INTRODUCTION

International donors have attempted to contribute to, and indeed influence, the overall tenor of socioeconomic and governance-related reforms in Vietnam. They have done so in a number of ways: directly supporting policy research, establishing forums for debate of developmental issues with government counterparts, funding projects on administrative and judiciary reform and central level capacity building, and providing direct financial and sometimes indirect support for ‘indigenous’ NGOs, primarily development service organizations working as contractors for particular development projects.

This paper examines another modality through which donors sought to influence administrative reform over the heady ‘development decade’ of the 1990s – donor support for rural development projects conceived as ‘policy experiments’ (Rondinelli 1983). Though diverse in sectoral focus, these projects commonly attempted to introduce local institutional arrangements promoting greater responsiveness and accountability of local governments to rural communities as a whole, or to particular sub-groups such as smallholder farmers. To do so, local organizations or grassroots groups were typically established as new ways of organizing the rural populace to demand, plan for, access or provide services underpinning rural development and poverty alleviation. “Local development groups” (LDGs) is the name I give to groups comprised of farmers and other end-users of project services (or representatives they choose) that were formed in the process of implementing particular development projects.

This paper probes the experience of these development projects and LDGs over approximately the last ten years. It depicts how projects funded by a wide range of donors became an important part of the institutional landscape in many areas of Vietnam, leaving a significant mark on many sectors related to rural development. Five sections follow this introduction. The first examines how changing donor roles interacted with institutional developments to produce an opportunity for projects to influence policy. Section two presents a theoretical framework with which to assess LDGs and the policy experiments in which they were embedded, which section three applies the framework to a sample of 15 donor projects operational over the 1990s in Vietnam. Section four presents more qualitative detail on a few of the higher-impact projects. The final section concludes with implications for donors and the study of local institutional change in Vietnam.
Both center-local relations and donor attempts to promote policy reform shifted significantly over the 1990s. The basic trends involved were: a) movement towards greater discretionary power for most provinces, coupled with an attempt to impose greater accountability for development outcomes; and b) a shift in the rhetoric of donors from an optimistic assessment of the government’s capacity and commitment for institutional reform towards increasing pessimism and policy conditionality. Both profoundly affected the scope for donor-supported LDGs to contribute towards reformed state-society relations.

Center-local relations in transition

The Vietnamese system of intergovernmental relations has become significantly less hierarchical and centralized over the course of the doi moi policy reforms. Emerging from the pre-reform period of economic micromanagement and neo-Stalinist forms of political organization, one key component of doi moi reforms has been the attempt to redefine the role of the central state. The legal framework underlying center-local relations was amended significantly over the past ten years, as exemplified by the 1996 Budget Law and national programs. The Budget Law significantly expanded the role of Vietnam’s 61 provinces, notably in the management and regulation of infrastructure, the development of provincial Socioeconomic Development Plans and coordination of line agencies. It also introduced a more stable framework for center-local fiscal transfers, for which provincial shares would be relatively fixed for several years (Rao et al 1999). “National programs” – special-purpose central-level transfers to local governments in high-priority areas such as reforestation and employment creation – played a key role in the government’s rural development strategy over this period, and these too have been increasingly decentralized (Fritzen 1999). Recent decrees attempt to institutionalize greater accountability of provinces to achieve targets set by the central level in exchange for increasing flexibility over line-item allocations (Nguyen 2000).

These changes still left the subnational scene rather centralized at the provincial level. This gave richer provinces much desired room for experimentation in interpreting and implementing central decrees and programs. The effect on fiscally weak provinces was less benign, as the system of intergovernmental transfers proved insufficient to shore up the gap between richer and poorer provinces. And while accountability was the semantic focal point for decentralization, the center has struggled with limitations on its ability to set meaningful performance goals for lower levels (to ensure upward accountability) and meaningful safeguards on the quality of local democratic procedures (downward accountability). The practical summation of what one might call overlapping fiscal, accountability and capacity gaps was a yawning policy-implementation gap. In it could be found a sometimes astonishing variety of ‘interpretations’ throughout the countryside for ostensibly unified national policies.

‘Grassroots democratization’ (dan chua hoa tai co so) became the idiom of choice for donors, the government and the state media for the importance of ‘downward accountability’,...
a focal point for discussions on governance in the late 1990s. Expressed in several directives issued from 1997 on, the policy mandates that local governments take all necessary steps to ensure that procedural democracy is respected at the local government level. Particular attention is given to ensuring that all government investments (often through the vehicle of national programs) at the grassroots, and all taxes and labor contributions, are implemented equitably and transparently.

The roots of ‘democratization’ lie in the government’s response to unprecedented large-scale demonstrations, some of which turned violent, against local official corruption, particularly in the use of infrastructure funds in Thai Binh province over 1997-8. News regarding the incident was first suppressed, then, as the scale of protests became effectively too large to sweep under the rug, the government launched a high-profile ‘rectification’ campaign against corrupt local officials (EIU 1999; Kerkvliet 2001). The charge was led by conservative General Secretary Le Kha Phieu, who emphasized the danger of corrupt local officials causing the people to ‘lose confidence’ in the Party. Grassroots democracy was the ultimate legal expression of the campaign, and it dovetailed nicely with Hanoi’s official post-mortem on Thai Binh – that the problem of corruption was one of a few bad apples in the Party (as opposed to being widespread), and that most of the bad apples were to be found in various tiers of local governments (as opposed to the center). Viewed this way, the problem of controlling corruption was one of asserting control and better internal vigilance over the Party and local government apparatus, and the democratization decree was viewed by the Part as one way of doing this.

While the grassroots democratization was greeted by donors as an “important move” (World Bank 1999:90), some questioned whether it could survive the ‘policy-implementation gap’, and indeed whether it was possible for the decree to work in the absence of carefully specified enforcement and quality control mechanisms. The government had formulated procedures for citizens to ‘raise complaints and make denunciations’ (khieu nai to cao), but use of such tools seemed to presuppose confidence in the ability of local administration to police itself. If preconditions for effective ‘procedural democracy control’ included an active civil society capable of facilitating the collective expression of grievances against powerful local cadre, or a truly independent judiciary, then the decree’s prospects appeared dim, as these remained largely off the policy agenda as explicit goals. In such a context, the best that might be expected is for the decree to reinforce progressive leadership in some localities while serving as an ideal against which poorly performing localities could be held to some account.

Yet the issue of downward accountability or grassroots democracy would be critical to donor policy experiments. In these, LDGs serve as a ‘surrogate’ civil society (i.e. not self-organizing interest groups but also not formal parts of the bureaucracu) that probe the limits of downward accountability possible under existing local institutional arrangements.

