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# **Scaling Up IFAD's Experience with Decentralized and Participatory Rural Development and Poverty Reduction in Vietnam**

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## **Executive Summary**

Over the past decade Vietnam has achieved impressive results with rural poverty reduction interventions using a participatory, community-driven approach. Participatory initiatives started in the early 1990s have been adapted and scaled up through partnerships with the government, donors, and civil society—contributing to the eighth Millennium Development Goal, which calls for stronger international partnerships for development.

Community- and demand-driven development projects have been supported by a national focus on poverty reduction and commitment to economic reforms introduced in the mid-1980s, which emphasized shifting to a market economy, strengthening individual and private property rights, and decentralizing decision making and development authority from central authorities to provinces, communes, villages, households, and ultimately individuals—enhancing transparency, governance, and social inclusion. Across Vietnam, the share of people living in poverty fell from 58 percent in 1992 to 29 percent in 2002.

### **Project approaches**

The International Fund for Agricultural Development (IFAD) and World Bank have played a crucial role in supporting rural development projects that take a participatory, bottom-up approach. The most important first generation project, the Participatory Resources Management Project, was designed in 1993. It recognized that with Vietnam's economic transition, most development resources were flowing to high-potential, high-productivity areas with strong demand—at the cost of poorer, less productive provinces with weaker demand—and that poor households were much less likely to benefit from demand-driven access to development resources.

The project sought to redress this bias, ensuring equitable access to all development planning with the full participation of communities in the province of Tuyen Quang, one of the poorest in the country. The project introduced new approaches to poverty reduction, including decentralization and promotion of provincial autonomy, to promote food security, build management capacity at the community level, and introduce participatory, demand-driven approaches in institutions providing rural support services. Second generation initiatives—including the Rural Income Diversification Project, Community Based Rural Infrastructure Project, and Northern Mountains Poverty Reduction Project—have built on the success of the Participatory Resources Management Project and scaled up decentralization and community-driven development in Vietnam's poorest areas.

These projects have done a good job of targeting poor people, and decentralization and participation have empowered rural people to identify, plan, implement, and evaluate interventions, giving them a greater stake in development efforts. In scaling up, the projects have relied on different actors and mechanisms, and adapted to reflect past lessons and emerging experiences. Over time the projects have generally adopted simpler designs—covering fewer sectors, involving fewer institutions, and delegating authority to lower levels—but covered more provinces.

## Investments and outcomes

The first and second generation projects have involved \$328 million in investment and reached 2.6 million direct beneficiaries. Investments rose from \$25 million for the Participatory Resources Management Project to about \$125 million for later projects, but the cost per beneficiary fell from \$543 for that first project to \$88–132 for the later ones.

Efforts to target the poorest Vietnamese through participatory processes and enabling institutions have been effective at reducing poverty, with increases in rural credit, infrastructure, and agricultural production, diversification, and value added. Stronger participation and ownership have also increased the likelihood of sustainability and of more effective, efficient use of public funds. Provincial institutions are better able to respond to development needs, and collaborative partnerships are continually being formed between communities, local institutions, and mass organizations such as the Vietnam’s Women’s Union. The projects have also promoted good governance and made public institutions more responsive to local priorities.

Data on outcomes are available only for the Participatory Resources Management Project, because later projects are still under way. During the project period the number of poor households fell 12 percent in 51 communes in Tuyen Quang province, while poverty dropped 10 percent in Thuy district in Quang Binh province. In addition, an expansion in rural infrastructure helped diversify rural production—reducing farmers’ vulnerability to shocks—and narrowed the gap between the poor and the less poor in some localities. Agricultural production and forest cover also increased. Moreover, households became much more market oriented, with an estimated 70 percent of farm output now being sold (up from 48 percent in the early 1990s). Yet food security and nutritional intake improved as well.

Although the slow pace of disbursement in some second-generation initiatives is a concern, scaling up is a complex process. And overall, it has played an important role in Vietnam’s success in reducing poverty and making progress toward the Millennium Development Goals.

