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CASE STUDY

**SCALING UP IFAD’S EXPERIENCE WITH DECENTRALIZED AND
PARTICIPATORY RURAL DEVELOPMENT AND POVERTY REDUCTION
IN VIET NAM**

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EXECUTIVE SUMMARY

This case study examines the experience of scaling up IFAD supported pro-poor, decentralized and participatory approaches to the reduction of poverty in Viet Nam.

Part I discusses the importance of a national commitment to poverty alleviation, economic reforms and decentralization as drivers in the scaling-up process. It also examines the principles of community-driven development (CDD) in policy and the adaptations made in scaling up that relies on different actors and mechanisms. Initial results are outlined, showing that first-generation CDD projects were effectively scaled up and changed qualitatively through the ‘internalization’ of emerging experiences.

Part II discusses the initial impact of scaling up in the mobilization of funds, decentralization and the empowerment of the poor so as to give them a greater stake in self-development. Although the slow pace of disbursement in some second-generation initiatives is a concern, the analysis recognizes that scaling up is a complex process and that, overall, the approach has played an important part in the country’s success in meeting the Millennium Development Goals and reducing poverty.

The principal drivers and catalysts of the process are assessed in Part III, which, in particular, singles out the importance of the external catalysts, including economic growth and the part played by different actors.

Finally, Part IV looks at key lessons and the possibility of the replication of the relative success of Viet Nam to other countries. The lessons include, particularly, the importance of political will and a sustained commitment to economic reforms and a bottom-up approach to poverty reduction and social equity. As these processes are indigenously driven, the study argues that they cannot be readily applied elsewhere. Other lessons examined include the importance of external catalysts, policy dialogue, the dynamic nature of scaling up and, lastly, lessons related specifically to CDD in Viet Nam.

I. IMPLEMENTATION PROCESS

1. Over the past decade, the results of poverty reduction strategies and interventions using a community-driven development (CDD) approach to rural development in Viet Nam 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 the Government, donors and civil society, thus meeting a key Millennium Development Goal (MDG-8). The study examines these issues in the transition from first-generation (*pioneer*) projects, the most important of which was the Participatory Resource Management Project – Tuyen Quang Province (IFAD, 1994-2001), to second-generation initiatives, including: (a) the Rural Income Diversification Project in Tuyen Quang Province (IFAD, 2002 – ongoing); (b) the Community-Based Rural Infrastructure Project (World Bank, 2001 – ongoing); and (c) the Northern Mountains Poverty Reduction Project (World Bank, 2001 – ongoing).

Key Implementation Aspects

2. **(a) The political context.** 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 decision-making, so as to enhance transparency, governance and social inclusion. The impetus towards economic transition, accompanied by relevant policy adjustments, were, therefore, 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.

3. **(b) Rationale and objectives: the Participatory Resource Management Project – Tuyen Quang Province (PRMP, USD 25 million):** By the time the first-generation PRMP was being designed in 1993, the political decision to move from a centrally planned to a market economy, so as to provide a greater role to individuals in resource and investment decisions, had been made. Macroeconomic and sector policies were being progressively adjusted to supply the appropriate framework for the transition, and the demand for various services, investment funds and infrastructure in rural areas was rising rapidly in line with strong growth in agriculture. The initial PRMP 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 were the more well off households. The PRMP set an ambitious goal of redressing this bias. The guiding principles were equitable access for all and development planning with full participation of the entire community. The project focused activities through a participatory approach, so as to enable full social inclusion, and was located in the province of Tuyen Quang, one of the poorest in the country. Other considerations in the project rationale and design included: (i) the recognition of a dynamic and positively changing political and economic environment that opened the way to the introduction of new approaches towards poverty reduction; (ii) ongoing reforms towards greater decentralization and provincial autonomy, e.g. the design was innovative in excluding the central Government from implementation responsibilities by moving these from the province to the district and from the district to the commune; (iii) a provincial policy focused on poverty alleviation and the development of ethnic minorities; (iv) the introduction of land legislation (1993), thereby enhancing private incentive in participation and investment decision-making; (v) a conducive market environment with an emerging private sector to contract out and maintain project investments; and (vi) experiences and lessons learned in participatory approaches from an earlier pilot project (Swedish International Development Cooperation Agency) in the area and the availability of trained staff in the application of the participatory rural appraisal (PRA). The

explicit objectives were to: (i) promote food security among the poorest households; (ii) establish participatory management capacity at the 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 by focusing on the poorest areas of Viet Nam included the following.