Shifting donor roles
The donor community’s profile increased significantly over the course of the decade, which began with only a minimal aid presence. The U.S. embargo, only lifted in 1994, prevented multilaterals from setting up shop; the legal and administrative environment for the processing of aid receipts was cumbersome; and doi moi or ‘renovation’ reforms were tenuous (with hyperinflation still a real threat in the early years of the decade). By decade’s end, the prominence of international development ideas and program modalities on the developmental scene was arguably even more important than overall ODA disbursements as a percentage of GDP, which amounted to a modest 6% of GDP in 2000.¹ The way in which developmental issues such as inequality, poverty, safety nets, participation and governance were talked about in 2000 was as much influenced by donors as by ‘indigenous’ ideologies of development, in substantial disarray.

If the voice of the donor community became louder over the decade, what it was saying also shifted, at least in emphasis. The first half of the 1990s found donors such as the World Bank highly praising doi moi reforms and generally optimistic in outlook. Yet the heady pace of economic and social reform would not be sustained. Already by 1996, Foreign Direct Investment (FDI) was beginning to decelerate, markedly so by 1998. Donors moved from offering policy advice with some confidence that it would be adopted in due course, to more or less comprehensive critiques of a perceived policy impasse in the wake of the Asian financial crisis. This impasse was viewed not just in economic policy, but also in ‘governance’ term; deficiencies in the administrative apparatus and the pattern of state-rural society interactions, it was claimed, were in danger of undermining prospects for sustainable poverty reduction.

Major policy reports reflect this more critical tone. The 1999 Attacking Poverty report put out by the World Bank in close cooperation with a number of NGOs was claimed to have “grabbed the attention of policymakers” (Turk 2001:1). While applauding Vietnam’s rapid poverty reduction, it also stressed increasing inequality, extremely limited government safety net coverage and, most significantly, continued marginalization of the poorest members of the citizenry in both rural and urban areas. The focus in this and other donor reports of the late 1990s (e.g. UNDP 1999) on ‘downward accountability’ reflected three factors: the more general shift within the World Bank towards the idiom of governance; the seriousness with which it pursued collaboration with international NGOs in Vietnam; and a growing consensus in the donor community regarding the need to support government implementation of the grassroots democratization decree.

Donors over the period were increasingly more effective in interacting collectively with government to influence policy. Various donor-government working groups and policy forums on specific topics, from reforestation to the grassroots democratization decree, were formed. While donor coordination is notoriously difficult, and interest in these groups waxed and waned, many participants felt they resulted in tighter linkage between reform developments and donor attempts to contribute insights gained through ongoing development projects as policy experiments.² In this context, experiences from LDG-related development projects that had proliferated over the decade served as important generators of the reform ideas for which donors wished to advocate (one example being the RIDEF case study presented later in the chapter).
By the end of the decade donors evaluated the policy environment to be ripe for contributing project-specific experiences to the policy debate. How they sought to do this – based on what kinds of projects and with what outcomes – is the subject of the rest of this paper.

3. TOWARDS A CONCEPTUAL FRAMEWORK FOR LOCAL DEVELOPMENT GROUPS

One of the primary ways donors in Vietnam (and elsewhere) have attempted to support policy experimentation and learning has been through rural development projects designed as experiments in local institutional reform. Specifically, such projects have introduced various types of local development groups (LDGs) onto the local institutional scene.

The LDGs as defined in this paper constitute a category of organizations with two characteristics. First, they are specifically initiated in the context of a donor-supported development project. As such, they may or may not have any viable organizational purpose or ability to exist once that project is concluded, and they should not be confused with a ‘self-organizing’ part of civil society nor as a formal part of the bureaucratic apparatus of local government.

Second, LDGs are designed to have an impact on the interface between local governments and rural populace, typically to make the former more responsive to the needs of and accountable to the latter. LDGs can be understood as part of long-standing debate in the development literature over how to improve the grassroots outcomes of rural development projects.

Two of the broadest answers suggested by the development literature have been grassroots participation and local bureaucratic reform (Feeney 1998; Charlick 2001). Strengthening local organizations and boosting local participation as a development strategy dates back to the 1970s, as discontent with the outcomes of state-led development became widely evident. The literature on bureaucratic reorientation, in turn, is concerned with reworking the apparatus of local government to achieve better ‘performance’, defined variously as responsiveness to poor and vulnerable populations, greater local democracy or the achievement of substantive developmental outcomes. In recent years analysts have begun shifting from a focus on an NGO-led, community participation strategy as a substitute for the local state towards ways in which the state can meaningfully engage with local organizations and civil society.

Donors have attempted to combine these approaches in order to push the boundaries of local institutional reform, using LDGs at the interface of local state-society relations. Working within the overall institutional parameters and constraints posed by a transition context, the attempt has been to find the package of local institutional arrangements, capacity building efforts, and a legal framework underpinning, if not civil society, then at least the activities of the sponsored LDGs, that might lead to incrementally improved local governance for poverty reduction and rural socioeconomic transformation.
The case for a combination of local organization and bureaucratic reform strategies is arguably even more compelling for contexts such as Vietnam. An expressly facilitative overall policy environment for an independent NGO sector – say, Philippines-style – is not likely to be on the policy agenda anytime soon. Moreover, the policy-implementation gap stemming from dramatic capacity differentials between local governments makes reflexive optimism regarding decentralization naive. Vietnam is a transitional setting not just in the familiar sense of shifting to a market economy, but also in its ongoing decentralization of intergovernmental relations and in changing attitudes towards non-state-based social groupings (or incipient civil society).

Conceptual framework for assessing LDGs

This section begins to construct a basic framework for understanding how LDGs can have an impact on the broader pattern of state-society relations. An adequate framework would include two elements: a) a characterization of the developmental trajectories of LDGs and the policy reform experiments in which they are situated, i.e. the outcomes of this engagement; and b) hypothesized factors influencing the pattern of these outcomes. Here, space constraints permit discussion only of the general categories of LDG impacts and the factors underlying these impacts, not the several indicators within each category used to code actual cases.

Outcomes

Outcomes here refer to the description and evaluation of the impact that donor engagement through LDGs has in terms of local institutional reform. Adapting from work on NGOs by Edwards and Hulme (1992), Carrol (1992), Uvin (1996), Lehman and Bebbington (1998) and Uvin and Jain (2000), I suggest four categories of outcomes indicative of the range of institutional outcomes experienced by LDGs over the course of their project life:

1. Service coverage relates to the extent to which services are valued by members and project sponsors.
2. Scaling-up describes the degree to which LDG institutional arrangements are replicated on a wider scale or become diversified in function.
3. The institutionalization and sustainability category examines how LDGs may become ‘normalized’ in the normal institutional landscape in a way increasingly independent of project context; for instance, government agencies may increasingly direct resources for service delivery to LDGs outside of the project context.
4. Policy impact assesses the extent to which LDGs and the project context have a discernable influence on specific policy content at central and local levels.
Explanatory factors

What factors might begin to explain LDG developmental trajectories and impacts? Categories of factors identified in the literature (Esmay and Uphoff 1984; Uphoff 1986) and through personal observation as influential include project design, LDG-specific characteristics, environmental factors and institutional factors.

