative of decentralization is believed to enhance country ownership in that country directors and consultants located in country offices tend to get more involved with local affairs not in the sense of influencing policies but in the sense of formulating better recommendations for support programs and assuming more responsibility and accountability for the consequences of their recommendations.³⁸

While the limitation of choosing Vietnam as a case study in examining the WB reforms lies in its successful economic performance and, connectedly, in its high country ownership achieved **independently** from foreign assistance (more will be discussed in Chapter IV), the relevance of the Vietnamese CPRGS is eminent in showing the positive impact of the PRSP initiative on poverty analysis, pro-poor policies, civil society participation and aid harmonization. As argued by many analysts, the PRSP initiative did not acquire a central position in poverty reduction strategies in East and Southeast Asia, if compared to African HIPC nations.³⁹ Many governments of Asian low-income countries continue to elaborate their main socio-economic development policies in parallel to developing their PRS documents. Furthermore, Vietnam, as mentioned before, is not part of the HIPC agreement, does not rely on debt cancellation and therefore, is not pressured to confer its CPRGS the status of a main national policy. It is not a surprise then, that CPRGS is regarded, both by the donor community and civil society groups, as a

³⁷ MPI interviews

³⁸ WB Vietnam Country Office Interviews

³⁹ All interviewees agreed with this statement

mere funding document. The question then is how can we relate the implementation of CPRGS with the WB changing its worldviews? The following two chapters will argue that the adherence of Vietnam to the PRSP initiative might have been initially driven by the desire to get more concessional lending from the WB, but in the course of its application, the Vietnamese and international development stakeholders have engaged in a number of qualitatively new processes, which derive precisely from the principles entailed by the PRSP initiative, and therefore improved the local and national capacity in tackling poverty issues.

Thus, the case of Vietnam can be used as a powerful illustration of how at least four PRSP general principles were applied, and namely: comprehensiveness in poverty analysis and planning, coordinated participation of development partners (donors), long-term planning for poverty reduction and civil society participation. While there are ways to establish specific points of reference in order to measure to what extent these principles have been put into action, the analysis is conducted inter-connectedly. The reason for this is that all the concepts entailed by the PRSP initiative are strongly inter-related. For example, broad participation is a mainstream concept, in that it is expected that non-state partners participate in consultative processes of all decisions related to the elaboration of PRSP. The same stands for comprehensiveness, which by definition, notwithstanding its vagueness and lack of applicability in certain sectors, is expected to dominate the PRSP formulation process. The following two chapters will analyze the application of these principles and will point out both strengths and weaknesses in the context of Vietnam. Country ownership, as a concept with various interpretations and different levels of understanding, will be separately discussed in Chapter IV, because a short introduction to the political history of Vietnam that secured the high level of country ownership is required.

3.2. Vietnam's Relation with WB and the Emergence of CPRGS

Vietnam adopted a quite nonflexible policy pattern long before international financial institutions and bilateral donors elaborated their development assistance programs in the

country. As contended by scores of analysts, the institutional legacy of a centrally planned economy and the authoritative government's choice to adopt gradual liberalization, upheld vast institutional capacity, albeit profoundly socialist, to allow for a transition without serious shock waves. Norwegian economic historian Irene Norlund has conducted extensive research on the development of Vietnam and expressed her views together with those of two Vietnamese counterparts in an excellent account of processes and approaches of the Government in establishing its partnerships with donors and civil society. Norlund's argument is that the Vietnamese political culture, which traditionally promoted a consensus governance approach⁴⁰, makes it difficult for outside ideas and policies to penetrate the Vietnamese conceptual framework of development.⁴¹ However, Vietnam is not isolated from the rest of the world and does receive outside influences in its approaches to poverty reduction. Moreover, Vietnam has a strong desire to modernize and integrate its economy into the global market – this objective is stated in all development policy documents and can be noticed in the consumerist patterns of the urban population – which means that it is strongly adjusting its structures to the capitalist requirements of the global economy. Vietnam opened up to pro-market reforms rather late if compared to HIPC countries. Since it did not receive financial aid from IMF and the WB immediately after the Soviets stopped their support, Vietnam avoided the shutter effects from structural adjustment programs imposed as conditionality for credit release, so its adjustment was, what Norlund calls, national-led adjustment, or in the words of Dollar, adjustment without lending.⁴² The same view is suggested by Dan Ton That, who says that economic development in Vietnam is not only the result of external economic relations and openness alone, but has to do first and foremost with the readiness and commitment of its leaders to find the right path towards economic development, which implies the existence of a strong national consensus and an opportune economic environment.⁴³