## Lessons

Vietnam’s bottom-up approach to poverty reduction offers several lessons:

- *Political will drove the process.* Without the government’s strong commitment to economic reforms and to reducing poverty through growth, literacy, and social equity, it is unlikely that the first or second generation projects would have been as effective. The unique nature of this drive, however, suggests that the process cannot be readily replicated in other countries, because political processes and other preconditions require indigenous momentum and local mechanisms.
- *External catalysts were central in scaling up.* Sustained economic growth was the foundation for and main external variable in Vietnam’s poverty reduction strategy, including community-driven development. The country has enjoyed impressive growth over the past decade, generating impressive results in improving livelihoods and dramatically reducing the number of poor people. In addition, the United Nations Food and

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Agriculture Organization played a valuable catalytic role in sharing experiences and lessons from the Participatory Resources Management Project with the World Bank and other donors, initiating a dialogue that helped in scaling up second generation projects. Similarly, that project's early emphasis on involving key actors, starting at the village level, provided an important sense of ownership that drove scaled-up programs.

- *Ongoing policy dialogue increased effectiveness.* Discussions between donors, government authorities, and various other actors—including beneficiaries—improved the design of future activities and made donor assistance more effective.
- *The process of scaling up needs to be dynamic and evolving.* No blueprint exists for replicating and expanding best practices. Issues related to project locations and contexts need to be addressed when adapting designs, and learning from experiences—both positive and negative—must be ingrained in the process.
- *Community-driven development in Vietnam offers lessons for future interventions.* These include the need to keep project designs simple and flexible, ensure strong links between donor and government initiatives, explicitly integrate gender and ethnic concerns into project designs to ensure a pro-poor focus, and develop exit strategies to ensure post-project sustainability.

OVER the past decade poverty reduction strategies and interventions using a Community Driven (CDD) approach to rural development in Vietnam have been encouraging. First generation participatory initiatives begun in the early 1990s, soon after the country launched its reform process, have been adapted and scaled up to increase spatial coverage. This, moreover, has been accomplished with increased partnership by Government, donors and civil society, thus meeting a key Millennium Development Goal (MDG-8). The study examines these issues in the transition of first generation (*pioneer*) projects, the most important of which was the Participatory Resource Management Project (PRMP-IFAD 1994-2001), to second generation initiatives, including; (i) Rural Income Diversification Project (IFAD 2002-On going), (ii) Community Based Rural Infrastructure Project(World Bank 2001- On going) and (iii) Northern Mountains Poverty Reduction Project (World Bank 2001– on going)

## Key Aspects of Implementation

The national focus on poverty reduction and the continued commitment to comprehensive economic reforms introduced in the mid-1980s were extremely important in shaping the initial and scaled-up process. The reforms *inter alia* emphasized (i) the shift from a centrally planned to a market based economy, (ii) greater rights to the individual, thus laying the foundation for grass roots participation in investment decisions and (iii) decentralized decision making, including budget and fiscal, to enhance transparency, governance and social inclusion. The impetus toward economic transition, accompanied by relevant policy adjustments, therefore, were key drivers in shaping the design, development and *ultimately* the expansion of community and demand driven development projects in the later half of the 1990s.

*Rationale and Objectives Participatory Resources Management Project (PRMP Tuyen Quang Province US \$25 M).* By the time the first generation (PRMP) project was being designed in 1993, the political decision to move from a centrally planned to market economy, providing a greater role to individuals in resource and investment decisions, had been made. Macro economic and sector policies were being progressively adjusted to provide the appropriate framework for the transition and demand for various services, investment funds and infrastructure in rural areas was rising rapidly in line with strong growth in agriculture. The initial PRMP project was perceptive in recognizing, however, that these changes and the consequent decline of a central allocating authority effectively meant that (i) the bulk of development resources were flowing to high potential, high productivity areas with strong demand, at the cost of poorer less productive provinces with weaker demand and (ii) poorer households were much less likely to benefit from demand driven access to development resources than the better off. The PRMP set an ambitious goal of redressing this bias. The guiding principles were equitable access to all and development planning with full participation of the entire community. The project focused activities on a participatory approach, to enable full social inclusion, and was located in the province of Tuyen Quang, one of the poorest in the country. Other considerations in project rationale and design included, (i) the recognition of a dynamic and positively changing political and economic environment, which opened the way to introducing new approaches to poverty reduction, (ii) ongoing reforms toward greater decentralization and provincial autonomy. E.g. the