1. Project design. The most obvious potential impact on policy impact – particularly intuitive for those who have worked on a number of projects and observed their high failure rate (World Bank 1998) – is project design. Among the factors hypothesized to be positively correlated with high-impact projects are the following:

   a) Government counterparts that are institutionally powerful and in a coordinating capacity, since these would be in a prime position to institutionalize reforms emerging from a project context;

   b) Donors that have either built up long-relationships in a locality (particularly up to provincial level), or who enjoy significant national standing (such as multilaterals or UN agencies);

   c) Projects with geographical scope of sufficient scale to attract the attention of at least provincial level policy makers;

   d) An explicit “policy experiment” orientation, typically expressed through project objectives underscoring such aims, a time-frame long enough to accommodate project experimentation objectives and strong orientation towards learning and adaptation, and well-developed documentation, monitoring and evaluation systems (Uphoff et al 1999); and

   e) Intergovernmental linkages built into project design.

2. LDG-specific characteristics. The second category is in part a sub-category of program design. It examines the organizational attributes of ‘higher-impact’ LDGs. For example, higher impact projects are likely to be those with more clearly defined organizational outputs that are highly valued by LDG members, particularly if economic services are involved.

3. Environmental influences. The socioeconomic and geographical contexts in which project efforts are pursued have a huge impact on the possibilities available for project action. Following earlier work (Fritzen 2000a) and the lead of Uphoff (1986), I hypothesize that project contexts with the following features offer more facilitative environments for policy impact, primarily through their impact on the facilitation of collective action: higher population densities; lesser inequality and social stratification; lesser ethnic diversity; and higher levels of social and economic development. They do this by facilitating both the demand for services and the ability to interact with the bureaucracy.

4. Institutional factors. A crucial category concerns institutional factors. A productive line of research (Grindle and Thomas 1991; Kingdon 1995; World Bank 1998) examines the great importance of the role of reform ‘champions’ and the specific circumstances in which a reform proposal is transported into the agenda. Though apparently neglected in the study of
development projects as policy experiments, I hypothesize these to be critical for the success of such projects. Such development projects typically are relatively localized and limited experiments, which to succeed in having a longer-term impact must attract the attention of senior officials at central and local levels – officials typically preoccupied with bureaucratic infighting and a multitude of other items on the national agenda, over which they rarely perceive themselves to be in significant control.

Three hypotheses are advanced regarding institutional variables. The first concerns the political sensitivity of reforms. Donors in Vietnam must walk a fine line in pursuing various administrative and policy reforms. Policy experiments that are allowed to proceed on issues that are potentially politically sensitive – such as grassroots democracy, or the status and welfare of ethnic minorities – are likely to draw higher levels of official attention and thus are more likely to have an opportunity to significantly influence policy.

The second factor concerns the existence of what the literature terms “policy windows”, which will also be highly influential for certain kinds of policy impact, particularly for national policy. Policy windows, according to Kingdon (1995), are typically short periods during which a confluence of external circumstances create the opportunity for specific, pre-formulated proposals to rise in salience and prominence onto the policy agenda, in a form that allows action to be taken (but does not guarantee it will be). For the Vietnamese context, issues relating to national program implementation, center-local relations (specific intergovernmental relationships), grassroots democracy, and to some extent ethnic minorities and deforestation were relatively ‘high-profile’ issues over the late 1990s; these well-positioned in late 1990s Vietnam to influence administrative reform efforts.

Finally, ‘reform champions’ (World Bank 1998) are well-placed officials at either the provincial or central levels who enthusiastically support or ‘champion’ project efforts. Such individuals actively “own” project reform ideas by taking responsibility and seizing opportunities for adapting project-initiated local institutional arrangements and LDGs to become increasingly institutionalized, up-scaled or diffused to other localities. The success of subnational projects as policy experiments will be greatly enhanced by the existence of one or more well-placed policy champions.

4. LOCAL DEVELOPMENT GROUPS IN VIETNAM: FINDINGS FROM A 15-PROJECT STUDY

This section applies the conceptual framework presented above to a number of rural development projects in Vietnam. It aims to get a basic overview of the phenomenon of LDGs in Vietnam and to make a preliminary test of the hypotheses expressed above. Implications are then further developed through a closer look at one case study in the following section.

Data. In the context of a research project I led in mid-2000 on “institutionalizing participatory approaches”, some 15 rural development projects agreed to submit project documentation, fill out a self-evaluative questionnaire regarding project modalities and impact and be interviewed for 1-2 hours. Project selection included a mix of pre-identified
and self-nominated projects. Field-level insights based on consulting work I conducted in five of the fifteen projects from 1996-1999 supplemented the analysis.

The projects are described in table two. Projects are not here identified by name (although some are discussed in the next section), since the analysis is not meant to suggest that projects with less observed institutionalization or policy impact were not successful; no meaningful information is thereby lost. As a sample, they form a reasonably diverse group, with NGOs, bi-lateral assistance, and UN agencies all represented. These are likely to be more successful projects than average, given that several were self-selected by organizations involved and those which were invited were known to have generated interesting results.

Method. Based on accumulated documentation and interviews, coupled in five cases with my own work in the project sites, I first generated general findings (Fritzen 2000b). I then developed matrices that assessed each project in terms of each of the outcome and explanatory categories and indicators, as listed in the conceptual framework above (which went through several iterations in interaction with the data). Having assessed the existing variation found in the sample, I assigned scores for each indicator and variable, from 1-5, depending on the potential or observed outcomes and degree to which explanatory variables were facilitative of impact; these I aggregated to the summary scores for outcome and explanatory categories.

Findings

The overall assessment matrix for the 15 projects is given in table 2. Both outcomes (or ‘developmental trajectories’ of LDGs, as described above) and explanatory factors were found to vary dramatically along the lines indicated in the conceptual framework.

From ‘whimper’ to ‘bang’: Outcome variation. In terms of service coverage, most projects and LDGs appeared relatively successful in producing valued outputs. Targeting of the poor was easier to achieve in areas that were overall much poorer. Few projects were able to create LDGs dominated by relatively poor within project area.
Table 2. A basic description of projects included in the study