4. **The Rural Income Diversification Project in Tuyen Quang Province (RIDP, USD 30.4 million):** The project objective was to build on the successes of the PRMP and develop a range of policy and implementation mechanisms that could be replicated elsewhere in Viet Nam. Continued emphasis was placed on decentralized development in line with government policy. In addition, income diversification and further decentralization from the commune to the village levels were innovative features of the RIDP.

5. **The Community-Based Rural Infrastructure Project (CBRIP, 13 provinces, USD 123.8 million):** The project objective was to reduce rural poverty in 600 of the poorest rural communes in 13 provinces by: (i) learning from the PRMP and increasing the capacity of the communes in the 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.

6. **The Northern Mountains Poverty Reduction Project (NMPRP, 6 provinces, USD 132 million):** 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 multisectoral area-development project, the design of the NMPRP was similar to that of the PRMP.

7. **(c) Consistency of objectives with development strategy.** The core objectives of the reduction of poverty in Viet Nam, focusing on the poorest areas, the equitable distribution of economic growth and the principles of decentralization, participatory and demand-driven approaches to rural development (common in first and second-generation initiatives) are firmly ingrained in development strategies, including the following.

8. **Government strategies and programmes:** The Comprehensive Poverty Reduction and Growth Strategy 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 the 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 by supporting the development of poor areas through budget transfers. Major ongoing programmes include: (i) the National Target Programme of Hunger Eradication and Poverty Reduction (Programme 133), and the Socio-Economic Development Programme for Especially Difficult Mountainous and Remote Communes (Poorest Communes Programme 135), which focuses on 1 715 of the poorest communes in the country.

9. **IFAD and World Bank strategies.** IFAD's 2003 Country Strategic Opportunities Paper emphasizes: (i) the targeting of the poorest of the poor through the development of participatory processes and enabling institutions; (ii) decentralization and empowerment; and (iii) the promotion of greater gender and social inclusion. The principles of the **World Bank** Country Assistance Strategy (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 and legal and governance systems.

10. **(d) The institutions and actors involved.** The key institutions involved in the scaling-up process included: (i) the Ministry of Agriculture and Rural Development, and the Ministry of Planning and Investment at the national level; (ii) the provinces, districts and communes through

executive provincial people's committees; and (iii) IFAD and the World Bank as financing institutions. The Viet Nam Bank for Agriculture and Rural Development, and the Social Policy Bank were also important in credit components. In the early process, the tendency of donors and the larger multilateral financing institutions to work independently meant that practical limits were put on how much learning experience could effectively be used in the formulation of like and scaled-up projects. To bridge this gap, the Food and Agriculture Organization of the United Nations (FAO) Investment Centre 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. CBRIP. In addition to government institutions, also mass organizations, non-governmental organizations and civil-society organizations played an invaluable role in the mobilization of communities, training and capacity-building, and information dissemination. Key among these were Viet Nam's Women's Union and the Farmers' Association. Throughout the process, there was a strong sense of ownership within national and provincial governments, communes and villages as the broadbased objectives of the reduction of poverty through participation and decentralization remain highly relevant to policy and its commitment to bottom-up development and poverty reduction.

11. **(e) Preliminary results.** The PRMP objectives of reducing poverty through participation and decentralization in favour of the institutions and people the project most affected was perceptive and relevant to the changing political and economic environment in Viet Nam in the early 1990s. The project established strong ownership among both national and provincial institutions and laid a solid foundation for scaled-up second-generation projects, with the strongest momentum for expansion coming from local government.