⁴⁰ According to Norlund et al consensus governance implies that important government decisions are typically approved only after extensive consultative processes at several administrative levels (Norlund et al, 2003)

⁴¹ Much of this chapter relates on Irene Norlund's report and interview

⁴² Dollar, David and Pritchert, Lant, 1998, *Assessing Aid – What Works, What Doesn't and Why*, Policy Research Report, World Bank Development Research Group, New York: Oxford University Press

⁴³ Than, Mya and Tan, Joseph L.H., 1993, *Vietnam's Dilemmas and Options, The Challenge of Economic Transition in the 1990s*, Singapore: Institute of Southeast Asian Studies

When the Soviet Union was about to collapse, Vietnam's absorption of Soviet aid sharply decreased (from 10% of GNP to only 1%) and the only foreign donors in the country at that time were the Swedish International Development Agency (SIDA) and UN Development Program (UNDP). It was receiving no financial support from IMF and the WB because of its political estrangements from the major shareholders of these institutions.⁴⁴ The two organizations, however, were contributing some staff time to advise the government. Only starting with 1993, Vietnam began to receive large amounts of financial aid, by which time the institutional and policy environment was quite good for a low-income country.⁴⁵ Prior to the emergence of PRSP, the WB policy framework for Vietnam was the same as that prescribed for other countries, a combination of structural adjustment programs and support for social sectors, including macroeconomic stabilization, structural support for improving the environment for the private sector, reform of the financial sector, support for infrastructure, promotion of growth and poverty alleviation through support for education and health, and environmental protection.⁴⁶ When the WB featured comprehensiveness and ownership, the framework prepared for Vietnam had too been adapted to the changing paradigm of the WB: that the public spending had to be maintained, not cut down as had happened in other countries. Still, the macro-economic emphasis was directing the lending policy.⁴⁷

Subsequently, the WB came with the Comprehensive Development Framework (CDF). The new policy line was an attempt to set up new forms of structural adjustment programs (SAP) with a more targeted focus on poverty reduction and a flexible implementation with increased country ownership. Specific themes underlying the CDF, of importance for both governments and donors, included:⁴⁸

- Comprehensive development framework

⁴⁴ Dollar, David and Pritchert, Lant, 1998, *Assessing Aid – What Works, What Doesn't and Why*, Policy Research Report, World Bank Development Research Group, New York: Oxford University Press

⁴⁵ Dollar and Pritchert, 1998

⁴⁶ Norlund, Irene, Ca, Tran Ngoc, Tuyen, Nguyen Dihn, 2003, *Dealing with the Donors. The Politics of Vietnam's Comprehensive Poverty Reduction and Growth Strategy*, Institute of Development Studies, University of Helsinki

⁴⁷ Ibid.

⁴⁸ Ibid.



- Results-oriented for outcomes benefiting the poor
- Long-term prospects for poverty orientation
- Country-driven and country-led policies
- Participatory development planning
- Coordinated aid relationship

Norlund et al argue that some of the principles were difficult to translate into the Vietnamese context. Some of them even contradicted each other as their meaning was simply not used before. For instance, the principle of “country ownership” clashed with the donor notions of “partnership” and “participatory process”, partly because the principles were not familiar, but mainly because the government of Vietnam preferred ownership over partnership. The concepts of “consultation” among different state agencies and “coordination of all relevant policies” were contrary to the institutional and political traditions in Vietnam, where the institutions horizontal linkages were very weak. In addition, the coordination of internal policies and donor policies was a challenge to both parties, as the government and donor coordination usually took place in two tracks. Plus, the donor coordination among themselves was an area with great difficulties. Other concepts like “long term planning” and “benefits for the poor” were easier to implement in Vietnam, with its long tradition for planning and ideological commitment to equity.⁴⁹

As early as 1999, the Government of Vietnam began to produce an Interim PRSP (I-PRSP), and announced it will complete it later with a final version, known today as Comprehensive Poverty Reduction and Growth Strategy (CPRGS). As a rule, the WB and IMF were urging governments to submit their I-PRSPs before final drafts are released, both to encourage the implementation of poverty-related new principles as well as allow governments to start negotiations on Poverty Reduction Growth Facility (PRGF)⁵⁰ loans and Poverty Reduction Support Credits (PRSC)⁵¹. Even though Vietnam

⁴⁹ Ibid.