<table>
<thead>
<tr>
<th>Project</th>
<th>Years</th>
<th>Scope</th>
<th>Primary activities</th>
<th>Type of LDG</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Multilateral</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A.</td>
<td>5</td>
<td>One coastal province, saturation</td>
<td>Piloting community participation in planning and delivery of infrastructure</td>
<td>Sectoral planning (i.e. health or forestry planning within context of project)</td>
</tr>
<tr>
<td>B.</td>
<td>5</td>
<td>One mountainous province (Tuyen Quang), saturation</td>
<td>Multisectoral rural development; natural resource management</td>
<td>Multisectoral planning (e.g. several types of social or productive services)</td>
</tr>
<tr>
<td>C.</td>
<td>6*</td>
<td>At present approximately 50 districts primarily in poor provinces.</td>
<td>Child services (primarily health, nutrition, education, water and sanitation).</td>
<td>Multisectoral planning</td>
</tr>
<tr>
<td>D.</td>
<td>8*</td>
<td>Farmer field schools present in most provinces; overlap with national program.</td>
<td>Applied research, training and extension services for sustainable agriculture</td>
<td>Service-access</td>
</tr>
<tr>
<td>E.</td>
<td>5</td>
<td>50 communes in four of the poorest mountainous provinces</td>
<td>Credit and social services</td>
<td>Multisectoral planning and service-delivery</td>
</tr>
<tr>
<td>F.</td>
<td>5</td>
<td>6 communes in 3 districts of a coastal province</td>
<td>Multisectoral rural development with focus on agricultural extension and credit</td>
<td>Multisectoral planning and service-delivery (credit)</td>
</tr>
<tr>
<td>G.</td>
<td>5*</td>
<td>Three communes in midland district of a coastal province, expanding over four years to most communes of district</td>
<td>Multisectoral rural development with focus on agricultural extension and credit</td>
<td>Service-delivery and service-access</td>
</tr>
<tr>
<td><strong>Bi-lateral</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H.</td>
<td>6</td>
<td>Approximately 5 districts in 5 mountainous provinces</td>
<td>Piloting multisectoral planning; rural development and natural resource management</td>
<td>Multisectoral planning and service-delivery</td>
</tr>
<tr>
<td>I.</td>
<td>9</td>
<td>2 districts of 2 mountainous provinces</td>
<td>Extension services; forest land allocation</td>
<td>Multisectoral planning</td>
</tr>
<tr>
<td><strong>International NGO</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>J.</td>
<td>4</td>
<td>Three communes of one midland district of a coastal province</td>
<td>Agricultural extension, credit, reforestation and land allocation</td>
<td>Service-access and service-delivery</td>
</tr>
<tr>
<td>K.</td>
<td>4</td>
<td>One commune of upland district of a coastal province</td>
<td>Agricultural extension, credit, reforestation and land allocation</td>
<td>Service-access and service-delivery</td>
</tr>
<tr>
<td>L.</td>
<td>5*</td>
<td>Most communes in one coastal district</td>
<td>Savings and credit facilities</td>
<td>Service-delivery</td>
</tr>
<tr>
<td>M.</td>
<td>4*</td>
<td>Several communes in midland district of one province</td>
<td>Multisectoral rural development</td>
<td>Multisectoral planning</td>
</tr>
<tr>
<td>N.</td>
<td>5*</td>
<td>Small number of communes in four poor provinces of different regions</td>
<td>Primary health care support activities</td>
<td>Sectoral planning, service-delivery and service-access</td>
</tr>
<tr>
<td>O.</td>
<td>6*</td>
<td>One district of a coastal province</td>
<td>Multisectoral: social services and resource management</td>
<td>Multisectoral planning and service-delivery</td>
</tr>
</tbody>
</table>

* Denotes ongoing project
Table 3. Summary scores for the 15 projects*

<table>
<thead>
<tr>
<th>Project</th>
<th>Key explanatory categories (average scores over variables)</th>
<th>Outcomes category (average scores over indicators)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Design factors</td>
<td>Institut.</td>
</tr>
<tr>
<td><strong>Multilateral</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A.</td>
<td>4 5 4 3</td>
<td>3 16 4 4 3 4</td>
</tr>
<tr>
<td>B.</td>
<td>4 4 4 3</td>
<td>3 15 3 3 4 4</td>
</tr>
<tr>
<td>C.</td>
<td>3 5 3 2</td>
<td>2 13 3 5 4 4</td>
</tr>
<tr>
<td>D.</td>
<td>5 4 4 5</td>
<td>5 18 4 4 4 4</td>
</tr>
<tr>
<td>E.</td>
<td>3 4 1 2</td>
<td>2 10 4 2 2 2</td>
</tr>
<tr>
<td>F.</td>
<td>3 4 3 3</td>
<td>3 13 3 3 2 2</td>
</tr>
<tr>
<td>G.</td>
<td>2 3 3 3</td>
<td>3 11 4 3 2 3</td>
</tr>
<tr>
<td><strong>Bi-lateral</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>H.</td>
<td>5 4 3 3</td>
<td>3 15 4 4 3 4</td>
</tr>
<tr>
<td>I.</td>
<td>5 4 1 3</td>
<td>3 13 3 3 4 4</td>
</tr>
<tr>
<td><strong>International NGOs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>J.</td>
<td>2 3 2 2</td>
<td>2 9 2 2 3 3</td>
</tr>
<tr>
<td>K.</td>
<td>1 3 1 1</td>
<td>1 6 4 1 1 1</td>
</tr>
<tr>
<td>L.</td>
<td>3 3 3 5</td>
<td>5 14 4 4 4 3</td>
</tr>
<tr>
<td>M.</td>
<td>1 3 3 1</td>
<td>3 8 2 1 1 1</td>
</tr>
<tr>
<td>N.</td>
<td>3 3 1 3</td>
<td>1 10 3 3 3 2</td>
</tr>
<tr>
<td>O.</td>
<td>2 3 2 2</td>
<td>3 10 4 3 3 2</td>
</tr>
</tbody>
</table>

* Scored from 1-5, with 5 being most facilitative of impact (for explanatory categories), or highest potential or observed impact (for outcome categories).
A large disjunction was found in the scaling-up category between LDGs that appeared capable of diversifying activities and expanding geographical scope and those that could not. Projects that began at a sub-district scale (G, J, K and M) proved generally unable to scale up, suggesting that initial scope is an important limiting factor.

Even greater range was evident in the range of institutionalization and sustainability. Weakest were projects with LDGs focused on delivering multisectoral project-specific inputs not connected to the normal state planning process. Strongest were projects that targeted and eventually obtained legal basis for local organizations to contribute to sectoral planning. No project was able to establish LDGs that show a high probability of continuing beyond life of the project, except perhaps microcredit operations; in some cases, this was by design (i.e. project did not have a long-term strategy for LDG sustainability).

In terms of policy impact, some projects were not in a position to have a policy impact due to their limited size or scope. Projects that did have discernable impact did so by serving as models for national projects at the central level, and/or influencing provincial policy towards particular sectors. Section five examines underlying factors for the seven projects in the sample identified as having significant policy impacts.

Variation in explanatory factors. Project design revealed four categories of projects: a) small-scale projects that while generally were designed as experiments in fact failed to cover sufficient intergovernmental scope to attract attention; b) large-scale, multisectoral projects covering up to provincial level or more, designed as policy experiments but often lacking in focus; c) provincial level projects that were sectoral in focus; and d) national or multiprovincial projects which were narrowly sectoral (focused on one particular high impact technology). The latter two had much stronger outcomes.

Characteristics specific to LDGs included differential importance attached to the groups within the project and its design. More successful projects built up substantial capacity within the LDGs to deliver and demand services and saw capacity development as a central aspect of the project aim. They also built tight linkages between LDGs and line services and authorities – a key first step towards their institutionalization. Training and other capacity building as a percentage of overall project expenditure tended to be higher than for comparative projects, though several had significant investment budgets as well. Sectoral rather than multipurpose LDGs tended to score higher, in line with the hypothesis regarding clarity of output.