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design was innovative in excluding central Government from implementation responsibilities by moving this from province to district and from district to commune (iii) a provincial policy focused on poverty alleviation and development of ethnic minorities, (iv) the introduction of land legislation (1993), enhancing private incentive in participation and investment decision making, (iv) a conducive market environment with an emerging private sector for contracting out and maintaining project investments and (v) experiences and lessons learnt in participatory approaches from an earlier pilot (SIDA) project in the area and the availability of trained staff in the application of PRA. The explicit objectives were to (i) promote food security in the poorest households, (ii) establish participatory management capacity at community level to enable self determined development and (iii) introduce participatory, demand driven approaches in institutions providing support services to the rural sector. The second generation initiatives aimed at scaling up CDD focusing on the poorest areas of Vietnam included;

*Rural Income Diversification Project (RIDP Tuyen Quang Province US \$30.4 M).* The project objective was to build on the successes of PRMP and develop a range of policy and implementation mechanisms that could be replicated elsewhere in Vietnam. Continued emphasis was placed on decentralized development in line with Government policy. In addition, income diversification and further decentralization from commune to village level were innovative features of RIDP.

*Community Based Rural Infrastructure Project (CBRIP 13 Provinces US \$123.8 M).* The project objective was to reduce rural poverty in 600 of the poorest rural communes in 13 provinces by (i) learning from PRMP and increasing the capacity of the communes in decentralized and participatory planning and management of development, (ii) providing essential small-scale, community based infrastructure in the communes and (iii) generating direct income for the poor through employment.

*Northern Mountains Poverty Reduction Project (NMPRP 6 Provinces US \$ 132 M).* The project objective was to, (i) enable poor villagers in the northern mountains to use a variety of improved and sustainable infrastructure and social services and (ii) enhance the institutional capacity of upland communes and districts in participatory development. As a multi-sector area development project, the design of NMPRP was similar to that of the PRMP.

### **Consistency of Objectives with Development Strategy**

The core objectives of reducing poverty in Vietnam, focusing on the poorest areas, equitable distribution of economic growth and the principles of decentralization, participatory and demand driven approaches to rural development (common in first and second generation initiative), are firmly ingrained in development strategies including;

*Government Strategies and Programmes.* The Comprehensive Poverty Reduction and Growth Strategy (CPRSG) is an action programme founded on the Government's Ten-Year Socio-Economic Development Strategy (2001-2010), its Five-Year Socio-economic Development Plan and specific sector plans for development of poor areas, health, nutrition and education. The aims are to maintain rapid economic growth together with poverty reduction and social equity, in particular

assisting development of poor areas through budget transfers. Major on-going programs include, (i) the National Target Program of Hunger Eradication and Poverty Reduction (Program 133) and the Socio-Economic Development Program for Especially Difficult Mountainous and Remote Communes (Poorest Communes Program 135), which focuses on 1,715 of the poorest communes in the country.

*IFAD and World Bank Strategies.* IFAD's 2003 Country Strategic Opportunities Paper (COSOP), emphasizes (i) targeting the poorest of the poor through development of participatory processes and enabling institutions, (ii) decentralization and empowerment and (iii) promoting greater gender and social inclusion. The principles of the **World Bank** Country Assistance Strategy (CAS 2003-2005) are (i) high growth through transition to a market economy (ii) an equitable, socially inclusive and sustainable pattern of growth and (iii) adoption of a modern public administration, legal and governance systems.