⁵⁰ Poverty Reduction Growth Facility (PRGF) was the IMF successor loan arrangement of ESAF. It was adopted as a concessional framework provided to countries based on the approval of their PRSP. PRGF is an assistance of prudent macroeconomic planning of a country. The first PRGF for Vietnam was accepted in April 2001 and consisted of \$US 370 mln

had only two years to prepare the first draft of the document, it mobilized tremendous human and financial resources to engage in the application of PRSP principles. The first phase consisted in the organization of Participatory Poverty Assessments (PPA), which have not been applied before in Vietnam. PPAs were conducted with the participation of several major international NGOs under the guidance and coordination of the WB (more on NGO participation will follow later in the chapter). Poverty analysis required in the first part of the PRSP was based both on the existing data and on the results of PPAs. The change in researching and understanding the complexity of poverty was evident right from the beginning. Shanks and Turk assert that the PRSP application marked a shift in the approach to poverty reduction in Vietnam, expanding the agenda well beyond the more targeted approach outlined in the ten-year Strategy for Hunger Eradication and Poverty Reduction.⁵²

3.3. Relation between CPRGS and Core National Development Policies

When the WB announced the initiation of PRSP, the Vietnamese government was in full process of developing its own core policies: the ten-year Socio-Economic Development Strategy (SEDS) and the five-year Socio-Economic Development Plan (SEDP). The natural question thus is what status does the CPRGS have in the context of policies in Vietnam?

As observed by UFJ Institute, the Vietnamese government describes the CPRGS as an “action plan” that translates the existing National Plan and Strategies, the 2001-2010 SEDS and the Five-Year (2001-2005) SEDP into concrete measures.⁵³ The SEDS and SEDP are the core documents which all sector plans, public investment plans and annual budget allocations are guided by. The CPRGS is regarded as their supplementary

⁵¹ Poverty Reduction Support Credit (PRSC) was the new lending program of the WB to support low-income countries' PRSP implementation

⁵² Shanks, Edwin and Turk, Carrie, 2003, *Refining Policy with the Poor. Local Consultations on the Draft Comprehensive Poverty Reduction and Growth Strategy in Vietnam*, Policy Research Working Paper, WB East Asia and Pacific, Poverty Reduction and Economic Management Sector Unit

⁵³ UFJ Institute LTS, 2005, *The Poverty Reduction Impact of Economic Infrastructure Project (2), Key Issues and Lessons learned from Vietnam's CPRGS Process*, Final Report, accessed in July 2005, at <http://www.griips.ac.jp/forum-e/>

document.⁵⁴ Even though the aspiration of the WB is to make each PRSP a core policy document in every PRSP country, it well acknowledges that in Vietnam the CPRGS was from the outset one of the “other documents” and not an overarching policy. Certainly, many objectives vowed in all three documents were similar, and the Government pledged to incorporate most of CPRGS in the 2006-2010 SEDP. The differences in their formulation process indicate their differences in terms of legitimacy and accountability – while the core documents were reviewed by the Communist Party and related ministries and approved by the Central Communist Party Congress, the CPRGS was approved by the Prime Minister (PM), not debated in the National Assembly.⁵⁵ The big legitimacy test is expected with the approval of the 2006-2010 SEDP, which will be presented to the National Assembly for debates and consultations and then, approved by the Prime Minister. These consultation and endorsement procedures are planned to culminate by April 2006.⁵⁶

The IMF’s Evaluation Report⁵⁷ pointed out that the donor community was the main target audience for the CPRGS, and that CPRGS initiative was adopted by the Vietnamese authorities in an effort to obtain concessional resources from the WB and IMF.⁵⁸ The World Bank office in Vietnam goes further and indicates that the WB used CPRGS as a convenient book to maintain its role in Vietnam, while the government used CPRGS to learn the language of poverty reduction and get the concessional money.⁵⁹ Whatever the reason, Vietnam announced its commitment to the CPRGS implementation and went through all possible processes required by the PRSP framework.

Vietnam’s commitment to implementing the CPRGS and its firm loyalty to the existing development policies and plans created a sort of “dual system”, in the words of UFJ Institute. This “dual system” brought about limited involvement of the line ministries and

⁵⁴ GRIPS Development Forum, 2004, *Fostering True Ownership in Vietnam: From Donor Management to Policy Autonomy and Content*, cited in the UFJ Institute Report 2005