Interestingly, there was little observed correlation between the environmental characteristics of projects described above (such as level of socioeconomic development) and their observed institutional impacts.

As predicted, institutional factors were very influential. Facilitative institutional conditions included work in high-profile areas such as rural infrastructure (due to its connection with the types of issues motivating the Thái Bình unrest), grassroots democracy, minority area development and reforestation issues. A tight overlap with national programs was considered strongly facilitative, and some programs indeed were technical support projects for national programs. Policy champions could not be identified for all projects, but for a subsection proved to be correlated with higher policy impact.
**Summary.** The codings based on variation covered above suggest four primary points. First, the hypothesized explanatory factors are in general confirmed in their importance, except perhaps for the role of environmental factors. Scores on each explanatory variable category show high correlations with the various outcome categories.

Second, on average, environmental and LDG-specific factors were not as important in determining outcomes as the combined effect of design and institutional factors. Projects could have substantial policy impacts even when they were operating in difficult environments with only moderately successful LDGs, provided policy design created the right foundation for the possibility of taking advantage of policy windows.

Third, there is substantial variation within each of the three types of donor. Projects in which LDGs had a significant institutional impact are found in all three categories. However, projects very small in geographical scope – typically those with a ‘pilot commune’ orientation within a single district – were found to have low institutional or policy impact. These projects were over-represented among NGOs.

Finally, projects observed to have a greater institutional impact showed diversity in the explanatory factors underlying that success. To explore this diversity, the next section examines one of the higher-impact projects in the sample (project A) in greater detail, followed by a brief comparison with four additional projects (B, D, H and I).

5. CASE STUDY: THE RURAL INFRASTRUCTURE DEVELOPMENT FUND AND COMPARATOR PROJECTS

**RIDEF overview**

The RIDEF is one example of a provincial level policy experiment that has achieved relatively high impact to date.\(^5\) It is funded by the United Nations Capital Development Fund (UNCDF) with technical backing by the United Nations Development Program (UNDP) and co-financing for one mountainous district by AusAid. Quang Nam province itself co-finances approximately 20% the total infrastructure budget for the project. Initiated in 1995, it is anticipated to be phasing out activities over 2002.

The RIDEF is implemented in Quang Nam province of the central coast region. Quang Nam has a population of roughly two million, and its roughly 12,000 km\(^2\) are split administratively into some 15 districts, divided almost evenly in number among lowland coastal, midland and upland districts. Although it ranks nearly average among Vietnamese provinces in terms of per capita income, the province’s upland areas, overwhelmingly populated by ethnic minorities, are extremely poor by any standard; twenty-two communes there are classified by the central government as among the poorest 10% of communes in the country.

The RIDEF began against the background of a reorientation of its funder UNCDF over the 1990s. Whereas previously it had focused directly on the funding of capital development projects – indeed, a precursor project in Quang Nam had built large-scale roads, bridges and
power supply networks – under new leadership the small agency had recast its mission as one of funding policy experiments. Quang Nam’s RIDEF shared the primary characteristics of these experiments:

a) Provision of small-scale infrastructure (small roads, health clinics, primary schools, local markets, small-scale irrigation canals etc.),

b) financed through stable, decentralized funding (in the form of poverty-targeted block grants), with

c) community participation linked to the government’s normal planning processes (UNCDF 1999).

Thus while one of the objectives of the project, as stated in the RIDEF project document, was “to alleviate rural poverty…through investment in small scale social and economic infrastructure”, the policy-oriented objective was to “develop methods which local government and the community groups can use in the provision of social and economic infrastructure” and to share these methods “with those in the central government and other provinces who may be interested in applying them in other projects”.

Institutional arrangements

There are three key institutional figures in the RIDEF-sponsored local planning process; together they constitute the local institutional innovation of this project. The first is the project management unit set up within the influential provincial Planning and Investment Service. The Rural Infrastructure Development Unit (RIDU) develops and supervises the allotment of an “indicative planning figure” (IPF) for budgetary allocations from the project to each commune. The IPF allocation is based on an index combining per capita income, population and a measure of the infrastructure need of the communes. It represents a move towards transparent, formula-based block grant allocations to the community level, even though the complexity of formula itself is quite difficult for many immediately outside project circles to understand.

Based on the IPF, Planning and Technical Support Groups (PSG/TSG) from the district, comprised of a small number of personnel from technical line agencies based at the district level who have been trained in the project methodology, initiate a planning process at the commune level. They report directly to the RIDU.

Commune Development Boards (CDBs) – the local development groups in this case study – are tasked with selecting local infrastructure projects for funding and supervising implementation of the works. These boards are composed of village representatives, Commune People’s Committee officials (certainly including the Chairman and/or Vice-Chairman), and various other commune notables (who typically have some abiding relationship to local officialdom). The CDBs convene “village problem and project identification” meetings in each of the commune’s villages, develop a short-list of potential projects, then ultimately decide on the prioritization of these projects based (in theory) on criteria established by the CDBs themselves, such as various shades of equity (sharing funds
equally for small projects among villages vs. privileging the poorest villages) and efficiency (selecting the most urgent projects vs. those projects that would benefit the most people). To facilitate monitoring the construction and upkeep of works, Commune Development Boards also organize user groups of villagers affected by a particular construction project.

The CDBs in the RIDEF case demonstrate the ambiguous position of LDGs. They cannot be characterized as ‘pure’ civil society, in that they involve substantial participation of local officials, but neither are they formal parts of the local bureaucratic apparatus (in that their existence is contingent, at least initially, on the project implementation context). How do the CDBs, in combination with the other institutional arrangements noted above, seek to mediate between the preferences and demands of local villagers for small-scale infrastructure and the capacity of the local state (with donor assistance) to deliver? The key lies in the way CDBs function to heighten accountability to the end-users of project services.

Accountable development, RIDEF-style

In many countries, infrastructure is infamous as a sector characterized by non-transparent, even corrupt practices. Small-scale infrastructure provision in Vietnam is no exception, with articles in even the tightly controlled press repeatedly pointing to cases of cost overruns, bidding collusion or outright theft of funds in the implementation of national programs of this nature. The problem of corruption if anything is thought to be worse in mountainous and poor regions (Do and Le 2001).

The project aims to heighten accountability in this context by vesting the Commune Development Boards (the project’s LDG) with “project holder” authority, meaning that it is this board and not upper levels of government that enters into direct contracts with builders. The project also mandates that the CDBs hire an independent supervising engineer (i.e. one not employed by the builder of the works) to certify completion of constructed projects according to correct technical specifications. In addition, modifications to the process of bidding on contracts are introduced to reduce the scope for collusion, with cost savings in project as opposed to ‘regular’ infrastructure works said to average 20% (Gardner et al 1998). Costs in infrastructure projects are typically driven up by corruption, the built-in incentive for contractors to overcharge and the non-incentives for government officials to keep costs down (since they either enjoy kickbacks from the contractors and/or are uninterested in quibbling over how efficiently infrastructure funds allocated by upper levels of government are spent). Under RIDEF, communities have a strong incentive to actively monitor implementation and cost-effectiveness, as project funds are directly ‘owned’ the CDBs themselves. Communities that fail to enforce cost-savings and quality (as they are contractually enabled to do) find the value of their (fixed) allocation reduced.