*Institutions and Actors Involved.* The key institutions involved in the process included (i) the Ministry of Agriculture and Rural Development (MARD) and the Ministry of Planning and Investment (MPI) at the national level; (ii) the provinces, districts and communes through executive Provincial People's Committees (PPCs) and (iii) IFAD and the World Bank as financing institutions. The Vietnam Bank for Agriculture and Rural Development (VBARD) and the Social Policy Bank (SPB), were also important in credit components. In the early process, the tendency of donors and the larger multi-lateral financing institutions to work independently meant that practical limits were put on how much learning experience could effectively be used in formulating like and scaled-up projects. To bridge this gap, the FAO Investment Centre (TCI) played an important role in sharing IFAD's experience with other financing institutions and initiating the process of open dialogue on learning and experiences, e.g. CBRIB. In addition to government institutions, mass organization, NGOs and Civil Society Organizations (CSOs), played an invaluable role in mobilizing communities, training and capacity building and information dissemination. Key amongst these were Vietnam's Women's Union (VWU) and the Farmer's Association. Through out the process there has been a strong sense of ownership in national and provincial government, communes and villages as the broad based objectives of reducing poverty through participation and decentralization remain highly relevant to policy and its commitment to bottom-up development and poverty reduction.

## **Preliminary Results**

The PRMP objectives of reducing poverty through participation and decentralization to the institutions and people it affected most, was perceptive and relevant to the changing political and economic environment in Vietnam in the early 1990s. The project established strong ownership with both national and provincial institutions and laid solid foundation for scaled-up second generation projects, with the strongest momentum for expansion coming from local Government. The preliminary results<sup>1</sup> concluded the following; (i) decentralization and participation had positively empowerment rural people to identify, plan, implement and evaluate development efforts, (ii) operational decentralization and the development and strengthening of grassroots institutions (e.g. savings & credit groups, water users groups & associations, village and commune development

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<sup>1</sup> IFAD Country Program Evaluation 2001.

boards) were major determining factors in empowering local people and communities to be the prime drivers of development, (iii) PRA was effective in targeting the poor, (iii) better results were achieved in provinces with strong capacity and effective collaboration existed between community-based and mass organizations with commune, district and provincial institutions (iv) greater financial autonomy to communes would have improved effectiveness (v) mass organizations, mainly the Vietnam Women's Union was instrumental in forming more than 5,000 women savings and credit groups, which were key drivers in mobilization and developing local capacity. A Participatory Impact Assessment (PIA) of PRMP concluded that women's access to credit, greatly enhanced self confidence and recognition (political capital) at the community and village level. These results, remained highly relevant and consistent with the initial objectives of improving incomes and living standards of the rural poor and increasing their participation in the development process.

### **Approach and Design Adaptations**

The common theme in all first and second generation projects remained strong participation of beneficiaries in self development from identification through implementation. To this end, there was no fundamental change in approach in the different initiatives. Within this common framework, however, adjustments and changes in scope and design were made in scaling up horizontally and vertically.<sup>2</sup> These included differences in complexity, number of sectors covered, institutions involved and level of delegated authority. The pioneering project in the process (PRMP) was multi-sectoral and covered agricultural services, credit, and infrastructure. Participation in planning, resource allocation and management decisions was based on Resource Management Guidelines (RMGs), a users manual of "how to", for each community. The RMGs were the basic participatory instrument for programming services and investments under the project. The PRMP model was adapted by second-generation projects in various ways to reflect lessons learnt and changes in development priorities and circumstances. Among the adaptations:

The **RIDP** project was explicitly designed to build on the successes of PRMP and develop policies and mechanisms that could be replicated elsewhere in Vietnam. With lessons learnt from PRMP, a number of factors were incorporated in adapting project design including; (i) increased empowerment to strengthen the development role and capacity of poor households and communities, through greater decentralization and expanded role for VDBs in needs assessment, prioritization, and implementation; adoption of more participatory planning, establishment of a WLF at commune level and VIDF for each village and introduction of a flexible and demand-driven credit scheme, based on the transformation of the existing SCGs into self help groups, (ii) greater emphasis on community mobilization through mass organizations and NGOs, (iii) increased use of flexible financing mechanisms to address community-identified needs more specifically (iv) further strengthening participatory research and extension, (v) greater investment in infrastructure and market development, (vi) increased gender focus and (vi) an exit plan to maintain project results post closure.