⁵⁵ UFJ Institute Report, 2005

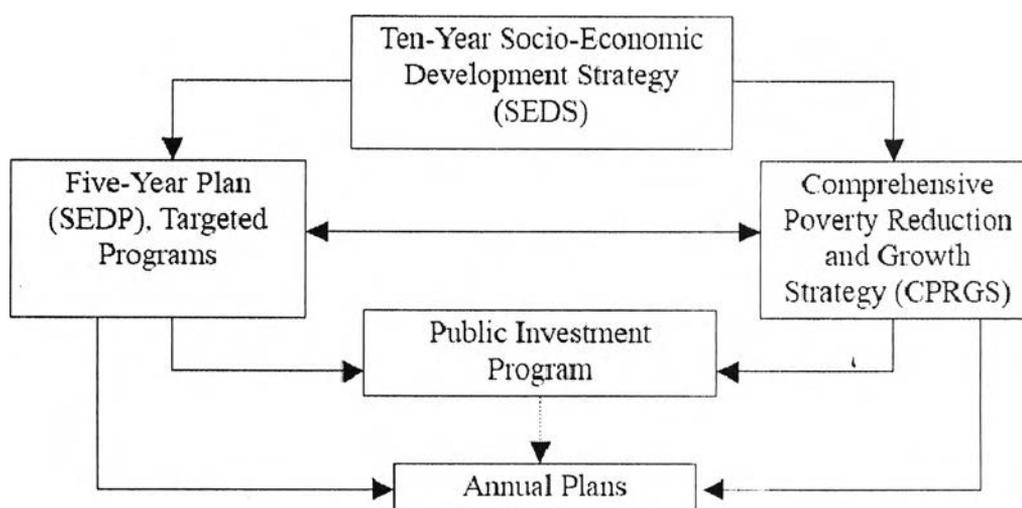
⁵⁶ MPI Interviews

⁵⁷ IMF Independent Evaluation Office of PRSP and PRGF, Vietnam Case Study, July 6, 2004, cited in the UFJ Institute Report

⁵⁸ UFJ Institute Report, 2005

⁵⁹ WB Vietnam Interviews

local governments in the formulation of CPRGS, which prompted many to believe that the government did not have the intention to make the document well-known to the public. The “dual system” generated much debate among donor organizations as well, since one of the PRSP principles, the one about improvement of aid coordination, promotes the idea of aid alignment and financial pledges at the rear of PRSP. Given the parallel process between the CPRGS and main national development policies, donors have questioned what document they should support: the CPRGS, which is a supplement document, or Vietnam’s main development policies SEDP and SEDS, which implementation is guaranteed by national laws but do not strictly follow the PRSP principles.⁶⁰ The relationship between the CPRGS and main development policies is indicated in the table below:⁶¹



The study of the PRSP process⁶² conducted by the Japanese International Cooperation Agency (JICA) shows that while donors perceive CPRGS as the main poverty reduction

⁶⁰ Ibid.

⁶¹ Source: The CPRGS document, the Socialist Republic of Vietnam, November 2003

The agenda of the first session of the CG meeting in December 2003 was “Review of progress in socio-economic development 2001-2003 to reach Vietnam’s targets for the five-year period 2001-2005, fulfilling the potential of the CPRGS – progress and challenges ahead”. The Vietnamese government has clearly set the Five-Year Socio-Economic Development Plan as the main theme of discussion, and the CPRGS issues have been discussed within this framework. This fact implies that the government has been continuously considering the CPRGS as the supplementary document of the existing National Plans and Strategies. (source: UFJ Institute Report)

⁶² The study was actually commissioned to evaluate the impact of infrastructure projects on poverty reduction after a component about economic infrastructure development was integrated into the CPRGS in 2004

strategy, there are still differences among how they view the status and the coverage of CPRGS.

Figure 2. The basic views of the related donors towards the *status* and *coverage* of the CPRGS