12. The preliminary results¹ showed the following: (i) decentralization and participation had positively empowered rural people to identify, plan, implement and evaluate development efforts; (ii) operational decentralization and the development and strengthening of grass-roots institutions (e.g. savings and credit groups, water users groups and associations, village and commune development boards) were major determining factors in the empowerment of local people and communities so that they could become the prime drivers of development; (iii) the PRA was effective in targeting the poor; (iv) better results were achieved in provinces where a strong capacity and effective collaboration existed between community-based and mass organizations with commune, district and provincial institutions; (v) greater financial autonomy among communes would have improved effectiveness; and (vi) mass organizations, mainly the Viet Nam Women's Union, were instrumental in forming more than 5 000 women's savings and credit groups, which were key drivers in the mobilization and development of local capacity. A participatory impact assessment of the PRMP concluded that women's access to credit greatly enhanced self-confidence and recognition (political capital) at the community and village levels. These results, remained highly relevant and consistent with the initial objectives of the improving incomes and living standards among the rural poor and increasing the participation of the rural poor in the development process.

13. **(f) Approach and design adaptations.** The common theme in all first and second-generation projects remained the strong participation of beneficiaries in self-development in the identification through implementation processes. 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.² These included differences in complexity, number of sectors covered, institutions involved and level of delegated authority. The pioneering project in the scaling-up process – the PRMP – was multisectoral and covered agricultural services, credit and infrastructure.

¹ IFAD Country Programme Evaluation, 2001.

² Scaling up has been largely horizontal through donor projects with similar approaches over larger areas. However, Programme 135 can be considered both horizontal (greater coverage) and extent-vertical; it is the same approach, but with new institutional backing by the Government.

14. Participation in planning, resource allocation and management decisions was based on resource management guidelines, a users manual of ‘how to’, for each community. The guidelines were the basic participatory instrument for the planning of services and investments under the project. The PRMP model was adapted by second-generation projects in various ways to reflect the lessons learned and changes in development priorities and circumstances. These included: the **RIDP**: the project design explicitly aimed to build on the successes of the PRMP and develop policies and mechanisms that could be replicated elsewhere in Viet Nam. With the lessons learned from the PRMP, a number of factors were incorporated in adapting project design, including: (i) increased empowerment to strengthen the role and capacity of poor households and communities in development through greater decentralization and an expanded responsibility for the VDBs in needs assessment, prioritization and implementation; the adoption of more participatory planning; the establishment of a WLF at the commune level and a VIDF for each village; and the 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 non-governmental organizations; (iii) the increased use of flexible financing mechanisms to address community-identified needs more specifically; (iv) the further strengthening of participatory research and extension; (v) greater investment in infrastructure and market development; (vi) increased gender focus; and (vii) an exit plan to maintain project results following closure.

15. The **CBRIP** was adapted so as to: (i) keep the project design simple, thereby accommodating variations across provinces; (ii) improve public access to project information in order to enhance quality and reduce corruption; (iii) improve facilitation through reliance on mass organizations experienced in community mobilization; (iv) ensure more transparent targeting through simple procedures and the reduction of the opportunities for influential people to favour the non-poor or their preferred locations; and (v) ensure adequate investments in capacity-building at the village level in order to empower communities in participatory approaches.

16. 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 the RIDP and CBRIP. In contrast to other second-generation projects, which advocated simpler and more decentralized design, the NMPRP was multisectoral and complex and only devolved down to the commune level.

17. **(g) Changes in scale.** The PRMP model was horizontally scaled under the RIDP, CBRIP and NMPRP, and coverage was extended 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 the RIDP. The geographical coverage was increased to 13 provinces (600 communes) and 6 provinces (368 communes), respectively, under the CPRIP and NMPRP. In addition, the Government’s Programme 135 targets 1 718 of the poorest communes in 30 provinces.

II. IMPACT ANALYSIS

18. **(a) Efficiency in resource use:** The total investment in first and second-generation projects within the scaling-up process amounted to approximately USD 328 million, ranging from USD 25 million (PRMP) to USD 123.8 million and USD 132 million for CBIDP and NMRDP. The total number of direct beneficiaries was estimated at 2.6 million, indicating a per beneficiary investment of around USD 126.

19. In scaling up, certain economies of scale are implied, particularly given the focus of investment in rural infrastructure, with per beneficiary investment declining from USD 543 and USD 621 for the PRMP and RIDP to USD 88 and USD 132 under the CBIDP and NMRDP. Using

the share of project cost for training and services as a proxy³ for the cost of the mobilization and development of community participation indicates that the smaller, earlier projects invested more heavily in these areas (approximately USD 75 per beneficiary for the PRMP and RIDP) compared to the larger World Bank projects, which had comparative investments of USD 5 per beneficiary (CBRIP) and USD 16 per beneficiary (NMRMP).