Thus, the RIDEF responds to the problem of low, unpredictable and non-transparently allocated funds for commune-level infrastructure through a formula-based block grant to communities. In contrast to the ‘normal’ allocation process, which funds projects selected by upper levels and keeps project-selection and contract-negotiating authority with government, the RIDEF decentralizes this authority to mixed government-villager Commune Development Boards; projects selected should as a result correspond more closely to community priorities.
and quality of constructed works should be higher. Local ownership of the works has the further effect of positively influencing operation and maintenance of the works. These are high leverage points for change in a conceptually elegant package.

Summary: explanatory factors

Based on the above, the RIDEF has an *impact-facilitative design*. The RIDU is based in an institutionally powerful coordinating ministry; the project operates with an explicit policy experiment (or pilot) orientation at a significant provincial-level scale; and intergovernmental linkages (particularly through the role of the Planning and Technical Support Groups) are dense. The RIDEF’s *LDG-specific characteristics* are also facilitative, with the CDBs functioning primarily as planning and service-access LDGs with a relatively clear ‘organizational technology’ – emphasized through community ownership of the fund allocation. Quang Nam province is itself an interesting *environment* as it includes lowland districts with generally high socioeconomic development as well as some of the poorest communes in the country, in its upland region; this diversity can be thought to facilitate drawing out lessons learned for wider possible application.
Most significantly, unusually positive institutional factors are evident in the RIDEF context. The political sensitivity and visibility of small-scale infrastructure programs in post-Thai Binh policy debates is very high (Kerkvliet 2001; Do and Le 2001). Moreover, project timing fortuitously corresponded to several ‘policy windows’ opening, including the formulation of a major national program for small-scale infrastructure provision in the poorest communes of the country and the formulation of guidelines for grassroots democracy. The more general issue of how intergovernmental administrative and fiscal relations should be structured for responsive and accountable local planning was on a technical level very much part of the development debate over the late 1990s, as mechanisms for the planning of national programs were increasingly decentralized. The project’s focus on transparent block grants for small-scale infrastructure and a clearly articulated methodology for grassroots participation thus fit extremely well into this reform environment. Policy windows were opening at the right time for the RIDEF, both at central and local levels.

Finally, a ‘policy champion’ is clearly identifiable. The chairman of the Quang Nam Provincial People’s Committee, Dr. Vu Ngoc Hoang, took a high personal interest in the
RIDEF and has used it to further his own ambitious decentralization policy agenda for the policy, as the next section shows.

Outcomes

The RIDEF project was in the process of winding down in late 2001, but some evidence of significant impacts of the local institutional arrangements are evident. The project originally was implemented in three lowland districts, and subsequently was expanded to all 12 rural districts in the province (excluding only two towns).

In terms of service coverage, project evaluation reports suggest the local planning process, which has gone through several iterations, has been implemented with considerable success in lowland coastal, and some midland, districts. However, the RIDEF model for local planning and the relationships of accountability have not been easy transplanted into mountainous districts. The lower population densities, larger areas, difficult terrain, weaker administrative capacity and more complicated ethnic mix of these districts have contributed towards lower levels of grassroots participation on the Commune Development Boards. Problems relating to contractor reluctance to bid on individual, small contacts in high-cost mountainous areas, despite their higher unit cost pricing, have also been reported. Thus upscaling over the short project time frame has been both impressive and problematic.

Institutionalization of the RIDEF operates through virtually all of the mechanisms identified in the conceptual framework. Internal stakeholder support has been reinforced by the novel experience of many villagers who, through the CDBs, have been put for virtually the first time in a position of some authority over state resources being spent in their name. External stakeholder support has come mainly in the form of provincial leaders, who have unified behind a long-term decentralization agenda. ‘Opposition’ (primarily resistance to implementing the local arrangements in earnest) to date has been evident in a few districts, including in mountainous areas, where long-term observers note tight linkages between local officials and contractors. Two incipient foundations for institutionalization include the gradual incorporation of the community development boards into the ‘normal’ planning process of the province, as directives for financial flows have been redirected from special project accounts to the state treasury, and the possibility of incorporating specific project institutional innovations into the province’s ongoing decentralization policy, covered below.

Policy impact

The provincial People’s Committee administration is engaged in a potentially far-reaching and ambitious policy of decentralizing increasing responsibilities to districts and communes. This policy has many roots, but there is strong evidence – both in the structural form decentralization is taking and in the statements of the leaders driving the new policy – that the RIDEF experiment has, through its operational success to date, been a strong influence on this policy. Changes in the central level policy and legal environment provided
an opening for provincial leadership to pursue a decentralization agenda, but the decision to do so was very much a provincial-level one.

The province’s “decentralization policy” has the following basic elements. The first is a set of long-term plans, articulated by the People’s Committee chairman and the heads of planning and finance (both previous directors of the RIDEF project), to decentralize funds and authority to lower levels of government. The second is the establishment of several decentralized funding arrangements, strongly influenced by the RIDEF model, including the decentralization to district level of most of the province’s capital budget for small- and moderate-sized projects. Decentralization of sectoral capital budgets is also being phased in incrementally, due to the considerable resistance of sectors to this policy.

The third is an incipient implementation framework in the form of implementation guidelines for specific programs to be decentralized, notably for small-scale infrastructure. These go some way towards specifying means of ensuring community participation in the decision-making process underlying this infrastructure, in a way that partially reflects the influence of the RIDEF project.

Taken together, these elements represent a convincing provincial intention to decentralize. Considerable provincial creativity and clarity of purpose is evident, as well as the ability to make noticeable progress within a short period of time (since 1999) in developing a legal and implementation framework. These are all positive signs that the process that has been initiated has some staying power.

Table four helps place the RIDEF in context by comparing four types of local institutional arrangements underlying planning and budgeting. The first is the ‘normal’ state planning process, which is in effect for all non-RIDEF funds in recent years (up to changes introduced through the decentralization agenda). The second is a major national program in this sector (the design of which the RIDEF in fact partly influenced, although due to space constraints that story is not covered here), currently being implemented in Quang Nam in the aforementioned 22 communes on the “poorest commune” list. The third column summaries the RIDEF, and the fourth the province’s evolving decentralization agenda, which post-dates the RIDEF and was influenced by it. The first three columns represent a continuum of reforms to decentralize planning and budgeting, specifically in the direction of strengthening local institutional arrangements for accountability and grassroots participation. The shape that the decentralization agenda ultimately takes is still contested in many respects, but it represents a clear attempt to institutionalize many of the design elements introduced by the RIDEF.