	France, Germany, Japan	WB, LMDG ⁶³
The relationship between the CPRGS and the and the existing National Plans/Strategies	<ul style="list-style-type: none"> • The CPRGS is a supplementary document of the existing National Plans/Strategies. (An action plan that translates the government's existing plans and strategies.) • The CPRGS is not the only core document for donors to align their assistance strategy to, since it was never intended to become an overarching document by replacing the core documents. 	<ul style="list-style-type: none"> • The CPRGS should be the highest core document to base donors' assistance strategy on, since its formulation process and the contents reflect much of the PRSP principles. • The CPRGS is the only document that is accountable and monitorable to the donors as it was produced under participatory approach by the government, civil society, NGOs, donors etc.
The legitimacy of the CPRGS	<ul style="list-style-type: none"> • The introduction of the PRSP requires prudent and cautious attitude especially in a country like Vietnam where ownership is strong and has its own policy configuration -- policy and public investment decisions are made based on the government's existing plans and strategies. 	<ul style="list-style-type: none"> • The CPRGS is most suitable to be regarded as a strategic document. (Although the government's targeted poverty reduction plans such as HEPR: Hunger Eradication and Poverty Reduction Plan exist, they are weak and insufficient in terms of target setting, prioritization, monitoring system, resource allocation etc.)
The relationship among the CPRGS, budget and the assistance strategies of donors	<ul style="list-style-type: none"> • It is not realistic to align budget, PIP and donors' assistance to the CPRGS since the coverage of the document is not comprehensive enough to address important issues including the role of large-scale infrastructure. • Important assistance priorities still exist, which has been identified in the existing national plans and strategies but not covered in the CPRGS (such as large-scale infrastructure, higher education, human resource development, private sector development etc.). 	<ul style="list-style-type: none"> • It is mostly desirable to align budget, PIP and donors' assistance to the CPRGS. • The donors' country assistance strategies in the forthcoming years should be prepared in line with the CPRGS.
Balance between growth and poverty reduction (<i>coverage</i> of the CPRGS)	<ul style="list-style-type: none"> • The (original) CPRGS is focused too heavily on the poverty reduction aspect, not paying proper attention to the growth aspects. 	<ul style="list-style-type: none"> • The CPRGS is praiseworthy in the sense that it reflects strong pro-poor inclination.

⁶³ The Like-Minded Donor Group: the group of donors largely consisting of European countries that provides assistance mainly in grants. (including Sweden, Denmark, the Netherlands, Germany, Canada, Finland, Norway, Australia, Switzerland, and the United Kingdom)

Source: UFJ Institute Report with reference to JICA Study on PRSP Process, December 2004

The UFJ Institute interprets the CPRGS as a major turning point in the planning process of Vietnam by introducing PRSP principles. Existing national plans and strategies were very much based on a top-down approach of implementation and on principles of command economy. By contrast, the CPRGS defined clear development goals using empirical evidence and consultation to identify the policies best suited to attain those goals, aligning resources behind those policies, and setting up appropriate monitoring and evaluation mechanisms, though there still remains much room for improvement. In short, in the view of UFJ Institute, the CPRGS process symbolizes a shift in the planning process, from a target-oriented approach to one which is focused on achieving development outcomes.⁶⁴

From the other hand, there are observers, especially among NGO poverty specialists, who do not think that CPRGS represents a major policy shift, arguing that in the process of CPRGS, the government continued to apply its top-down approaches and that consultations with local civil society groups (specifics of the CS in Vietnam will be discussed in the next chapter) were carried out because of the pressure from donors, UNDP and international NGOs, and as a result were not influential in the final decision-making process.⁶⁵ Major disagreements in poverty assessment exercises were constantly recorded between government representatives and NGO researchers, in that the government usually emphasized economic problems, lack of capital, low starting point and lack of assets as causes and aspects of poverty, while NGOs would insist on lack of access to basic social services, education opportunities and health assistance.⁶⁶ However, as will be shown below, a number of objectives with strong emphasis on the social and non-economic aspects of poverty were included in the CPRGS precisely as a result of consultations. Yet, too much emphasis on social aspects was also criticized, both by WB and NGO specialists, under the argument that the objectives to develop policies in support of the poor and vulnerable were set out in detriment to economic growth policies,

⁶⁴ UFJ Institute Report, Ibid.

⁶⁵ ActionAid International Vietnam Interview

⁶⁶ Ibid.

and that the limited capacity of non-state actors to understand and formulate alternative macroeconomic recommendations, lead to a weak linkage between the objectives of CPRGS and budgetary planning. Therefore, some regard CPRGS as a vision paper rather than as a policy matrix or a strategic business plan.

There is apprehension towards the existence of a dual system as well. The main concern is that, since CPRGS is not a main policy and was not adopted based on broad consensus that would confer the document full political and societal legitimacy, it does not have a policy mechanism to enforce its implementation, and as a result will not have great impact on poverty reduction.⁶⁷ But then again, experts on the donor side believe that the parallel process was not necessarily a bad thing. If regarded from a long-term perspective, the CPRGS process was, and will continue to be with its implementation, a remarkable exercise for the government to improve its capacity in poverty analysis and policy making, civil society engagement and donor coordination. In other words, according to the long-term view, to appreciate the opportunities brought about by the CPRGS process, one should regard it as a development planning exercise.⁶⁸

Many agree that if a large number of CPRGS objectives will remain integrated in the SEDP 2006-2010 after the approval by the National Assembly and finally endorsed by the PM⁶⁹, the CPRGS will legitimately constitute an enforcement mechanism, because the implementation of SEDP is accompanied by rigorous procedures. Every provincial government is expected to present one-year and five-year action plans for the SEDP implementation⁷⁰, and considering that the establishment of prerogatives is still attached to a top-down process, it is likely that the implementation of CPRGS will be enforced precisely through the SEDP mechanism.