20. Another useful indicator of current impact is the level of loan disbursement for scaled-up projects. Although disbursement under IFAD's RIDP was 100%, the rates for both the CBRIP and NMRDP remain significantly behind schedule, at around 7% in year three of the project. In the case of the NMRDP, key elements under community development had not yet been implemented almost two years into the life of the project.

21. **(b) Effectiveness.** Interim evaluations indicate that the targeting of the poorest of the poor through participatory processes and enabling institutions has been generally effective in reducing poverty levels. The specific outputs from the scaling up of this strategy have been more successful decentralization, the 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 the value added. These outputs have, in turn, enabled the rural poor to become part of the development process by providing them with the opportunity to decide which investments and activities suit them, acquire confidence in dealing with government offices, finance investments and gain access to markets for more products. Greater participation and the sense of ownership also increased the likelihood of sustainability and the more effective and efficient use of public funds.

22. At the provincial level, the capacity of local institutions to respond to development needs has been strengthened, and services and more collaborative partnerships are continually being fostered among 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 lead to the institutionalize of the PRA in the project cycle, as have provincial governments in the government-funded development programmes.

23. **(c) Outcome.** The 2000 Millennium Development Goals (MDGs) promote poverty reduction and human development as keys to sustaining social and economic progress. They provide the basis for ascertaining measurable improvements in achieving poverty reduction and human development 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, while the eighth MDG aims to build global and national partnerships for development. The ultimate success of governments and donors in reducing poverty through interventions, including the scaling up of best practices, therefore lies in the collective impact these interventions have in relation to the targets set out in the MDG framework and their performance in terms of key indicators.

24. There is general consensus that the strategy focused on greater involvement of the poor in decision-making, coupled with the decentralization of the administration of development investment down to communes and the individual, is having a positive impact on the reduction of poverty and on the effort to meet key MDGs, particularly 1, 3, 7 and 8.⁴ However, because the overall process, including scaling up, is relatively new and is ongoing, current impact assessment is, at best, partial and indicative. Moreover, these outcome results are only emerging from earlier projects involved in the scaling-up process (PRMP), as the later projects are still operational.

³ Not all projects had a specific component for participatory development, the share of which might have otherwise been a better proxy.

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

25. These results indicate the following: (i) the number of more well off households increased by 11%, while the number of poor households decreased by 12% in 51 communes in Tuyen Quang Province; (ii) a case study in Thuy district in Quang Binh Province revealed a 10% decline in poverty; (iii) a larger stock of rural infrastructure is contributing to diversification in rural production and narrowing the gap between the poor and the less poor in some localities; (iv) agricultural production and the forest cover have increased, with more forest areas remaining intact. In Tuyen Quang, average maize and paddy yields increased from 2.2 to 3.0 t/ha and from 3.1 to 4.2 t/ha, respectively. The total area cultivated has also increased, notably for sugar cane (1 185 to 7 219 ha) and fruit trees (965 to 3 266 ha). (v) Improved veterinary outreach has reduced mortality among pigs and poultry and led to improved growth rates.

26. Collectively, these outcomes have meant that farm households are much more market oriented now than hitherto, with an estimated 70% of farm output now being sold, compared to 48% nine years ago. This, moreover, has not been at the expense of food security or nutritional intake as both have also improved over time (Department for International Development (United Kingdom)/United Nations Development Programme, 2003; Ministry of Agriculture and Rural Development, 2002). Diversification has also helped farmers reduce their vulnerability to shocks.

27. At the macro-level, the participatory approach to poverty reduction is central to government strategy for the reduction of poverty and the more equitable distribution of the benefits of growth. To this end, Viet Nam has achieved impressive results since the 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 Viet Nam; the proportion of the population living in poverty declined from 58% in 1992 to 29% in 2002. Moreover, the share of the population living under the food poverty line fell from 25% to 15%. The Viet Nam Development Goals⁵ show a consistent improvement in social indicators. The country is continuing to reduce poverty at a considerably more rapid rate 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 substantial number of households remain vulnerable to poverty due to uncontrollable shocks, such as ill health, the failure of crops or investment, adverse prices and natural disasters. An estimated 5 to 10% of the population fall into this category of vulnerability.