The **CBRIP** was adapted to (i) keep project design simple to accommodate variations across provinces, (ii) improve public access to project information to enhance quality and reduce corruption,

(iii) improve facilitation through experienced mass organizations in community mobilization (iv) ensure more transparent targeting through simple procedures and reducing opportunities for influential people to favor the non-poor or preferred locations and (v) ensure adequate investments in capacity building at the village level to empower communities in participatory approaches.

Keeping with a central pro-poor theme, the **NMPRP** focused specifically on the poorest communes in the country, which were specifically included to avoid duplication with other donor funded projects. The project used Government administrative structures at the district and commune levels rather than village based mechanisms as incorporated in RIDP and CBRIP. In contrast to other second generation projects, which advocated simpler and more decentralized design, the NMPRP was multi-sectoral, complex and only devolved down to the commune level.

### **Changes in Scale**

The PRMP model was horizontally scaled under RIDP, CPRIP and NMPRP, extended coverage to different and a larger number of provinces. At completion, the PRMP covered 141 communes in one province (Tuyen Quang), which was extended to a further 66 communes in the same province under RIDP. Geographical coverage was increased to 13 provinces (600 communes) and 6 provinces (368 communes) respectively under CPRIP and NMPRP. In addition the Government's Program 135, targets 1,718 of the poorest communes in 30 provinces.

## **Impact Analysis**

### **Efficiency in Resource Use**

Total investment in first and second generation projects in the process amounted to approximately US \$328 million, ranging from US \$25 million (PRMP) to US \$123 and US \$132 million for CBIDP and NMRDP. The total number of direct beneficiaries overall was estimated at 2.6 million, indicating a per beneficiary investment of around US \$126. In scaling up, certain economies of scale are implied, particularly given the focus of investment in rural infrastructure, with per beneficiary investment declining from US \$543 and US \$621 PRMP and RIDP to US \$88 and US \$132 under CBIDP and NMRDP. Using the share of project cost for training and services as a proxy<sup>3</sup> for mobilizing and developing community participation, the indication is that the smaller, earlier projects invested more heavily in these (approx US \$75/beneficiary PRMP and RIDP) compared to the larger World Bank projects which had comparative investments of US \$5/beneficiary (CBRIP) and US \$16/beneficiary (NMRMP). Another useful indicator of current impact is the level of loan disbursement for scaled up projects. Although disbursement under IFAD's RIDP was 100%, for both the CBRIP and NMRDP the rates remain significantly behind schedule at around 7% in year three of the project. In the case of

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<sup>2</sup> Scaling up has been largely horizontal through donor projects with similar approach over larger areas. However programme 135 can be considered as being both horizontal (greater coverage) and extent vertical same approach with new institutional backing by Government.

<sup>3</sup> Not all projects had a specific component for participatory development, the share of which may have otherwise been a better proxy.

NMRDP key elements under Community Development, still remained to be implemented almost 2 years into project life.

### **Effectiveness**

Interim evaluations indicate that the process of targeting the poorest of the poor through participatory processes and enabling institutions have been generally effective in reducing poverty levels. The specific outputs from scaling up this strategy, have been more successful decentralization, empowerment of the poor, more participatory and demand driven service institutions (research and extension), an increase in rural credit and infrastructure and a rise in agricultural production, diversification and value added. These outputs in turn, have enabled the rural poor to be part of development by providing them an opportunity to decide which investments and activities suit them, have confidence in dealing with Government, finance investments and gain access to markets with more products. Greater participation and sense of ownership also increased the likelihood of sustainability and more effective and efficient use of public funds. At the provincial level the capacity of local institutions has been strengthened to respond to development needs and services and more collaborative partnerships are continually being fostered between communities, local institutions and mass organizations. The process has aided good governance and made public sector institutions more effective in responding to local priorities. Development strategies are beginning to institutionalize PRA in the project cycle as have provincial Governments in GOV-funded development programs