⁶⁷ Oxfam GB Interview

⁶⁸ WB Vietnam Office Interviews

⁶⁹ Most objectives of CPRGS are already integrated in the five-year SEDP (2006-2010) by the CPRGS team coordinated by PMI, but the final version of the document has yet to be approved by the National Assembly and PM

⁷⁰ MPI Interviews

3.4. Outcome-Oriented Objectives

While many acknowledge that both strategies are very Socialist in their format, language and message, the CPRGS brings nevertheless a great deal of novelties. The CPRGS reflects the Vietnam Development Goals (VDGs), which are the localized version of the UN Millennium Development Goals (MDGs) that Vietnam pledged to achieve in 2002. The CPRGS outlines a set of 136 monitoring indicators in 3 targets in Economic Objectives and 12 targets in Social and Poverty Reduction Objectives. The set of monitoring indicators is often regarded as the main value added to the CPRGS initiative. On the implementation side, a meaningful monitoring and evaluation framework is necessary to track progress towards the goals of the plans. The framework contained in the CPRGS appears to have been ambitious and thus a prioritized implementation of the development objectives that better reflects administrative capacity is critical.³⁸

3.5. Pro-Poor Goals

Vietnam had The CPRGS considers poverty is caused by factors related to inequality in regions, gender, ethnic groups and educational attainment. The CPRGS comprehensively covers the pro-poor aspects in the document. The CPRGS also recognizes that poverty is also considered as the other side of the rapid economic growth that has posed negative impacts (such as environmental and social impacts) on the poor. Thus, the CPRGS acknowledges that while economic growth contributes to poverty reduction, the distribution of its benefits depends on the quality of growth. In other words, in view of the growing inequalities, how to bring benefits of the growth to the poor is becoming all the more important, together with the efforts to assure sustainable growth.³⁹

³⁸ UFJ Institute Report, Ibid.

³⁹ Ibid.

The ample process of collecting data for poverty analysis was also an assignment tremendously different from previous poorly organized statistical research practices in that it dramatically changed the definition of poverty and included the views of poor communities themselves. International and local NGOs actively involved in the process, admit this was not an easy exercise as research at the very bottom level in such a vast territory, furthermore enriched with the application of new research methodologies and techniques, required tremendous capacity and resources.

3.6. Participatory Approach

When it comes to participation, various assessments of both donors and civil society groups reveal major accomplishments and breakthroughs if compared to what existed before. Similarly to other PRSP countries, Vietnam set off a number of quite sophisticated mechanisms to allow for inter-agency consultation and public participation in the CPRGS process. The Ministry of Planning and Investment (MPI), which is the central institution in the work of interim and final versions of CPRGS, established an inter-ministerial committee consisting of 50 officials from 16 government agencies, on June 2001, to guide the drafting process.⁴⁰ A range of stakeholders including international and local civil society organizations, NGOs, officials from the central, provincial and district levels, representatives of poor communities and international development partners was involved in the process by participating in consultation workshops, regional workshops and Participatory Poverty Assessments (PPAs). A little earlier, in 1999, under the WB guidance, a Poverty Task Force (PTF) was created to secure coordination in the government-donors-NGOs partnership in the development of CPRGS. Subgroups within the PTF have been formed to support identify Vietnam Development Goals (VDGs) (the Vietnamese strategy of Millennium Development Goals) in the following eight thematic areas:⁴¹

⁴⁰ UFJ Institute LTS, 2005, *The Poverty Reduction Impact of Economic Infrastructure Project (2), Key Issues and Lessons learned from Vietnam's CPRGS Process*, Final Report, accessed in July 2005, at <http://www.grips.ac.jp/forum-e/>

⁴¹ Ibid.