Table 4. Comparison of Key Aspects of State Planning System, Program 135 and RIDEF to the Current Decentralization Agenda

<table>
<thead>
<tr>
<th>Aspects / Models</th>
<th>“Normal” state planning and budgeting for infrastructure</th>
<th>National Program 135: small-scale infrastructure for the poorest communes</th>
<th>RIDEF</th>
<th>Evolving decentralization agenda?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local Planning System</td>
<td>Top Down: Province</td>
<td>Top Down : District</td>
<td>Participatory:</td>
<td>Formative: District</td>
</tr>
<tr>
<td>Funding Sources and Allocations</td>
<td>or District as Project Holder</td>
<td>Project Holder</td>
<td>Commune Project Holder</td>
<td>project holder: commune possible</td>
</tr>
<tr>
<td>---------------------------------</td>
<td>-------------------------------</td>
<td>----------------</td>
<td>-----------------------</td>
<td>----------------------------------</td>
</tr>
<tr>
<td>Unstable, irregular and small. Political / bureaucratic; not transparent; in theory based on “wish-list” forwarded by lower levels</td>
<td>Relatively stable / fixed (commune allocations can be changed by district)</td>
<td>Stable and regulated through IPF which is Formula based on population, economic development /infrastructure</td>
<td>More stable but depending on high levels of community contribution with no guiding formula</td>
<td></td>
</tr>
</tbody>
</table>

| Community Participation | None | Some in project selection | Comprehensive in all areas of planning and decision making | Some sub-programs moving towards norms of community participation, but still in progress |

| Tendering | No tendering for small works | Little if any tendering | All works go out to tender | Unclear: policy direction not set |

| Human Resource Capacity Building and Training | Provincial Level | Provincial and District Level | District, Commune and Village Level | Proposed from Provincial through to the commune level |

| Management and Technical Assistance | “Command and control” along sectoral lines | District as primary coordinator in response to National Guidelines | Commune as Managers: Province and Districts provide technical assistance; monitoring | Provincial: provision of guidelines; District sphere of coordination being substantially increased; discussion of commune level management |

Source: adapted from Stanley and Fritzen (2001), p. 25

Nevertheless, the impact of the RIDEF is probably best described as potential, at least if sustainability is the measure of it. Several constraints on the realization of the decentralization policy – which represents the primary avenue through which RIDEF activities could become institutionalized – are evident. One is the fact that its potential beneficiaries – lower levels of government and communities – are not mobilized to support the change; the decentralization ‘vision’ has ironically been driven by the provincial leadership to date. Potential opponents are, in contrast, prepared to defend their turf; provincial line agencies and contractors perceive direct threats to their control and profits, respectively, and are as yet unwilling to accept the shift in their roles that comes from a decentralized system.

Another major difficulty is how to prevent decentralization from widening disparities between localities highly diverse in administrative and fiscal capacity, environmental conditions and the degree of ‘enlightened’ local leadership. The ability of the province to set clear minimum standards for both service delivery and the quality of the local planning process itself in mountainous areas will depend on long-term financial transfers, capacity building assistance and information systems. For this, the RIDEF does not yet have a mature model.
Ultimately, the RIDEF must be assessed against the broader context of reform in Vietnam. Another look at the grassroots democratization decree can facilitate conclusions. This policy as described above is a general statement of the Party’s view of ‘ideal governance’ at the local level that has not yet been systematically applied to specific programs. But the high profile it is given by the government in the press means it might be used to motivate local change by providing an idealized measuring stick against which to compare the performance of local governments along this important procedural dimension.

As a policy experiment, the RIDEF sought first to demonstrate its viability as a mechanism to efficiently deliver a rather large injection of infrastructure spending at the grassroots of one province. Only then did it begin to attract the attention of provincial policymakers as a means of imbuing the province’s decentralization policy with local institutional arrangements effectively supportive of grassroots democracy. Both the RIDEF and the decentralization policy of the province are attempts to make the ideals underlying the grassroots democratization decree more meaningful and specific to the workings of local government.

**Comparator high-impact projects**

As noted above, summary analysis of the fifteen projects produced seven ranked ‘significant’ in impact (a score of 4 or above) in two or more of the outcome categories. One of these was the RIDEF project. This section briefly examines five others to explore the hypothesis that different combinations of explanatory variables may lead to overall significant institutional and policy impacts of the local institutional arrangements sponsored under the projects.

**Impact through design**

Three of the seven (projects B, H and I) are multisectoral smallholder development projects. The fact that they were able to have a significant impact despite the apparent lack of a clearly identified ‘champion’ and high-profile sectoral issues underlines the overall importance of project design of a sufficient scale. Two of the three worked in more than one province (with scattered coverage) with multiple levels of government, while one (B) was designed to saturate a particular province.

The key aspect linking these cases was a project design facilitative of their role as policy experiments. Project activities were themselves too diffuse to attract great policy attention or produce a ‘model’ (as did the RIDEF); institutional factors were only moderately supportive. These projects operated on a sufficient scale to be highly visible to provincial observers (project B), or combined moderate coverage with a long-term orientation towards learning and experimentation, stretching nearly ten years with strong national-level participation (projects H and I). In so doing, they were able to moderately impact on policy at the provincial and, to a more limited extent, national levels, and to build up sufficient human resources committed to the project concept – the “internal buy-in” aspect – to ensure some
sustainability of local institutional arrangements. For projects H and I, provinces legalized the planning and service delivery roles of the LDGs through the issuance of decrees, though the relevance post-project is questionable.

The case of project B suggested even more clearly than with RIDEF the potential effect of a large-scale (by provincial standards) project on a province’s decentralization strategy. At the beginning of the project, there was little provincial support for the idea, emphasized by the project, of decentralization to district and commune levels, and this greatly hampered project implementation and conceptual development. Only with several iterations of failed local planning within a rigidly centralized system did it become clear to provincial authorities that resources should be devolved in tandem with planning responsibilities (UNOPS 1998).

Constituency-building service-access orientation

Another route towards high impact is shown by project D, the United Nations Food and Agriculture Organization’s Community-Based Integrated Pest Management (IPM) support project (FAO 2000). This project supports the government’s own IPM national program, in which farmer interest groups access both training and technical services from district-level technical agencies. This training extends beyond pesticide management to a broader family of technologies for ‘sustainable agriculture’. The IPM has served as a high-impact strategy for a number of reasons. First, it has effectively been able to link to a national program to which the government is already committed (see H_{4B}). Second, it has identified a discrete and highly effective set of technologies and approaches which can be adapted to the diverse conditions of rural Vietnam and are directly related to production, leading to higher LDG effectiveness and sustainability (see H_{3B}).