### **Outcome**

The 2000 Millennium Development goals (MDGs) promote poverty reduction and human development as key to sustaining social and economic progress and provide the basis for ascertaining measurable improvements in achieving these through the MDG framework of goals (8), targets (18) and indicators (48). The first seven MDGs have direct bearing on poverty reduction in one form or another, whilst the eighth aims to build global and national partnerships for development. The ultimate success of Governments and donors in reducing poverty, through interventions including scaling up best practices, therefore, lies in the collective impact these have in relation to the targets set out in the MDG framework and their performance against key indicators.

There is general consensus that a strategy focused on greater involvement of the poor in decision making, coupled with decentralizing the administration of development investment down to communes and the individual is having a positive impact on reducing poverty and meeting key MDGs, particularly 1, 3, 7 and 8<sup>4</sup>. However, as the overall process, including scaling up, is relatively new and ongoing, current impact assessment is, at best, partial and indicative. Moreover, such outcome results are only emerging from earlier projects in the process (PRMP) as later projects are still operational. These results indicate the following, (i) the number of better-off households increased by 11%, while poor households have decreased by 12% in 51 communes in Tuyen Quang province, (ii) a case study of Thuy district in Quang Binh province revealed a 10% decline in poverty,

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<sup>4</sup> 1. Eradicate extreme poverty and hunger, 3 promote gender equality and empower women, 7 ensure environmental sustainability and 8 develop global partnerships for development.

(iii) a larger stock of rural infrastructure is contributing to diversification of rural production and narrowing the gap between the poor and the less poor in some localities, (iv) agricultural production and forest cover have increased with more forest areas remaining intact. In Tuyen Quang, average maize and paddy yields increased from 2.15 to 3.01 ton/ha and from 3.12 to 4.2 ton/ha, respectively. Total area cultivated has also increased, notably for sugar cane (1 185 to 7 219 ha) and fruit trees (965 to 3 266 ha) and (v) improved veterinary outreach has reduced mortality in pigs and poultry and led to improved growth rates. Collectively, these have meant that farm households are much more market oriented than hitherto, with an estimated 70 percent of farm output now being sold, compared to 48 percent nine years ago. This, moreover, has not been at the expense of food security or nutritional intake as both have also improved over time (DFID/UNDP, 2003, and MARD, 2002). Diversification has also helped farmers reduce vulnerability to shocks.

At the macro level, the participatory approach to poverty reduction is central to Government strategy for reducing poverty and more equitably distributing the benefits of growth. To this end, Vietnam has achieved impressive results since reforms were introduced and the strategy was initially implemented. During the 1990s there was a sharp decline in poverty incidence in all seven regions of Vietnam, with the proportion of the population living in poverty declining from 58% in 1992 to 29% in 2002. Moreover, the share of the population under the food poverty line fell from 25% to 15%. Vietnam Development Goals (VDGs<sup>5</sup>) show a consistent improvement of social indicators, with the country continuing to reduce poverty considerably faster than other countries at a similar level of development. However, there are emerging indications that although the overall proportion of people living in poverty has decreased, a considerable number of households remain vulnerable to poverty due to uncontrollable shocks, such as ill health, failure of crops or investment, adverse prices and natural disasters. An estimated 5-10 percent of the population fall into this category of vulnerability.