3. Providing quality basic education for all (WB and DFID)
4. Improving health status and reducing inequalities (ADB and WHO)
5. Ensuring environmental sustainability (UNDP)
6. Promoting ethnic minority development (UNDP)
7. Enhancing access to basic infrastructure (JBIC)
8. Ensuring good governance for poverty reduction (ADB)

Although, poverty statistics were carried before the introduction of PPAs, the Government of Vietnam had limited capacity in capturing the harsh conditions of its population and the various dimensions of poverty. During 1997 and 1998 the General Statistics Office had been collecting household data under the Vietnam Living Standards Survey (VLSS), which served as a basis for assessing economic and social trends during the 1990s. With the initiation of PRSP, four PPAs were conducted to assess the magnitude and aspects of poverty that were not well described by the quantitative data representing different regions of the country.⁷⁵

These PPAs were widely circulated and strongly influenced the contents of the final poverty assessment, which was a joint product of the PTF members.⁷⁶ Unusually for externally funded participatory research, much of this material has subsequently been used in policy documents or referred to in policy dialogue.⁷⁷ This is in contrast to previous attempts by many organizations, particularly international NGOs, to influence Government policymaking through the micro-level participatory research. Such research had often been received with some skepticism.⁷⁸

⁷⁵ Shanks, Edwin and Turk, Carrie, 2003, *Refining Policy with the Poor. Local Consultations on the Draft Comprehensive Poverty Reduction and Growth Strategy in Vietnam*, Policy Research Working Paper, WB East Asia and Pacific, Poverty Reduction and Economic Management Sector Unit

⁷⁶ Poverty Task Force (1999), *Vietnam: Attacking Poverty*, Joint Report of the Government of Vietnam, Donor, NGO Poverty Working Group presented to the Consultative Group Meeting for Vietnam, December 1999, quoted in Turk and Shanks "Refining Policy with the Poor"

⁷⁷ Turk, C. (2001), *Linking participatory poverty assessments to policy and policymaking: experience from Vietnam*; in Norton, A (2000). *A rough guide to PPAs; an introduction to theory and practice*, quoted in Turk and Shanks "Refining Policy with the Poor"

⁷⁸ Turk and Shanks, 2003

Though it was not foreseen at the time, the PPAs helped to open the door for these community consultations on the I-PRSP. The consultations were held in six locations, including the four PPA sites. This has helped to establish a link between the participatory poverty analysis and the subsequent design of strategy.⁴⁶

3.6.1. Community Consultations

The Government of Vietnam made a commitment in the I-PRSP to ensure that primary stakeholders would be consulted as the CPRGS was developed. As MPI started drafting the document, the main assistance in coordinating the multi-stakeholder work in this area was provided by the World Bank. MPI was open to including the work of NGOs but since it lacked experience, resources and capacity to coordinate this process, again, the WB was delegated with managing the participatory research.

The major novelties experienced in the CPRGS process, during the first phase-measuring poverty, as suggested in the World Bank PRSP Sourcebook, were the participatory process, expansion of poverty understanding and its cyclical measurements. In terms of defining and understanding poverty, the PRSP Sourcebook recommends the definitions of poverty and well-being to be extended to social dimensions and characteristics.

Thus, from merely determining the income or consumption level, analysts began to integrate in their measurement, non-monetary indicators: “poverty is associated not only with insufficient income or consumption but also with insufficient outcomes with respect to health, nutrition, and literacy, and with deficient social relations, insecurity, and low self-esteem and powerlessness”.⁴⁷ Also, to provide a more detailed profile of poverty and more understanding for policy interventions, analysts began breaking down their findings by more specific categories like gender and minorities.

⁴⁶ Ibid.

⁴⁷ PRSP Sourcebook, accessed in Dec 2004 at the World Bank website

In terms of cyclical measurements, the analysis of poverty became more comprehensive because it has been based on recurring collection of data, and poverty comparisons between groups and over time. Because MPI felt that it would be helpful to return to the PPA sites, the organizations involved in carrying out the PPAs were approached first. Save the Children UK (SCUK), ActionAid and Oxfam GB were some of the main INGOs involved in this research. They all had long-term relationships with the authorities and communities in the areas where the research was carried out. Across the six sites, more than 80 researchers were drawn into the research and many were drawn from local communities or local Government offices and trained to undertake the research. Many of these researchers, and particularly the Vietnamese team leaders, had been directly involved in carrying out the PPAs and had a robust understanding of the local context. Their ability to draw a direct connection in the analysis between the descriptions of poverty emerging from the PPAs in 1999 and the proposed policy actions was a real strength of the exercise.⁸¹

The NGOs involved in consultations were motivated by a number of objectives. Their most important goal was to influence national policymaking, both in content and in engagement process. Non-state agencies were also interested in including communities at all stages of the process, not only at the early stage, in which the situation was analyzed, but in later stages of discussing proposed solutions for poverty based on what has been early discussed. This approach contributed to a more concerted work with provincial officials in localizing the approved CPRGS.