Third, and most importantly, it has focused on the creation of farmer groups – the LDGs here – that are highly motivated and well-positioned to effectively interface with district-level technical agencies that carry out the training (FAO 2000). There is considerable long-term potential for these groups to demand greater responsiveness from these agencies and/or to branch out into other production-related activities.\textsuperscript{10}

7. CONCLUSION

While space constraints do not permit consideration of further case studies, the previous section presented more detail on several of the higher-impact projects in the sample. While demonstrating distinct avenues for projects initiating LDGs to have an impact on local institutional arrangements, all of them revolved around the concept of improved accountability. Accountability is understood here, not necessarily as shifting decision-making power and resources away from government, as some advocates of community-empowerment suggest (Osborne 1996), but of enhancing the ability of local levels of government and villagers to participate meaningfully in the governance processes that affect them, and to interface more effectively with higher levels of government. The heart of accountable development, in this view, is a reworking institutional arrangements to build in incentives for
upper levels to respond to the concerns and needs of lower levels and to the rural populace. The LDGs initiated by donors, where meaningful (i.e. where they appear to have a chance of being sustainable and of influencing local state-society relations), represent diverse attempts to introduce such incentives and local institutional arrangements.

The idea of accountable development needs to be placed in a specifically Vietnamese frame of reference. This was provided by section one, which argued that several ongoing aspects of center-local and state-society relations in Vietnam are in flux. The overall framework for fiscal and administrative decentralization is changing; provinces are being offered greater control and discretion over funds, in return for improved accountability to the center both to meet priority development goals and ensure a semblance of democratic process at the grassroots. The latter is related to heightened sensitivity at the national level to the potential for corrupt local governance to spark localized rural protests.

This increasing focus of the center on process – in the form of the grassroots democratization policy – has served as an important ‘policy window’ for donors eager to advance procedures, methodologies and local institutions that stand a chance of reducing the ‘grassroots democracy-credibility’ gap. A truly facilitative framework for something approaching what the global development debate means by ‘civil society’ cannot be said to exist in Vietnam (Marr 1994). There is, however, space for development-oriented local groupings that operate increasingly vigorously in defense of localized interests and with complex connections to the local state, as with the “new” cooperatives and microcredit groups mushrooming throughout the countryside. Local development groups initiated in the context of donor projects are one part, to date unexplored, of this complex institutional scene in the Vietnamese countryside.

What implications does the analysis hold for donor-initiated projects and Vietnamese state-society relations in transition?

First, provinces are where the ‘reform action’ is. The diversity of the country and historical factors have led to a highly decentralized system within a unitary or centralized framework (Shanks 2001), a tendency underscored by recent transfers of authority for national programs to provinces. There are essentially 61 provincial experiments in public administration reform being carried out throughout the country. More remote and fiscally weak provinces are experiments in the sense that the center finds it difficult to affect socioeconomic transformation there, while richer provinces are in a stronger position to negotiate greater autonomy from central controls. In both cases, provincial autonomy is substantial and, perhaps, increasing.

Second, there is clearly a space for donor efforts to impact on policy through provincial level development projects, and specifically, through projects which attempt to ‘tweak’ local institutions to introduce greater accountability and responsiveness to locals. The conceptual framework was generally successful in identifying aspects of program design and types of institutional arrangements likely to facilitate policy impact. Some of the lessons drawn out from the above analysis are that donors will maximize their chances to influence policy through subnational policy experiments if they:

a) Work in sectors corresponding to areas defined by central or local officials to be of high national priority and which are seeing significant institutional reform movement, and
develop specific, workable methodologies that can address the policy-implementation gap in such sectors;

b) Design projects as policy experiments, with strong learning orientation and information systems, a sufficient time frame to allow support to grow, and a scale that commands the interest of officials at the provincial level, where most experiments are being carried out;

c) Ensure local development groups have a clearly defined functions that lower transaction costs for providing or accessing important productive services;

d) Structure institutional arrangements in the project context such that local government agencies have an incentive to engage seriously with grassroots needs; and

e) Cultivate ‘reform champions’ and find ways to strengthen their hand.

Third, the institutional space occupied by project-initiated LDGs is likely to be contested. Elements of the local state and emerging elites linked to it (such as the contractors with close links to provincial line agencies, in the RIDEF example) will resist accountability-enhancing reforms. Strategic capacity building (the subject of the next point) may help reduce this resistance, while the creation of supportive constituencies at the grassroots – i.e. LDG members themselves – and well-placed officials is vital to ensuring the local organizations sponsored by the project do not succumb to it.

Finally, the experience of donor policy experiments reveals the need for a long-term program of capacity strengthening for local governance, particularly for the poorest regions that are experiencing the greatest gap between policy and implementation. Elements of a convincing demand-driven strategy would include:

a) Reform of planning, budgeting and monitoring systems to make them more results-oriented and accountability-enhancing, both towards upper levels of government and the grassroots;

b) Provision of real discretion in the use of centrally transferred resources (which will continue to be necessary in fiscally poor provinces) linked to the planning and accountability framework noted above.

c) Attention to fiscal differentials through a beefed-up program of interprovincial fiscal redistribution designed to help poor provinces meet minimum standards in high-priority goals of national significance; and

d) Administrative reform and training programs that take a structural view of the capacities involved. Capacities should be understood in terms not just of the ‘skills sets’ of lower officials, but also the incentives these officials work under, along with factors such as how local civil servants are recruited and promoted (Hilderbrand and Grindle 1997).

Local development groups are an important part of the story of local state-society relations in transition as well as institutional or policy reform. This is true both for the Vietnamese context and arguably for other transitional and/or authoritarian countries pursuing a state-led development strategy. Neither ‘pure’ NGOs nor local organizations in a conventional sense, LDGs are usually neglected as focal points for analysis. LDG-sponsoring projects attempt to introduce new relationships of accountability of local government agencies
to communities and to boost participation of the villagers in resource allocation and other
decisions that affect them. In so doing, they become sites for contestation and negotiation
between communities and local state actors with varying interests in the outcomes of such
experiments, as efforts to meaningfully decentralize small-scale infrastructure decisions to
communities in the RIDEF project demonstrated. In a context in which a vibrant, genuinely
independent civil society does not yet exist, these LDGs can be important source of
institutional change in the Vietnamese rural landscape. The influence of local policy
experiments may grow in the coming years, as donors step up support for ‘accountable
development’ in a context in which the political leadership is supportive yet ambivalent, and
watchful.

ENDONOTES

1 ODA pledges were stagnant over the latter half of the 1990s, and in fact were less as a percentage of
2 Personal communication by Nguyen Thanh Tung, UNDP Program Officer, confirmed by others.
3 The project was commissioned by the United Nations Development Program, the United Nations
Capital Development Fund, and the Canadian International Development Agency.
4 See Fritzen (2000b), Nguyen (2000) and Tran (2000) for three outputs of this study.
5 Sources for this review include Gardener et al (1998), Kammeier (1999), and fieldwork conducted
6 Project inception document, as quoted in Stanley and Fritzen (2001), p. 3.
7 Includes a 5-6 billion VND discretionary fund being decentralized to district level under provincial
People’s Committee decision 13/2000; further guidelines and legal documents include decision
8 This overall assessment is based on fieldwork and interviews over two weeks in Quang Nam, as
9 Classic roles for the center in a decentralized system include overall coordination, setting and
monitoring minimum standards and capacity building.
10 The IPM program has been considering how it should address the issue of diversification. See FAO
11 See contributors to Kerkvliet and Porter (1995) for more on Vietnam’s agrarian transformation.

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