## **Driving Factors**

### **Commitment and Political Economy for Change**

Poverty reduction has been a central goal of the Government since unification in 1975 and a driving force behind its comprehensive programme of economic reforms initiated in 1986 under Doi Moi (renovation). The reforms covered a wide spectrum of measures including monetary policy, price, market and trade liberalization and privatization of state owned enterprises. In the rural sector, the system of collective agriculture was dismantled in favor of family farming, whilst more private sector investment was encouraged. After years of central planning and control, these measures had very noticeable impact in stimulating and transforming the agricultural sector, rapidly taking Vietnam from being a rice importer to a major exporter of rice as well as for other cash crops including coffee, cashew and pepper. The reform process was also important in framing poverty reduction strategies and policy, particularly in agriculture and the rural sector where the majority of the poor live. The most important shift was in land use rights. In 1988 collective farming was dismantled in favor of

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<sup>5</sup> Country version of MDGs.

private land-use rights, with additional benefits (improved lease terms and rights to inherit, transfer, exchange, sub-lease and mortgage land-use) coming under the 1993 land law. Amongst other things the allocation of land rights conferred greater responsibility and incentive to the individual to make investment decisions and allowed them to use it as collateral for credit. Apart from raising individual and overall farm productivity and incomes (key objectives under the reforms), these factors were also important in driving the individual's interest in the decentralized planning process and, consequently, in shaping the design and implementation process for subsequent generations of participatory rural development projects in the country at the heart of the decentralized process.

### **Institutional Innovation**

The principal institutional innovation from the earliest initiatives in the process, was the emphasis on actively devolving development authority from a central body to local Government in the provinces, communes, villages, households and, ultimately, the individual. The process was actively backed by a series of Government laws and regulations to give greater power, autonomy and responsibility to the decentralized institutions. The 1996 State Budget Law, as well as decrees and regulations in late-1998 on disseminating budgetary information of provinces and communes brought greater transparency and stability to financing for local development. These initiatives were accompanied by Decree 29/1998 (Grassroots Democracy) that promoted transparency in the use of public fund at the commune level and greater grassroots participation in decision making. Large scale poverty reduction results in Vietnam remain highly dependent on the pace of economic growth, weakness in which will particularly impact the 10% or so of the most vulnerable amongst the poor. To ensure that growth is maintained, therefore, in 2001 a multi-year structural program of further institutional and macro reforms in banking, state-enterprises, private sector, trade and public expenditure management were adopted by Government as a sign of continued commitment to poverty reduction. At the macro level, the institutional agenda for pro-poor, decentralized and participatory poverty reduction is strongly backed by more effective congruence of Government and donor strategies in achieving results through these aims. The policy dialogue between donors and Government, including local Government, and the consultative multi-donor framework used in formulating the CPRGS and specific programs such as 135, have ensured collaborative and continued commitment, at the broader institutional levels, to achieving larger scale poverty reduction results and making ODA more effective. A number of programme innovations have resulted, e.g. harmonization of ODA procedures and completion of a joint Government-Donor Gender Framework. Such initiatives have meant that Vietnam is well advanced in meeting a key MDG goal related to global partnership compared to other countries. Other important initiatives include the establishment of working groups on Poverty (PWG) and Civil Society and Community Participation (CSCP), with membership from Government, Donors and local and International NGOs. The PWG played an important role in drafting the CPRGS whilst the main goal of the CSCP is to enhance people's participation and ensure efficacy, equity and sustainability of investments in the development process.

## **Learning and Experimentation**

The PRMP was the first large scale investment by a multilateral financing institution in Vietnam since unification some twenty years earlier. Given this considerable gap, very limited experience existed in Vietnam in working with IFIs, a capacity which developed during the life of PRMP and benefited subsequent generations of projects. More specifically, the PRMP was pioneering in introducing the initial models for participatory and bottom up approaches, the experiences of which were invaluable in the design and direction of scaled up projects. For example in the CBRIP, the Government (MPI) agreed for the project to work directly with the communes and by-pass provinces and districts to counter growing concerns regarding inefficiencies and rent seeking. Based on PRA and training of extension staff, the PRMP developed a comprehensive extension system, which was used as a model for other provinces. Other learning experiences reflected in scale-up designs are discussed in design adaptations section above. More generally, the earlier experiences and methods of working with communities, the poor and developing participation, highlighted various weakness, which subsequent projects specifically attempted to address. For example, to avoid raising false expectations and ill-feelings before and during project implementation, more through briefings were provided to key actors on participations, with the aims of establishing a sense of ownership and responsibility rather than meeting hard targets; not being over specific and rigid in beneficiary targeting, which hitherto had led to divisions with in communities and loss of cooperation and not discussing development possibilities in locations where little potential of project supported activities existed. Under pro poor strategies the experience of PRMP had limited success in reaching ethnic minorities in upland areas. In recognition of this, RIDP directly targeted this group and most project activities and mechanisms were designed for this e.g. emphasis on improving upland farming systems; improved access to and utilization of forest resources; development of extension materials and extension approaches better suited for use with ethnic minority communities and adaptive research focusing mainly on the resolution of upland needs.