Though retrospectively the NGO partner agencies all feel that the consultations have been an important and influential exercise, there were several reservations expressed at the outset. There were some initial concerns about the level of Government ownership over a participatory process that is a WB and IMF requirement. There was uneasiness that they were being asked to carry out work that was legitimately the role of Government agencies. There were also worries that the WB would use the consultations to legitimize the CPRGS which could turn out to be strategy that some of the agencies might not want

⁸¹ Turk and Shanks

might not want to be associated with. Early discussions with MPI were helpful in alleviating the former concerns. The concern over the role of the WB is no longer seen as an issue in the Vietnam context by the agencies who were partners in the research – even by NGOs that are choosing to disengage from these processes in other countries.⁴⁹

3.6.2. Research Teams

The 80 researchers across the six sites came from a cross-section of organizational backgrounds. A large number were the Vietnamese staff of the INGOs, who had extensive experience in participatory research techniques, strong local knowledge of the consultation sites and good relations with the communities and authorities. A good number were also hired from academic or research institutes or were the staff of local NGOs. Several Vietnamese researchers were working as independent consultants. In all the sites the teams were supplemented with staff from local mass organizations (such as the Women's Union, the Farmer's Union or the Fatherland Front), from the District and Commune People's Committees, Village Heads and, in some sites, from the People's Councils or the local branch of the Communist Party. In many sites, members of the community were also trained to carry out some of the research activities. Only a handful of foreigners were involved in the whole exercise and only one foreigner was involved in the fieldwork in any substantive way. For each of the consultations, the organizations managing the research put together a team of individuals that they felt could deliver this complex task.⁵⁰

Although staff from local non-governmental organizations took part in the research, no local NGOs were contracted to carry out the consultations from the beginning until the end in any of the sites. This is a recognized weakness of the consultation that reflects a number of factors that combine the limited role of local NGOs. A paramount reason is that there are comparatively few independent civil society organizations in Vietnam and, constrained by the regulatory framework, the local NGO

⁴⁹ Ibid.

⁵⁰ Ibid.

community is quite fragmented and dispersed. Advocacy work carried out by local NGOs tends to be more informal in nature and based around the strong links that the local organizations have with specific Government agencies or policymakers. Research-based policy analysis skills are also very limited among local NGOs and the few local NGOs that have staff with the research and analytical skills are extremely busy. In this respect, it is recognized that Vietnam is exceptional in the reliance on INGOs and consultant to undertake this type of work.⁵¹

The hope is that there will be ways of building on the PPAs and the consultations as the CPRGS is implemented. This implies using the link that has already been established between participatory poverty analysis and participatory strategic planning in these communities to develop helpful processes of participatory monitoring and evaluation of progress on the ground.⁵²

3.6.3. Impact of Consultations on CPRGS

The I-PRSP – that was used as a basis for the consultations – underwent profound revisions before being approved by the Prime Minister as the CPRGS. The community level consultations were by no means the only source of information that MPI and the Drafting Committee used as the iterations took place. National consultations, sub-national consultations, submissions and meetings with line ministries, submissions from donors, NGOs and partnership groups, background papers produced by consultants and researchers and reviews of existing data and information all played a role in influencing the content of the final document. Nor was this the first time that many of these issues were raised – the value appears in some cases to lie less in the novelty of the messages and more in the timing and the way in which they were raised.

⁵¹ Ibid.

⁵² Ibid.

- Tackling the social exclusion of migrants in urban areas – there is strong support for the notion that the combined efforts of the PPAs and the consultations were instrumental in putting the rights of urban migrants squarely on the policy agenda. The CPRGS has one of the most eloquent commitments made by Government to date on the need to promote more inclusive service delivery in urban areas.
- Addressing the affordability of basic social services – a clear message emerged from the consultations that the Government would not meet the ambitious targets it was setting for the universalisation of primary and lower secondary education if the many fees and charges associated with educating children were not reduced. This was the case in every consultation site and was just as important an issue in Vietnam’s biggest city as it was in the remote ethnic minority communities in the northern uplands.
- Greater local participation in infrastructure development – consultations provoked discussion about the Government’s intention to use infrastructure development as a means of employment generation. There was a view that this would not happen if the planning and implementation of infrastructure projects remained unchanged.
- Improving transparency and accountability at local levels of Government – participants had a range of suggestions that could help the Government achieve their stated objectives of improved grassroots democracy.
- Upholding labour standards – the I-PRSP set out a strategy for economic growth that was dependent on continued development of the private sector. There is strong evidence that employment opportunities created by a growing private sector (particularly in small and medium enterprises) will be central to poverty reduction over coming years. The consultations confirmed that poor people see this as an important means of moving away from dependent on low productivity agricultural activities.