III. DRIVING FACTORS

Commitment and Political Economy for Change

28. Poverty reduction has been a central goal of the Government since unification in 1975, as well as 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 the privatization of state-owned enterprises. In the rural sector, the system of collective agriculture was dismantled in favour of family farming, while more private-sector investment was encouraged. After years of central planning and control, these measures had a very noticeable impact in stimulating and transforming the agricultural sector, rapidly moving Viet Nam from the status of a rice importer to that of a major exporter of rice, as well as of other cash crops, including coffee, cashews and pepper.

29. 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 favour of private land-use rights, and additional benefits (improved lease terms and rights to inherit, transfer, exchange, sublease

⁵ The country version of the MDGs.

and mortgage land use) came through the 1993 land law. Among other effects, the allocation of land rights conferred greater responsibility and incentive on the individual to make investment decisions and allowed the individual to employ land as collateral for credit. Apart from raising individual and overall farm productivity and incomes (key objectives under the reforms), these outcomes 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 at the heart of the decentralization process in the country.

Institutional Innovation

30. The principal institutional innovation of the earliest initiatives in the scaling-up process was the emphasis on the active devolution of development authority from a central body to local governments in the provinces, communes, villages, households and, ultimately, the individual. The process was energetically backed by a series of government laws and regulations that gave greater power, autonomy and responsibility to the decentralized institutions. The 1996 State Budget Law, as well as decrees and regulations in late 1998 on the distribution of budgetary information on provinces and communes, led to greater transparency and stability in the financing of local development. These initiatives were accompanied by Decree 29/1998 ('Grass-Roots Democracy'), which promoted transparency in the use of public funds at the commune level and greater grass-roots participation in decision-making.

31. Outcomes in terms of large-scale poverty reduction remain highly dependent in Viet Nam on the pace of economic growth. If economic growth is weak, this will have a particular impact on the 10% or so of the most vulnerable among the poor. To ensure that growth is maintained in 2001, a multi-year structural programme of further institutional and macro-reforms in banking, state-enterprises, the private sector, trade and public expenditure management was therefore adopted by the Government. This was a sign of its continued commitment to poverty reduction.

32. At the macro-level, the institutional agenda for poverty reduction that is pro-poor, decentralized and participatory is strongly backed by the more effective congruence of government and donor strategies in achieving results within these aims. The policy dialogue between donors and the Government, including local government, and the consultative multi-donor framework used in formulating the CPRGS and specific programmes such as Programme 135 have ensured a collaborative and continued commitment at the broader institutional levels for the achievement of larger scale results in poverty reduction and in the effectiveness of official development assistance.

33. A number of programme innovations have resulted, e.g. the harmonization of procedures for official development assistance and the completion of a joint government-donor gender framework. Such initiatives have meant that Viet Nam is well advanced, compared to other countries, in meeting a key MDG goal related to global partnership. Other important initiatives include the establishment of working groups on poverty and on civil society and community participation, with membership from government, donors and local and international non-governmental organizations. The poverty working group played an important role in drafting the CPRGS, while the main goal of the working group on civil society and community participation was to enhance people's participation and ensure the efficacy, equity and sustainability of investments in the development process.

Learning and Experimentation

34. The PRMP represented the first large-scale investment by a multilateral financing institution in Viet Nam since unification some 20 years earlier. Given this considerable time gap, the experience in Viet Nam with international financial institutions was very limited. This capacity was developed during the life of the PRMP, and this benefited subsequent generations of projects. More specifically, the PRMP pioneered the introduction of the first models of participatory and bottom-up approaches, the experiences with which were invaluable in the design and direction of scaled-up projects.

35. For example, in the CBRIP, the Government (the Ministry of Planning and Investment) agreed that the project should work directly with the communes and bypass the provinces and districts so as to counter the growing concerns regarding inefficiencies and rent-seeking. The PRMP developed a comprehensive extension system based on the PRA and the training of extension staff, and this system was used as a model in other provinces. Other learning experiences that are reflected in scaled-up designs are discussed in the design adaptations section above.