## **External Catalysts**

At the macro and policy levels, strong economic growth remains the main external catalyst for poverty reduction and equity in Vietnam and sustaining it a major challenge for the country's decision makers. Irrespective of conducive policies for reaching the poor through targeted transfers and investments, their impact remains highly conditioned by the performance of key sectors in the economy. In the reform period since Doi Moi, economic performance has been impressive providing Vietnam with amongst the fastest rates of growth in GDP/per capita in the world over the last decade. With growth the poverty reduction strategies encompassed in the CPRGS prioritizes the need to complete the transition to a market economy, reform the financial sector and improve efficiency and transparency in public sector management. Sustaining growth will very much depend on Vietnam's ability to deliver on these priorities.

At the process level, there were two additional catalysts; (i) the early success of the PRMP in decentralizing and devolving development authority to the provinces and especially involving various local actors (PPCs, communes, villages and communities) provided an immense, collective and inclusive sense of ownership *in processes* and a confidence that has been invaluable. The main

catalyst for RIDP and programme 135, for example, were local governments leveraging the centre; (ii) the FAO Investment Centre (TCI) played an valuable catalytic role in “crossing boundaries” by sharing IFAD’s experience and lessons from PRMP with the World Bank and other donors, which was particularly beneficial in preparing the CBRIP.

## **Lessons Learned**

Vietnam’s political will to introduce and sustain strong commitment to economic reforms over 15 years and to prioritize poverty reduction through growth, social equity and literacy was the main engine behind the overall process. Without this sustained momentum for positive change, it is unlikely that either primary or secondary initiatives in scaling up would have been as effective. The unique nature of this drive, however, suggests that it cannot provide a ready-made prescription for other countries, as political processes and other pre-conditions, such as literacy and a sense of community, cannot be learnt and replicated, but need indigenous momentum and local instruments.

External catalysts were invaluable drivers in scaling-up positive results. In this case, sustained economic growth is the foundation for and the main external variable for poverty reduction strategy including CDD in Vietnam. The country has enjoyed impressive growth over the last decade which, in turn, has allowed very impressive results in improving livelihoods and dramatically lowering the number of impoverished people. Irrespective of the merits of policy, this would have been unlikely (certainly to the extent achieved) without economic momentum. At the process level, the “cross cutting” and facilitative role played by FAO in widening the information and learning experience provided an important catalyst in engaging different donors and directing the course of scaled-up initiatives and the early emphasis of PRMP in involving key actors from the village up, provided an invaluable sense of ownership which drove scaled-up programmes, through local Government.

The continued policy dialogue between donors, Government and various actors, including beneficiaries, using semi-formal consultative frameworks ensure better focus in designing future activities and also make ODA more effective.

The process of scaling-up needs to be dynamic and evolving as no blue-print exists in replicating and expanding best practices. There are location and contextual issues that need to be addressed in adapting designs and a frankness based on learning from both positive and negative experiences must be ingrained in the process.

In the specific context of CDD in Vietnam there were useful lessons from the different experiences which would benefit the design of interventions in the future. These include, (i) the need to keep project design simple and flexible, (ii) better linkages between donor and government initiatives will improve potential results (iii) gender and ethnic concerns need to be explicitly integrated in project design to ensure pro-poor focus and (vi) exit strategies should be developed to ensure post-project sustainability

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