36. More generally, the earlier experiences and methods for working with communities and the poor and for the development of participation highlighted various weaknesses, which subsequent projects attempted to address. For example, so as to avoid raising false expectations and ill-feelings before and during project implementation, more thorough briefings were provided to key actors about participation with the aim of establishing a sense of ownership and responsibility rather than merely meeting hard targets, of not being overly specific and rigid in beneficiary targeting (which hitherto had led to divisions within communities and a loss of cooperation) and of avoiding discussion of the possibilities for development in locations where little potential for project-supported activities existed.

37. Among pro-poor strategies, the PRMP had limited success in reaching ethnic minorities in upland areas. In recognition of this, the RIDP directly targeted this group, and most project activities and mechanisms were designed to support this effort, e.g. the emphasis on the improvement of upland farming systems, the enhanced access to and the utilization of forest resources, the development of extension materials and extension approaches more well suited for application in ethnic minority communities and adaptive research that focused mainly on the resolution of the needs in the uplands.

External Catalysts

38. **At the macro and policy levels**, strong economic growth remains the main external catalyst for the achievement of poverty reduction and equity in Viet Nam, and sustaining growth is a major challenge for the country's decision-makers. Irrespective of the nature of policies that are conducive to reaching the poor through targeted transfers and investments, the impact of these such policies remains highly conditioned by the performance of key sectors in the economy. In the reform period since Doi Moi, economic performance has been impressive. It has provided Viet Nam with one of the most rapid rates of growth in GDP per capita in the world over the last decade. With growth, the poverty reduction strategies encompassed in the CPRGS prioritize 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 Viet Nam's ability to deliver on these priorities.

39. **At the process level**, there were two additional catalysts. (a) The early success of the PRMP in the decentralization and devolution of development authority to the provinces and, especially, to various local actors (provincial people's committees, communes, villages and communities) provided an immense, collective and inclusive sense of ownership *in processes*, as well as a confidence that has been invaluable. The main catalyst for the RIDP and Programme 135, for example, was the fact that local governments leveraged the centre. (b) The FAO Investment Centre played an invaluable catalytic role by 'crossing boundaries' and sharing IFAD's experience and lessons from the PRMP with the World Bank and other donors, which was particularly beneficial in the preparation of the CBRIP.

IV. LESSONS LEARNED

40. **(a) Viet Nam's political will** to adopt and sustain a 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 the sustained momentum for positive change, it is unlikely that primary or secondary initiatives in scaling up would have been as effective. The unique nature of this drive, however, suggests that it is not a ready-made prescription for other countries, as political processes and other pre-conditions, such as literacy and a sense of community, cannot be learned or replicated, but need indigenous momentum and local instruments.

41. **(b) External catalysts were invaluable** drivers in scaling-up positive results. In this case, sustained economic growth has been the foundation for and the main external variable of the poverty reduction strategy, including CDD, in Viet Nam. The country has enjoyed impressive growth over the last decade, which, in turn, has allowed very impressive results in the improvement of livelihoods and the dramatic decline in the number of impoverished people. Irrespective of the merits of the policy, this result would have been unlikely (certainly to the extent achieved) without economic momentum. At the process level, the cross-cutting and facilitative role played by the Food and Agriculture Organization in widening the information and learning experience provided an important catalyst by engaging different donors and directing the course of the scaled-up initiatives and the early emphasis of the PRMP on the involvement of key actors from the village level on up. It also provided an invaluable sense of ownership that drove the scaled-up programmes within local government.

42. **(c) The continued policy dialogue** among donors, Government and various actors, including beneficiaries, that relies on semi-formal consultative frameworks ensures a better focus in the design of future activities and also makes official development assistance more effective.

43. **(d) The process of scaling up needs to be dynamic and evolving**, because no blueprint exists for the replication and expansion of best practices. Location and contextual issues 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.

44. **(e) In the specific context of CDD in Viet Nam**, useful lessons resulting from the various experiences will benefit the design of interventions in the future. These include: (i) the need to keep project design simple and flexible; (ii) the knowledge that closer linkages between donor and government initiatives will improve outcomes; (iii) awareness that gender and ethnic concerns need to be explicitly integrated in project design so as to ensure a pro-poor focus; and (iv) the requirement that exit strategies should be developed to ensure post-project sustainability.

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